Management Discussion and Analysis of Financial Statements
Group Financial Year 2015 Profit After Tax up 9.3% to RM2,044.6 million.

Income Statement

The Group recorded a profit after tax ("PAT") of RM2,044.6 million for the year ended 31 March 2015 ("FY2015"), an increase of RM173.5 million or 9.3% as compared to corresponding year ended 31 March 2014 ("FY2014") of RM1,871.1 million. Year-on-year, the Group's profit attributable to shareholders of the Company ("PATMI") grew by 7.6% to RM1,918.6 million, translating to a return on equity ("ROE") of 13.8%. Earnings per share (basic) improved to 63.8 sen up from 59.3 sen in FY2014.

The improvement in profit was attributed to higher other operating income and lower allowances.

Simplified Income Statement

RM Million	FY2015	FY2014	+/- RM Million		%
Net interest income	1,981.1	2,279.4	(298.3)	-	13.1
Net finance income from Islamic banking business*	789.2	858.8	(69.6)	-	8.1
Net fund income	**2,770.3**	**3,138.2**	**(367.9)**	**-**	**11.7**
Other income from Islamic banking business*	75.5	85.2	(9.7)	-	11.4
Net income from insurance business	418.0	471.9	(53.9)	-	11.4
Other operating income	1,460.8	1,047.5	413.3	+	39.5
Total income	**4,724.6**	**4,742.8**	**(18.2)**	**-**	**0.4**
Overheads	(2,089.4)	(2,133.1)	43.7	+	2.0
Acquisition and business efficiency expenses	(68.4)	(29.3)	(39.1)	>-	100.0
Operating profit	**2,566.8**	**2,580.4**	**(13.6)**	**-**	**0.5**
Writeback/(Allowance) for impairment on loans and financing	30.5	(67.8)	98.3	>+	100.0
Other impairment writeback/(allowances)	42.4	(53.7)	96.1	>+	100.0
Transfer to profit equalisation reserve	(35.4)	(10.7)	(24.7)	>-	100.0
Profit before taxation and zakat	**2,604.3**	**2,448.2**	**156.1**	**+**	**6.4**
Taxation and zakat	(559.7)	(577.1)	17.4	+	3.0
Profit after taxation	**2,044.6**	**1,871.1**	**173.5**	**+**	**9.3**
Non-controlling interests	(126.0)	(88.7)	(37.3)	-	41.9
Profit attributable to shareholders	**1,918.6**	**1,782.4**	**136.2**	**+**	**7.6**

Islamic Banking Business*

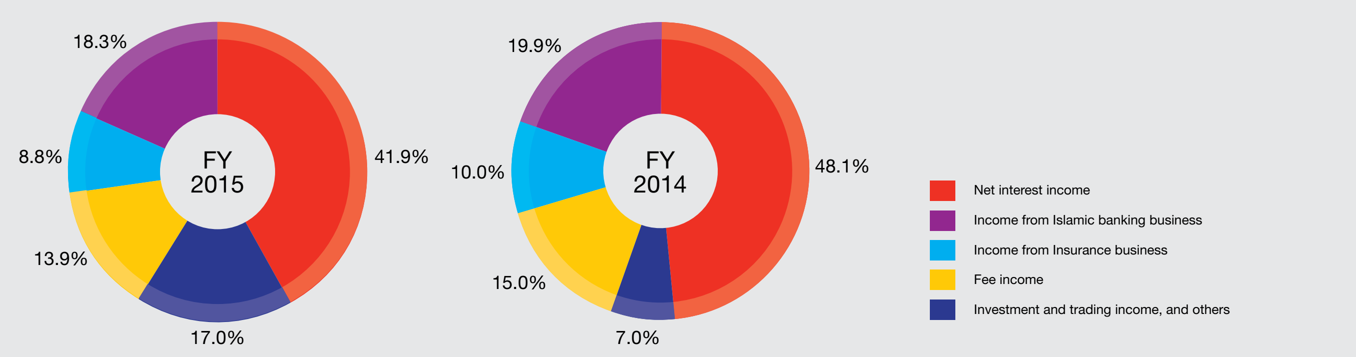
RM Million	FY2015	FY2014	+/- RM Million		%
Net finance income	789.2	858.8	(69.6)	-	8.1
Investment income	11.0	12.7	(1.7)	-	13.4
Fee income	64.5	72.5	(8.0)	-	11.0
Net income from Islamic banking business	**864.7**	**944.0**	**(79.3)**	**-**	**8.4**

Total Income

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

Total income for FY2015 was broadly flat at RM4,724.6 million supported by higher other operating income (+RM413.3 million) of RM1,460.8 million, offset by weaker net fund income (-RM367.9 million) of RM2,770.3 million.

