Islamic Banking

EQHWAN MOKHZANEE BIN MUHAMMAD
Chief Executive Officer

TOP ACHIEVEMENTS IN FY2026

Driving East Coast Region Growth

- Led AmBank Group's penetration in the East Coast region to strengthen market share and successfully delivered early positive momentum as manifested by the higher growth rates for Islamic deposits and ASB Financing-i compared to the overall growth of these products.

Strategic Funding

- Re-engineered Mudarabah Term Investment Account-i (MTIA-i) into MTIA-i 2.0 by diversifying underlying assets to consist of both retail and non-retail fixed rate financing to facilitate sustainable returns for investment account holders and the optimisation of AmBank Islamic's capital utilisation. MTIA-i 2.0 achieved a balance of more than RM2.0 billion since launched in June 2025.

Profitability Tool

- Led the development of the Group-wide Return on Assets (ROA) calculator to align financial performance tracking with the WT29 financial targets.

Empowers community through social finance

- Empowered students with financial support and numerous asnaf and B40 micro entrepreneurs with seed capital and digital upskilling through a RM4.0 million zakat allocation.
- Microfinancing: Launched a strategic collaboration with TEKUN Nasional for the Qard Microfinancing programme, successfully disbursing funds to the first batch of asnaf entrepreneurs to expand their businesses.

WHO WE ARE AND WHAT WE DO

AmBank Islamic serves as the Group's primary Islamic banking arm, offering a comprehensive suite of Shariah-compliant retail and non-retail products, including financing, treasury and trade finance solutions. In supporting the Group's universal banking model and Winning Together 2029 (WT29) strategy, AmBank Islamic leverages the Group's business and operational strategic priorities while advancing Islamic banking specific growth opportunities to deliver sustainable value creation for customers, communities and shareholders in line with the principles of value-based intermediation (VBI).

Complementing the Group's core focus areas, AmBank Islamic comes to the fore in the following core priorities:

Mass Segment: Deliver comprehensive Shariah compliant propositions, focusing on acquiring and growing alongside future mass affluent and affluent customers while advancing broader financial inclusion efforts.

Large Corporate: Support large corporates and public sector institutions in line with national development agenda and delivering value-driven solutions.

East Coast Region: Via AmBank Islamic, the Group intends to strengthen its presence in the East Coast region through an Islamic-first approach by aligning financial offerings with community needs while promoting economic inclusivity.

Business Review

Islamic Banking

BUSINESS ENVIRONMENT

AmBank Islamic adopted a focused approach by growing in its targeted segments. Through disciplined underwriting, targeted growth initiatives and continued customer franchise strength, the Bank demonstrated notable resilience and execution capability as manifested by financing growth of 8.6% in FY2026.

On the funding side, the environment required AmBank Islamic to emphasise low-cost and stable deposits and funding sources to sustain margins and ensure liquidity resilience.

To navigate these conditions, AmBank Islamic maintained strong capitalisation, reporting a CET 1 capital ratio of 14.59% and a total capital ratio of 19.00%, providing a robust cushion to absorb market volatility while ensuring long-term institutional stability. These ratios sit comfortably above regulatory requirements, giving the Bank the capacity to support future growth and absorb potential stress.

RISKS	RESPONSES
Credit Risk: Economic downturns impact customers' ability to fulfil payment obligations.	• **Prudent Underwriting:** Applies prudent credit underwriting standards to maintain financing discipline at the origination stage. • **Active Portfolio Management:** Monitors portfolio composition and proactively engages underperforming customers in line with credit strategy and risk appetite. • **Collection Strategies:** Strengthens collection strategies to preserve asset quality and manage impairment risk.
Cybersecurity Threats: Rising digitalisation increases exposure to cyber-attacks and data breaches.	• **Dedicated SIRT:** Establishes a Security Incident Response Team (SIRT) to manage the full cyber risk lifecycle. • **Cyber Resilience Policy:** Implements a multi-layered defence approach via the Cyber Resilience Policy. • **Testing Controls:** Deploys structured controls and testing mechanisms to bolster the Group's response to cyber threats.
Shariah Compliance: Shariah non-compliance (SNC) incidents can lead to legal or regulatory sanctions, financial loss or non-financial implications including reputational damage if unresolved.	• **Governance Alignment:** Aligns governance practices with BNM's Shariah Governance Framework across three lines of defence. • **Organisational Awareness:** Promotes organisation-wide awareness to minimise SNC incidents.

OPPORTUNITIES	RESPONSES
• Growth opportunities remain across areas which are aligned with Islamic banking including public sector ecosystem, education sector, East Coast region and Bumiputera priority customer segments, through stronger alignment with customer needs and preference.	• Enhance customer proposition through competitive Shariah compliant solutions. • Deepen penetration through targeted propositions and Islamic-first approach in the East Coast region and to penetrate the Bumiputera priority customer segments.

STRATEGIC BUSINESS PERFORMANCE REVIEW

Stakeholder Value Creation

Customers

Strengthened long-term relationships by providing Shariah-compliant solutions to meet their needs.

Employees

Built high-performing workforce by aligning staff with the WT29 strategy and fostering a culture of Shariah compliance.

Shareholders and Investors

Delivered strong returns through disciplined pricing and high-growth niche segments that naturally gravitate towards Islamic banking.

Communities

Contributed to societal well-being by impactful redistribution of wealth through Zakat and Shariah-compliant social initiatives.

