AmBank Group

H1FY2017 - Results

Investor Presentation

21 November 2016

V23

Content

H1FY2017 - Results

Investor Presentation

- H1FY2017 Quick take on our results
- GCEO
  - H1FY2017 progress
  - Strategic priorities
  - Business heartbeat
- GCFO
  - Financial highlights
  - 2HFY2017 expectations
- Supplementary information
  - Group performance & financial details
  - Divisional performance
  - Economic data

Quick take on our Q2FY2017

Gaining Momentum on Strategic Initiatives

Financial Highlights:

"Fixing fundamentals"

- NIM stable at 1.93% for half year though ended quarter at 1.92%, reflecting timing difference between the downward revision in base lending rates and repricing of fixed deposit rates
- PATMI up 9.2% QoQ underpinned by higher trading income and lower operating expenses. Consequently, CTI improved to 55.0% (Q1FY17: 56.3%)
- WB and General Insurance on track with respective targets
- Asset quality strengthened to 1.64%, on par with industry average of 1.65%. We are actively monitoring the following exposures:
  - O&G – 95% are assessed as moderate risks or better (internal grading). Exposures to this sector has decreased by approximately RM90m since March'16
  - Real estate – 82% with moderate risks or better
  - R&R – stable with impaired R&R at circa 0.6% of gross loans
- Prudent liquidity management with LCRs for all banking entities above 100%
- Indicative fully loaded CET 1 ratio at 11.2%, with room for capital optimisation

Strategic Update:

"Focus on Top 4 Strategy"

- Good progress on initial phase of Top 4 strategic initiatives, achieving 55% of estimated benefits for FY17. Key emphasis for FY17 include SME, Cards & Merchants, CASA (Cash Management & Payroll), Markets (FX) and cost optimisation
- Rolled out 12 "full-fledge" SME ready branches; achieved higher merchant CASA penetration rate; continued to increase new cards acquisition and drive CASA growth through payroll proposition; and good traction on wealth management

Challenges:

- Stabilising NIM (retail business)
- Grow CASA and "sticky" customer accounts meaningfully
- Sustaining asset quality (especially in O&G & non-residential property sectors)

Performance indicators

RM' mil	Q2FY17	H1FY17	QoQ Growth	YoY Growth	Forecast FY17	Progress Status
Total Income	954.2	1,905.5	▲0.3%	▲0.4%		
Expenses	524.5	1,060.0	▼2.1%	▲7.4%		
Allowances	(42.4)	(106.1)	▲33.4%	▼48.5%		
PATMI	352.6	675.6	▲9.2%	▼6.4%	Circa 5%	●
ROE	9.0%	8.7%	▲0.5%	▼1.1%	Circa 8.5-9%	●
CTI	55.0%	55.6%	▼1.3%	▲3.6%	≤57%	●
NIM	1.92%	1.93%			Circa 1.93%	●
Gross Impaired Loans ratio		1.64%			<2.0%	●
CASA Composition		21.9%			Circa 22%	●
Capital and Dividend						
- **CET 1**		11.9%			10% +/-1%	●
- **Tier 1**		12.9%				
- **Total**		16.5%				
- **Dividend Payout**					Circa 40%	●

H1FY2017 … what's progressing well

Performance highlights:

- Improving profitability with PATMI up 9.2% QoQ underpinned by higher non interest income and lower expenses
- Focused on stabilising NIM via proactive management of COF & progressively growing loans and building up CASA in new and preferred segments
- Balance sheet remains sound, sustaining asset quality (Q2 GIL @ 1.64%) with Basel III CET 1 at 11.2%
- Process re-engineering and prudent expense management yielding savings, YTD optimisation savings approximately RM62 mil

Business overview

- "Top 4" Aspirations and strategic initiatives: implementation on track with early benefits in H1FY17 results
- Mass affluent and affluent segments, wealth management, markets and DCM showing good momentum
- Sustaining current growth engines: Top 4: Funds Management, Top 4: Bonds & Islamic Bonds & Top 3: Corporate Loans (Syndicated Loans)
- Subdued and challenging operating environment ahead: growth focused on preferred segments vis-à-vis risk appetite, profitability opportunities & customer expectations
- People and culture: Senior management transition plan, attracting talent and accelerating performance culture change

GCEO

Recap: AmBank Group's Top 4 Aspirations

Our aspirations by the year 2020 in key segments

Top 4 Aspirations in Key Segments

- To be **Top 4** in each of our 4 **focus products** (Cards & Merchants, Transaction Banking, Markets/FX, Wealth Management)
- To be **Top 4** in each of our 4 **growth segments** (Mass Affluent, Affluent, SME, Mid Corp)
- To sustain **Top 4** in each of our **current engines** (Corporate loans, DCM, funds management)
- To be **Top 4 Best Employer** in Malaysia