Composition of Income



Net fund income: RM2,770.3 million (-11.7% or –RM367.9 million)

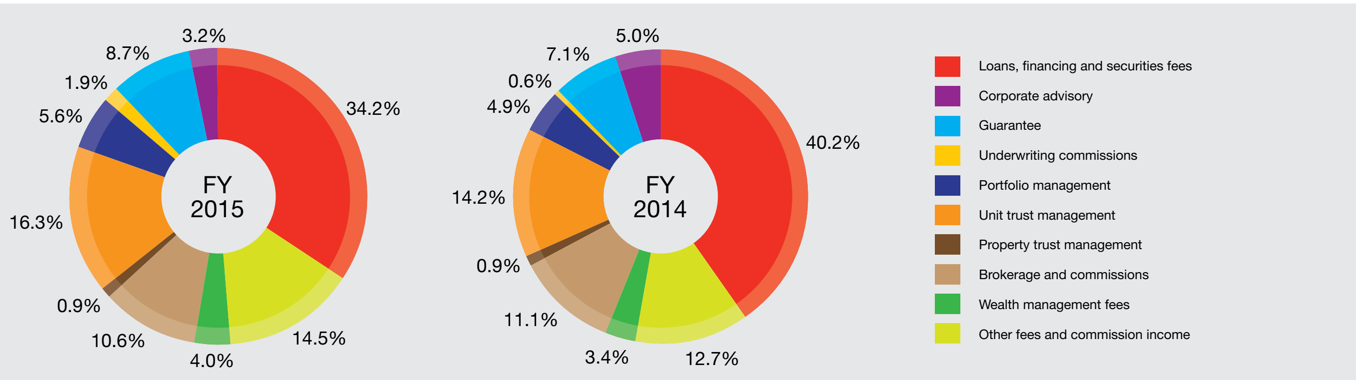
- Net interest income decreased by RM298.3 million (-13.1%) to RM1,981.1 million whilst net finance income from the Islamic banking dipped RM69.6 million (-8.1%) to RM789.2 million.
- The weaker net fund income reflects contraction in fund assets from a decrease in gross loans and financing (-RM1.5 billion or -1.6%) coupled with a reduction in holdings of securities (-RM349.6 million or -1.8%) and margin compression.
- Decrease in loans and financing was due to the Group's de-risking policies which maintained focus on preferred customer segments which provides greater share of customer wallet overtime and to rebalance its portfolio in favour of better quality assets. Lower holdings of securities were due to decreased capital market activities.
- Margins were impacted by the Group's strategy of rebalancing its loans portfolio to higher quality assets.

Net income from insurance business: RM418.0 million (-11.4% or – RM53.9 million)

Net income from the Group's insurance business comprised of earned premium less insurance claims and commission. The lower income from the insurance business is mainly attributable to:

- Partial disposal of the Group's interest in AmMetLife Insurance Berhad ("AmMetLife") and AmMetLife Takaful Berhad ("AmMetLife Takaful"). On 30 April 2014, the Group completed the sale of 50% plus 1 share in AmMetLife and 50% less 1 share in AmMetLife Takaful to MetLife International Holdings, Inc. Following the partial disposal, the Group's remaining interests in both companies are classified as investments in joint ventures and equity accounted. In FY2014, the business of the full year was consolidated, whereas in FY2015 only the month of April 2014 was consolidated.
- Net income from general insurance decreased by RM26.4 million attributable to lower earned premium (-RM93.9 million) however, it was mitigated by lower insurance claims and commission (-RM67.5 million). Premium growth remains a challenge from competition and subdued auto financing which had impacted motor insurance.
- Contribution from insurance business made up 8.8% of total income and 21.4% of non-interest income respectively.

Fee Income



Other Operating Income: RM1,460.8 million (+39.5% or +RM413.3 million)

Other operating income comprises mainly income from investment and trading activities, fee income from ancillary services connected to the Group's lending activities as well as share in results of associates and joint ventures.

For FY2015:

- Fee income decreased by RM56.3 million (-7.9%) mainly attributable to lower fees from loan/financing and corporate advisory services. This stemmed from a contraction in loan/financing as well as lower corporate advisory activities and deals.
- Investment and trading activities recorded a higher contribution of RM717.0 million compared to RM238.1 million in the preceding year. This was mainly due to the RM475.9 million gain from the disposal of equity interest in subsidiaries, namely AmMetLife, AmMetLife Takaful and AmFraser Securities Pte. Ltd.