Strategic Priorities	Progress and Achievements
1. East Coast Region Promoted Islamic products and services via the Islamic-first approach, enhancing economic inclusivity.	• **Targeted Ecosystems:** Build relationship with respective states government bodies and foster relationships with associations, SMEs and car dealers. • **Visibility and Local Community Presence:** Launched targeted advertisements plus sponsorships and initiated joint activities with mosques (e.g. Partake in *Hari Raya Aidiladha* for *"Korban"* activity at mosques). • **Financial Performance:** Deposits and ASB Financing-i in the East Coast Region grew at higher rates compared to overall deposits and ASB Financing-i growth in FY2026.
2. Mass Market Segment Growth Acquired and grow with customers in selected mass market sectors and support financial inclusion agenda.	• **Product Performance:** Focused on the new national segment for Auto Financing-i (6% growth). • **Portfolio Expansion:** Achieved 5.6% growth in the ASB Financing portfolio and promoted the AmWafeeq Savings Account-i, which contributed 30% of total Retail Islamic CASA balance.
3. Large Corporates Profitable growth Supporting large corporate and public sector in line with national agenda.	• **Profitability Management:** Spearheaded the development of the ROA calculator to align financial tools with the Group's WT29 strategy, which was launched in June 2025. • **National Agenda Support:** Extended financing to priority sectors including manufacturing, services, and plantation in line with inter alia the 13th Malaysia Plan.
4. Funding Sustainable funding and targeted deposit programmes.	• **Alternative Funding:** Re-engineer existing MTIA-i which uses diversified underlying assets (retail and non-retail fixed rate financing). Achieved MTIA-i 2.0 balance of more than RM2.0 billion since launch in June 2025. • **AmRewards Campaign:** A campaign that provides greater value to existing customers and attracted new customers to save and nurture their savings with AmWafeeq Savings Account-i.

TARGETS

Deepen penetration in **priority customer segments among Bumiputera segment**.

Strengthen Islamic first delivery across the East Coast region.

Expand acquisition of **high-potential mass affluent and affluent customers** within the mass market segment.

Drive business growth and deposit mobilisation from **public sector bodies, education sector and Shariah-compliant counters**.

Business Review

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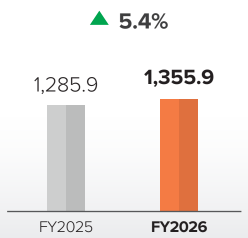
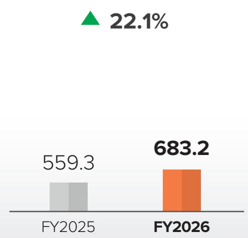
FY2026 RESULTS AND OUTCOMES

Financial Performance and Highlights

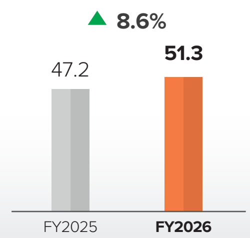
Income
(RM million)



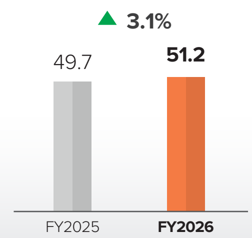
Profit After Zakat and Taxation
(RM million)



Gross Financing and Advances
(RM billion)



Customer Deposits
(RM billion)



Sustainability Highlights

We are committed to driving social impact and economic empowerment through the strategic distribution of its business zakat funds:

- **Zakat Allocation:** Allocated a total of RM4.0 million in business zakat to support socio-economic development, medical assistance, and education.
- **Economic Empowerment via iTEKAD 4.0:** Dedicated RM1.5 million toward economic initiatives, under the fourth iteration of the iTEKAD programme which provides seed capital, capacity building, and microfinancing to asnaf and B40 entrepreneurs.
- **Microfinancing Innovation:** Another economic empowerment initiative via a strategic collaboration with TEKUN Nasional for the Qard Microfinancing programme with a dedicated allocation of RM0.5 million.
- **Educational Support:** Distributed RM0.5 million to 1,253 students across ten academic institutions, including a digital academy, to support STEM education and student sustenance.
- **Healthcare Assistance:** Provided RM0.3 million in financial aid to support dialysis and medical treatments for asnaf patients and Muslim students.
- **Community and Religious Development:** Disbursed funds to state zakat centres, Islamic development organisations for Muallaf support, and community entities to cover essential charity home expenses.

Awards and Accolades

The Asset Triple A Awards 2025

- Best Islamic SME Bank Malaysia (5th consecutive win)
- Best Sustainability-Linked Sukuk – Real Estate 2025 (Shariah Adviser)
- Best New Sukuk 2025 – Plantation (Shariah Adviser)
- Best Securitisation Sukuk 2025 (Shariah Adviser)

Global Islamic Finance Awards (GIFA) 2025

- Best Islamic Bank for SME Banking (3rd year)
- Best Islamic Wholesale Banking Solutions (3rd year)

Alpha Southeast Asia Awards 2025

- Best Islamic Finance SME Bank Malaysia (5th year)

Global Banking and Finance Awards 2025

- Best Islamic Bank Malaysia (3rd year)
- Best Islamic Corporate Bank Malaysia (4th year)
- Best Islamic Banking Chief Executive Officer (CEO) Malaysia (5th year)

OUTLOOK AND PROSPECTS

We aim to expand our footprint in the mass market segment by acquiring and growing with customers in selected sectors and concurrently promote the financial inclusion agenda, while repositioning the mortgage segment towards the mass affluent and affluent customer bases to enhance portfolio quality.

For large corporations, AmBank Islamic will focus on achieving profitable growth by supporting large corporate and public sector entities align with the national agenda. This is complemented by a funding strategy centered on sustainable funding models and targeted deposit programmes to ensure liquidity and margin resilience.

We will also adopt Islamic first policy and reinforce Islamic banking products and services as the default offering in the East Coast Region as well as the accelerated expansion of the Bumiputera priority banking segment.