How we measure ourselves

Financial metrics

1. Market capitalisation (relative)
2. Revenue growth
3. ROE
4. P/E
5. NIM
6. CTI
7. GIL ratio

Non-financial metrics

8. Customer turnaround time and customer satisfaction
9. Trusted brand
10. Employee engagement and attractiveness to best talent

Our Strategic Priorities
Considering growth areas, white spaces and our capabilities

GCEO

Strategic Priorities

Firing up new growth engines	Attain market leadership in key segments & products	Setting up for success	Optimise current engines
Win in fast growing, underserved segment: ▪ SME ▪ Mid Corp ▪ Mass Affluent ▪ Affluent	▪ Build up Transaction Banking and Markets cross sell business ▪ Develop an integrated cards and merchant eco-system ▪ Lead the market with an advisory-led wealth management proposition	▪ Digital transformation – channels, processes, productivity, analytics ▪ Leverage distribution footprint, partnerships and new digital channels ▪ Breakdown organisational silos, people focus, talent & culture ▪ Risk and compliance	▪ Leverage strengths in corporate and investment banking ▪ Strengthen retail deposit franchise ▪ Harness value in Mass Market customer base

Strategic Initiatives

Retail & Islamic	Wholesale	Digital & Analytics	Enablers
1. Focus on mass affluent proposition & wealth management 2. Drive merchant & cards solutions 3. Drive CASA growth 4. Continue to enhance Retail SME proposition 5. Penetration into Islamic "blue ocean"	1. Identify needs-based segments & develop proposition – SME & Mid Corp 2. Boost transaction banking capabilities 3. Amplify wealth solutions 4. Service differentiation through industry insight, upgrade RM capacity, product solutions, etc.	1. Enhance sales tools & system to support frontline 2. Integrated online banking platform with online acquisition capabilities 3. Develop analytic capabilities 4. Digitise processes and develop straight through processing *Building digital capability*	1. Talent management & role based development 2. Initiate performance culture change programme 3. Re-engineer & digitise credit process 4. Cost & resource optimisation 5. Brand re-positioning

Wholesale Banking **Heartbeat …**

GCEO

SME

- 35 dedicated SME branches completed with clustered SME branches rolled out
- Focusing on strategic tie-ups and new solutions for strong pipeline growth
- Launched SME specific products for Trade and Contract Financing (Aug'16)
- Developed remote relationship manager operating framework & streamlined credit process

Mid Corp

- Improving credit approval efficiency to heighten growth: TAT reduced by 50%
- Expediting drawdowns for targeted growth
- Re-energizing inactive customers, building up relationship to increase SOW with focus on cash management, trade and FX.

Transaction Banking

- Accelerating payroll customers, with higher YTD average balance, acquired new JomPay billers
- Revamped & simplified customer onboarding process for improved customer experience
- Completed Corporate Service Counters at 35 branches (Oct'16) to enhance customer service
- Commenced E-AmBiz activation programme for inactive accounts
- Completed remittance centralisation function @25 branches to improve efficiency & customer TAT
- Innovating cash management solutions for seamless customer experience
- Actively managing expensive short term deposits

Markets

- Managing fixed income trading activities vis-à-vis yield curve changes from recent "global events"
- Focusing on offering FX and derivative solutions to preferred customer segments
- Introduced simplified credit memo for FEC
- Strengthened Retail's branch foreign exchange franchise and capabilities

Retail Banking Heartbeat …

GCEO

Mortgage	• Stronger net acceptance and increasing MRTA income • Focus on secondary market to drive disbursements • Anti-attrition pricing matrix to retain customers • Reducing cost to serve through auto debit arrangements
Auto Finance	• Capitalise on faster market share growth of new non national vehicles Partnership with national carmakers to increase share of new launches • Improved asset quality – lower delinquencies and impaired loans • Selective focus on high quality used car sales with better returns
Deposits	• Attractive FD campaigns amidst tighter industry liquidity • Repositioned CASA products to manage portfolio returns • Partnership with transaction banking to increase penetration of payroll accounts • Merchant CASA proposition – process simplification, product bundling
Cards	• Increasing public awareness of improved propositions (grocery and dining offers, Buy1Free1 apps, cash back, better points conversion) • Building up new card base while increasing usage • Introducing product innovation through Co-branded cards/partnerships
Merchants	• Chain store strategy driving merchant acquisition and volumes • Offering CASA bundle to merchants to increase penetration of settlement accounts • Improving propositions and service levels (Mobile point of sales in progress)
Wealth	• New fund launches, improved productivity of sales force • Attractive banca advisory propositions (Wealth Secure Smart) • Cross-selling collaboration to increase banca non-advisory sales