Operating Expenses

In the competitive banking landscape, the Group needs to invest in new innovations and ideas, strengthen its service and operational capabilities and address strategic issues whilst prudently managing its cost via improving productivity and efficiency. The cost-to-income ratio expresses the Group's operating expenses as a percentage of income and is one of the most widely used measures of efficiency in the banking industry.

In FY2015, the cost-to-income ratio, including business efficiency expenses, was contained at 45.7% (FY2014: 45.8%). This came largely from the absence of the costs of the life insurance businesses, which were equity accounted after the partial sale of their stakes to MetLife. The Group is currently undertaking an ongoing group-wide productivity and efficiency programme to simplify business and operating models as well rationalize subsidiaries and non-core operations for greater efficiencies. This enabled us to deliver headcount savings and acquisition synergies from Kurnia Insurans and MBF Cards with the majority of the cost savings reinvested in restructuring initiatives, wage inflation and new projects.

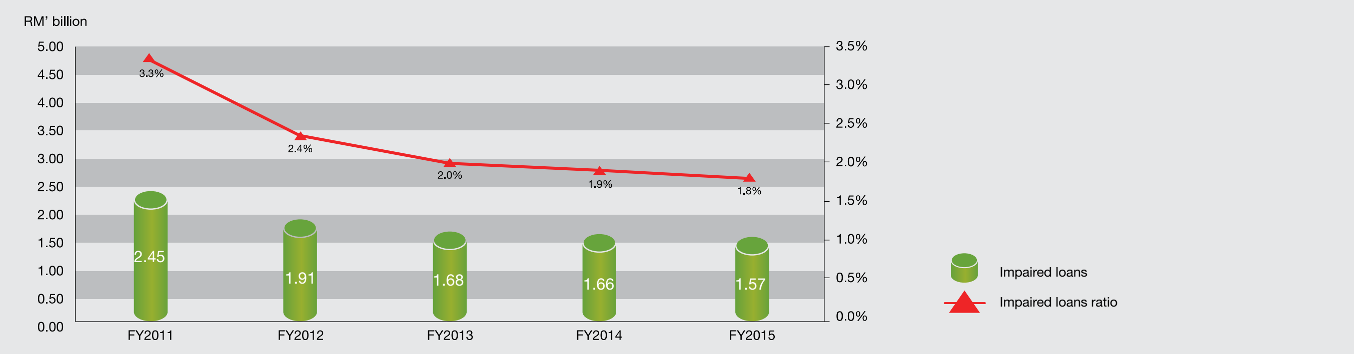
Operating expenses

RM Million	FY2015	FY2014	+/-			
			RM Million		%	
Personnel	1,206.8	1,255.5	-	48.7	-	3.9
Establishment	508.4	513.2	-	4.8	-	0.9
Marketing and communication	151.9	179.6	-	27.7	-	15.4
Administration and general	234.5	226.8	+	7.7	+	3.4
Expenses capitalised	(12.2)	(42.0)	+	29.8	-	71.0
Total	**2,089.4**	**2,133.1**	**-**	**43.7**	**-**	**2.0**

Overheads and business efficiency expenses: RM2,157.8 million (-0.2% or –RM4.6 million)

- Personnel expenses decreased by RM48.7 million, largely attributable to the exclusion of the staff costs of AmMetLife and AmMetLife Takaful for 11 months following the partial equity disposal of the life insurance businesses and savings from the group-wide productivity and efficiency programmes. As at 31 March 2015, the number of employees of the Group stood at 11,035 (FY2014: 12,270).
- Establishment expenses declined by RM4.8 million due to the absence of the life insurance business' costs following partial disposal of AmMetLife and AmMetLife Takaful. This was partly offset by increased computerisation costs due to implementation of Goods and Services Tax (GST) and regulatory reporting systems.
- Marketing and communication expenses decreased by RM27.7 million largely due to the sale of the stakes in the life insurance businesses, lower advertising and promotional costs coupled with a decline in commission and sales incentive in tandem with softer business volumes.
- Administration expenses increased by RM7.7 million largely from an increase in professional fees to support various strategic and compliance initiatives such as GST and regulatory reporting programmes.
- Expenses capitalised at RM12.2 million were lower by RM29.8 million compared to RM42.0 million last year. The capitalised expenses relate to internal resources incurred in the development of our core banking system in accordance with Malaysian Financial Reporting Standard (MFRS) 138, Intangible Assets. The expenses capitalised for this year were lower as they relate to Phase 2 of the project which is at the initial development stage. Higher expenses capitalised last year relate to costs of internal resources incurred for Phase 1 of the core banking system which was rolled out in FY2014.
- Business efficiency expenses at RM68.4 million were higher by RM39.1 million compared to RM29.3 million last year. These mainly relate to costs incurred for the group wide productivity and efficiency programme. As this programme commenced in the later part of FY14 the major part of the cost was incurred in the current year.

Asset Quality



Loan/Financing Impairment Allowance

RM Million	FY2015	FY2014	FY2015 vs FY2014	
Individual allowance - net	91.0	216.7	-	125.7
Collective allowance - net	504.6	602.5	-	97.9
Bad debts recovered - net	(626.1)	(751.4)	+	125.3
Total	**(30.5)**	**67.8**	**-**	**98.3**

Asset Quality and Loan/Financing Impairment Allowance

In accordance with MFRS 139, a loan/financing is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more incurred loss event(s) that has occurred and the incurred loss event has an impact on the estimated future cash flows of the loan/financing that can be reliably measured. Collective impairment allowance is made based on estimated loan loss rates arising from the shortfall between the discounted value of the collateral and the exposure at default.

Loan/financing quality continued to improve throughout the year with gross impaired loan/financing ratio trending down to 1.8% (FY2014: 1.9%).

There was a RM30.5 million net writeback of allowances for impairment of loans and financing in the current year compared to a net charge of RM67.8 million last year. This is attributable to lower individual allowances and reduction in collective allowance for performing loans, reflecting improved asset quality and slight reduction in loan balances, which was partly offset by lower recoveries for the year. Individual allowances decreased by RM125.7 million to RM91.0 million from RM216.7 million while collective allowances dropped by RM97.9 million to RM504.6 million.

The Group continues to proactively manage its asset quality by enhancing its asset writing and collection strategies, investing in new and enhanced risk models and infrastructure supported by the Group's risk management team.

Other Impairment Allowances

Other impairment allowances comprised of impairment allowances on financial investments, doubtful receivables, foreclosed properties, intangible assets and provision for commitment and contingencies. An impairment exists if one or more events have occurred that have a negative impact on the future cash flows of the financial assets or group of assets.

There was a net writeback of other impairment allowances of RM42.4 million in the current year compared to an allowance charge of RM53.7 million in the previous year. The writeback in the current year is mainly attributable to recovery of doubtful reinsurance receivables for the general insurance business whereas the charge last year was related to impairment charge for trade receivables from exposure to margin and contra losses of the Group's Singapore stock-broking operations.

Transfer to Profit Equalisation Reserve

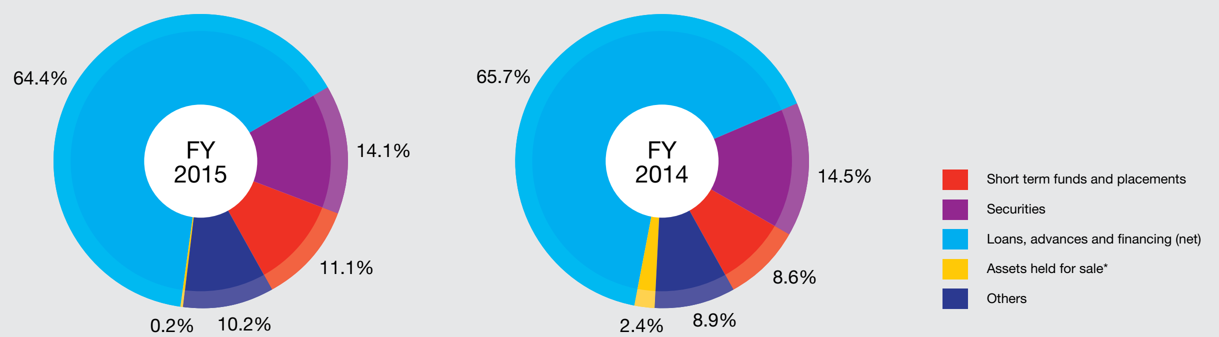
Profit Equalisation Reserve (PER) refers to a reserve set up from appropriation of Islamic banking income in order to maintain a certain level of return to Investment Account holders of the Islamic banking business. Transfer to PER increased by RM24.7 million compared to last year, due to higher income derived from investment of depositors' funds.

Balance Sheet

The Group's total assets rose by RM1.0 billion to RM133.8 billion, contributed by an increase in deposits and placements with financial institutions, derivative financial assets and holdings of receivables: investments not quoted in active market coupled with increase in investment in associates and joint ventures. The increase was however offset by reduction in net loans and financing, securities and lower assets held for sale.