H1FY2017 – Financial Highlights

PATMI 9.2% higher QoQ

- Higher trading and investment income
- Costs managed tightly, CTI improved to 55.0% (Q1FY17: 56.3%)

PATMI 6.4% lower YoY

- Top line flat reflecting YoY average margin compression
- Expense growth reflecting higher personnel and business operating expenses
- Intensified collection efforts led to sustained recoveries

Asset quality strengthened

- GIL continues to trend down reaching 1.64%
- R&R – stable with impaired R&R at circa 0.6% of gross loans

Loans growth relatively flat

- Good momentum in Mortgage and trade finance
- Momentum building in SME
- Contraction in Auto Finance and corporate loans

CASA composition 21.9%

- Deposits contracted 6.8% YoY inpart reflecting active management of COF and LDR in intense rate environment

Indicative fully loaded CET 1 ratio at 11.2%, with further room for capital optimisation

Prudent liquidity management with LCRs for all banking entities above 100%

H1FY2017 … what remains a short-term task

1 Low topline growth
- Balancing loans growth & NIM while maintaining prudent asset writing strategy
- Increasing penetration in targeted segments

2 Improving NIM in Retail's targeted segments
- Growth in higher yield products
- Unfavorable funding position (low CASA penetration)

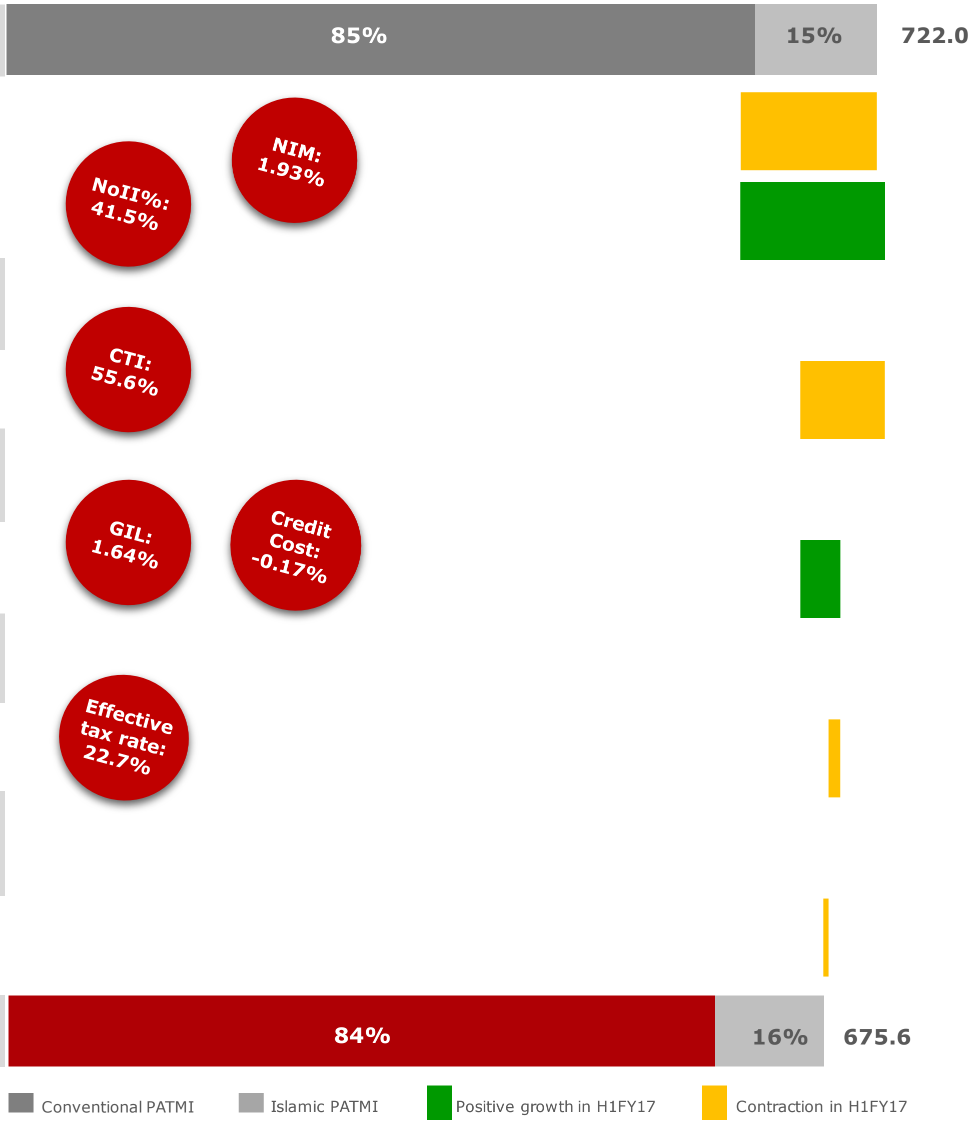
3 Asset quality concern in O&G and non-residential property sectors
- Remain vigilant in proactive account monitoring
- Collection activities on long outstanding historical accounts