- Increase in deposits and placements with financial institutions (+RM3.0 billion) was mainly due to higher interbank lending to licensed banks. The increase was funded by increase in customer deposits as well as proceeds from maturity of money market securities.
- Increase in derivative financial assets (+RM908.7 million) was mainly due to increase in forward contracts and cross currency swaps. This is attributable to more active forward hedging by customers in response to the volatile market for US dollars against Ringgit.
- Receivables: investments not quoted in active markets refer to investments in unrated bonds/sukuks that are not tradable in an active market and do not qualify as trading assets or as investments available for sale. Unrated bond/sukuk issuance is an alternative route of raising funds for corporations that is gaining popularity as it is less costly compared to issuance of quoted debt securities.
- Increase in investments in associates and joint ventures (+RM409.8 million) was attributable to the Group's remaining investments in AmMetLife and AmMetLife Takaful. Following the partial disposal, the Group's remaining interests in both companies are classified as investments in joint ventures and equity accounted. Upon loss of control over these former subsidiaries, the Group measures and recognises it's retained investments at fair value.

Asset Mix Analysis

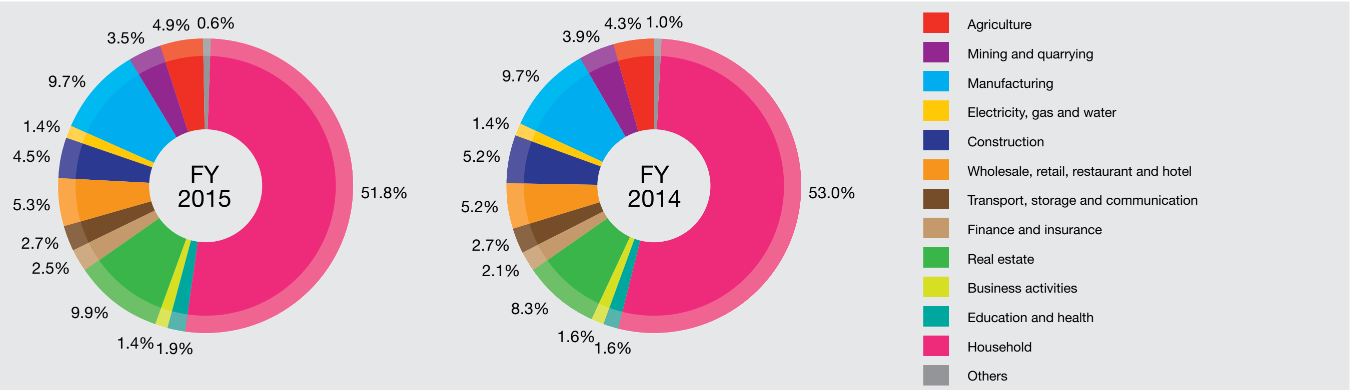


** refers to*
FY2015: assets of PT AmCapital Indonesia and certain property and equipment of AmGeneral Insurance
FY2014: assets of AmMetLife and AmMetLife Takaful

Loans By Type Of Customers

	FY2015		FY2014	
	RM Million	%	RM Million	%
Individuals	45,016.8	51.3	46,836.3	52.5
SME	12,154.4	13.8	11,920.0	13.3
Corporate	26,389.7	30.0	26,296.1	29.5
Others	4,262.1	4.9	4,236.1	4.7
Total	**87,823.0**	**100.0**	**89,288.5**	**100.0**

Gross loans - Sectors



Loans and Financing

- The Group's gross loans and financing contracted by RM1.5 billion or 1.6% to RM87.8 billion due to the Group's de-risking policies to rebalance its portfolio in favour of better quality assets overtime with an emphasis in reducing exposure to the less preferred sectors. The Group's strategy is to focus on preferred customer segments and economic sectors.
- The contraction in loans and financing by RM1.8 billion was mainly attributed to lower lending to individuals, particularly in the lower income group for auto-finance. This was partly mitigated by increased lending to small and medium enterprise ("SME") which grew RM234 million, followed by lending to the corporate segment which grew RM94 million.
- The decrease in loans and financing was mainly driven by reduction in lending to the household sector, mining and quarrying sector and construction sector. Within the household sector, lending for purchase of transport vehicles contracted by RM2.6 billion from de-risking of the portfolio for better asset quality. This was partly mitigated by the increase in lending for purchase of residential properties which grew by RM1.0 billion.

Securities

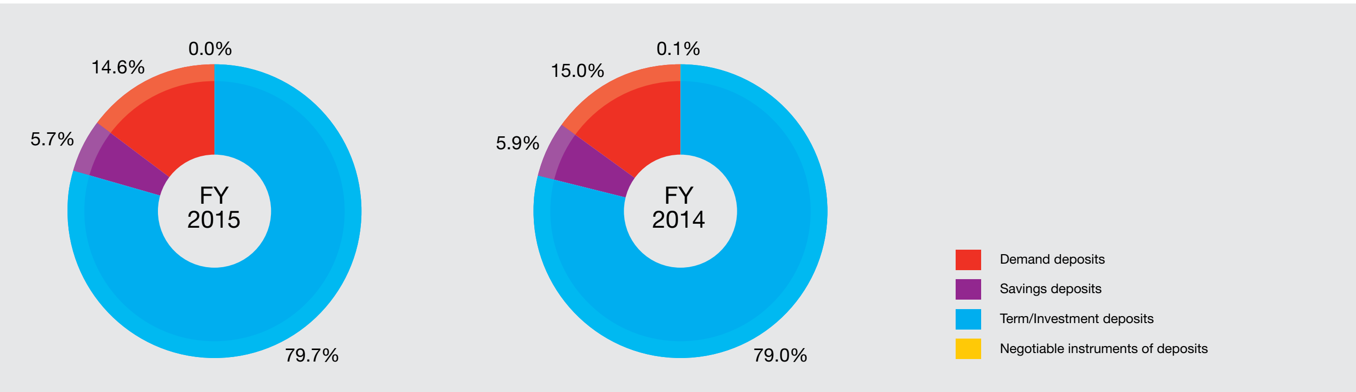
Securities comprised of financial assets held for trading, financial investments available for sale and financial investments held to maturity.

- Securities held for trading ("HFT") are acquired for the purpose of benefiting from short term price movements or to lock in arbitrage profits. HFT increased by RM838.1 million to RM4.7 billion as at end of FY2015. Holdings of money market instruments expanded RM748.5 million mainly in Malaysian Government securities and Government Investment issues. The Group's banking subsidiaries which function as Principal Dealers for issuances of Malaysian Government and BNM securities will subscribe and sell down these securities in the secondary market. Movement in these securities is dependent on the timing of issuances by BNM.
- Securities available for sale ("AFS") are acquired for yield and liquidity purposes. AFS contracted by RM1.3 billion mainly due to the maturing of some BNM Monetary Notes (-RM3.5 billion) partly mitigated by an increase in investment in Islamic negotiable instruments of deposits (+RM2.0 billion) which offers better yields.
- Securities held to maturity ("HTM") are securities with fixed or determinable payments and fixed maturity that the Group has an intention and ability to hold to maturity. Investment in HTM is largely unchanged.

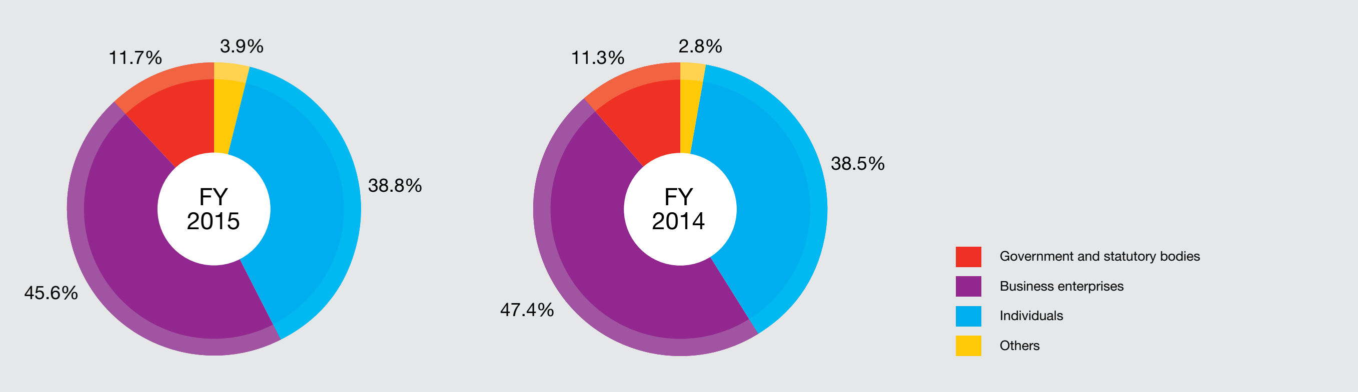
Assets and liabilities held for sale

During the current financial year, the Group entered into conditional sale and purchase agreements for the proposed disposal of its equity interest in PT AmCapital Indonesia (AMCI) and certain property and equipments of its insurance subsidiary. As the disposals have not been completed at the end of the financial year, the related assets and liabilities are reclassified as assets and liabilities held for sale. For the previous financial year, the assets and liabilities classified as held for sale refers to those of AmMetLife and AmMetLife Takaful, the sale of which was completed on 30 April 2014.

Deposits From Customers -Type



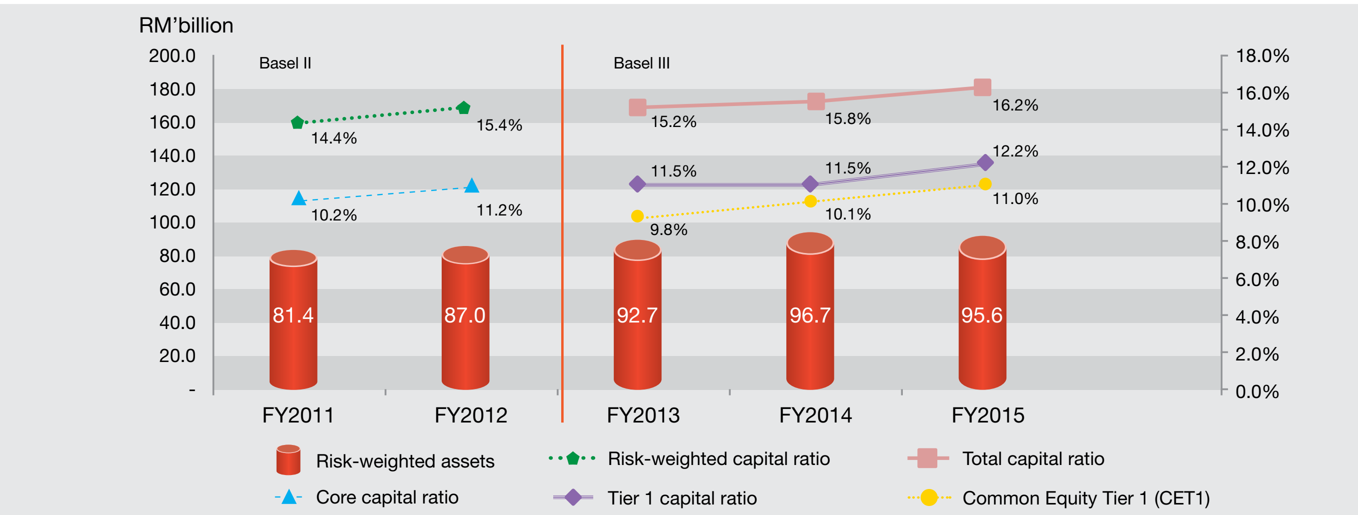
Deposits From Customers -Source



Deposits and Funding

- The Group's primary source of funding is from customer deposits, comprising term and investment deposits, savings account deposits, current account deposits and negotiable instruments of deposits. Other major sources of funds include shareholders' funds, debt capital, term funding, interbank and other borrowings.
- The Group stresses the importance of customer deposits as a source of funds to finance lending/financing to customers. They are monitored using adjusted loan/financing to deposit ratio (LDR) which compares net loans/financing to customers as a percentage of adjusted customer deposits (inclusive of loans/financing sold to Cagamas Berhad and term funding with original maturity of 3 years and above). The Group aims for a LDR of approximately 90% with emphasis placed on supporting loans growth through stable funding sources. As at 31 March 2015, the adjusted customer deposits grew by 4.6% to RM102.8 billion from RM98.3 billion, with LDR of the Group improved to 83.8% compared to 88.7% last year.
- Customer deposits expanded by RM2.4 billion (+2.7%) to RM92.1 billion, driven by RM2.5 billion (+3.5%) growth in term and investment deposits. Low-cost deposits comprising current accounts and savings accounts (CASA) remained at RM18.7 billion with CASA as a proportion to total customer deposits ratio at 20.3%. Term/Investment deposits continued to make up the majority of customer deposits by type constituting 79.7% (FY2014: 79.0%) of total customer deposits.
- Term funding includes senior notes, sukuks and credit-link notes issuances. As at 31 March 2015, term funding of the Group stood at RM8.3 billion (+RM1.7 billion), comprising senior notes/sukuks of RM6.7 billion, credit-link notes of RM0.3 billion and term loans/revolving credit of RM1.3 billion.
- Loans sold to Cagamas Berhad with recourse were slightly lower at RM2.8 billion compared to RM3.3 billion last year.
- The Group continues to expand its customer deposits through wider distribution channels, improved product mix and better penetration of small business, SME and corporate markets. The Group's nationwide distribution network comprises 177 conventional/Islamic bank branches, 6 regional business centres, 14 investment bank offices, 50 insurance offices, 26 MBF Cards branches, 848 automated teller machines and 184 electronic banking centres nationwide. Of these, 381 ATM's are placed at 7-Eleven stores to provide customers with 24-hour banking convenience.

Capital Ratios



** Based on aggregation of the consolidated capital positions (before proposed dividends) and risk-weighted assets of the regulated banking subsidiaries.*

Efficient Capital Levels

The Group's Capital Management Plan is driven by its commitment to maintain strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings. This encompasses optimising capital profile and buffer, enhancing scenario modelling, streamlining corporate structures, developing dynamic dividend policy and proactively managing Basel III requirements.

The Group's banking subsidiaries to which BNM's Risk Weighted Capital Adequacy Framework apply are AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("AmInvestment Bank") and AmBank Islamic Berhad ("AmBank Islamic"). With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's guideline on Capital Adequacy Framework (Capital Components), which is based on the Basel III capital accord.

During the year, AmBank repaid three tranches of its medium term notes amounting to RM247.8 million on their respective first called dates. The medium term notes were recognised as capital instruments under Tier 2 capital and eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

Our capital levels remain sound, with the Group's aggregated banking entities' total capital ratio, before proposed dividend, at 16.2% (FY2014: 15.8%) and Tier 1 capital ratio at 12.2% (FY2014: 11.5%). Our CET1 levels continue to strengthen through capital retention strategies, and remain significantly in excess of minimum regulatory requirements at 11.0% before proposed dividends (FY 2014: 10.1%).

Credit Ratings

During the year, the credit ratings of the Company and its banking subsidiaries were reaffirmed by RAM Rating Services at AA3 and AA2 respectively on 12 December 2014.

Standard & Poor's rating on AmBank was also reaffirmed on 18 December 2014.

Under Moody's Investors Service's new bank rating methodology which was published on 16 March 2015, AmBank (M) Berhad's base line credit assessment (BCA) and adjusted BCA were upgraded to baa3 from ba1 and assigned a Counterparty Risk Assessment (CR Assessment) of A3(cr)/P-2(cr) on 16 June 2015. The upgrade of AmBank (M) Berhad's BCA is underpinned by the bank's improving solvency position, particularly its stronger capitalisation profile and improving asset quality over the past three years.

Moody's confirmed AmBank (M) Berhad's Baa1 foreign currency long-term deposit and senior unsecured debt ratings. The rating agency also affirmed its P-2 foreign currency short-term deposit rating, with the rating outlook revised to positive from stable.

Following the upgrade of AmBank (M) Berhad's Adjusted BCA, Moody's has also upgraded the preferred stock rating of AMBB Capital (L) Ltd to Ba3(hyb) from B1(hyb).

Credit Ratings

The credit ratings of the Company and its principal subsidiaries are as follows:

Rating Agency	Rating Classification	Ratings
AmBank (M) Berhad		
Moody's Investors Service ("Moody's")	Long-term foreign currency deposit rating	Baa1/Positive
	Short-term foreign currency deposit rating	P-2
	Baseline credit assessment	Baa3*
	Adjusted baseline credit assessment	Baa3*
Standard & Poor's Ratings Services ("S&P")	Foreign long-term issuer credit rating	BBB+/Negative
	Foreign short-term issuer credit rating	A-2
RAM Rating Services ("RAM")	Long-term financial institution rating	AA2/Stable
	Short-term financial institution rating	P1
AmInvestment Bank Berhad		
RAM Rating Services ("RAM")	Long-term financial institution rating	AA2/Stable
	Short-term financial institution rating	P1
AmBank Islamic Berhad		
RAM Rating Services ("RAM")	Long-term financial institution rating	AA2/Stable
	Short-term financial institution rating	P1
AMMB Holdings Berhad		
RAM Rating Services ("RAM")	Long-term corporate credit rating	AA3/Stable
	Short-term corporate credit rating	P1

** Upgraded from Ba1 on 16 June 2015*

Dividend

The Directors are recommending a final cash dividend payment of 15.3 sen per share in respect of the current financial year, which together with the interim dividend of 12.0 sen per share amounts to a cumulative total dividend of 27.3 sen per share, up 3.2 sen per share compared to FY2014.

Note: The totals of the components in the tables in this section are based on actual summation method and then rounded up to the nearest million.