4 Increasing CASA penetration
- Accelerate payroll acquisition and active cash management customers
- Enhance cash management solutions

5 Perception of "low capital"
- Adequate to support growth agenda
- Positioning for MFRS 9 impact & assessment in progress
- Progressively reduce high RWA % to improve capital efficiency

Improved NoII and lower provisions, partially offset by YoY NIM compression

RM' mil	H1FY17	H1FY16	YoY (%)	QoQ (%)
Net Interest Income	1,114.6	1,232.7	▼10	▼3
Non-Interest Income	790.9	666.0	▲19	▲5
Total Income	**1,905.5**	**1,898.7**	≈	≈
Expenses	1,060.0	986.8	▲7	▼2
PBP	**845.4**	**911.9**	▼8	▲3
Provision/ Allowances	(106.1)	(71.5)	▼49	▲33
PBT	**951.5**	**983.4**	▼3	▼2
Tax & Zakat	216.9	206.8	▲5	▼19
PAT	**734.6**	**776.6**	▼5	▲4
MI	59.0	54.5	▲8	▼38
PATMI	**675.6**	**722.0**	▼6	▲9



Strong NoII partially offset by subdued NII as YoY NIM compression impedes income growth

Non-interest income / Total income:
H1FY16 – RM666.0m / 35.1%
H1FY17 – RM790.9m / 41.5%

Net Interest Income (RM'mil)

	Income breakdown	YoY growth (%)	Composition (%)	
H1FY16	1,232.7			
NII - Retail	71.2	▼11	51	RB's NII lower from margin compression, despite higher loans growth from Mortgages
NII - Wholesale	39.4	▼9	37	WB's COF improved 3bps, whilst NII decreased due to yield compression on corporate loans
NII - Others	7.4	▼5	12	
H1FY17	1,114.6	▼10		

NoII%: 41.5%

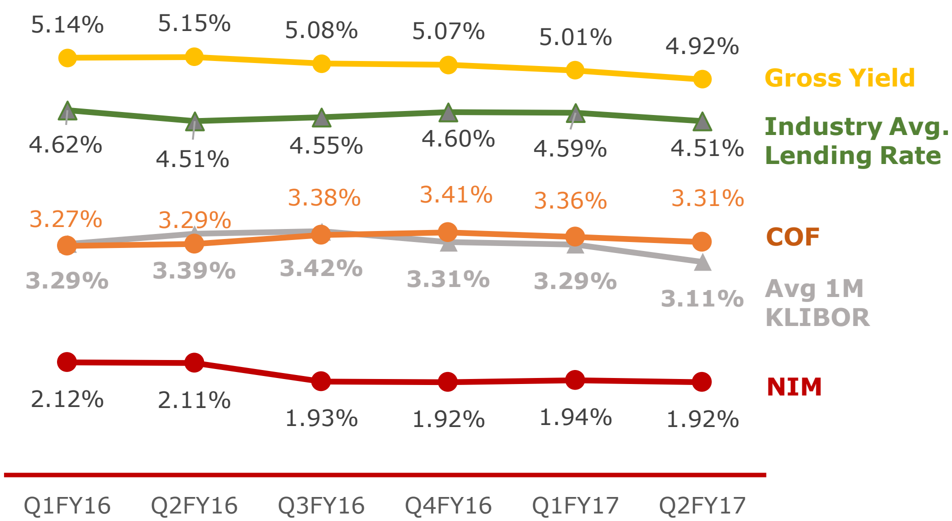
Non-Interest Income (RM' mil)

	Income breakdown	YoY growth (%)	Composition (%)	
H1FY16	666.0			
Credit card & merchant inc	0.5	▼1	8	
Funds mngt & Brokerage	6.2	▼5	14	Broking fee declined on lower turnover
WB loans, IB Adv & Underw.fees	9.9	▲12	12	Increase from higher loan underwriting fees and commission on trade facilities
Mkts Sales & Fixed Inc Syndication	67.1	▲>100	15	Underpinned by trading gain from fixed income
Markets Trading	56.3	▲>100	5	Stronger fixed income trading, capitalising on favorable yield curve movement
Insurance inc [1]	56.3	▲29	32	Higher claims income as historical claims experience improved. Improved investment income
Foreign exchange	39.8	▼76	1	Forex loss from balance sheet revaluation attributable to depreciation of USD MYR
Others	18.2	▼15	13	
H1FY17	790.9	▲19		

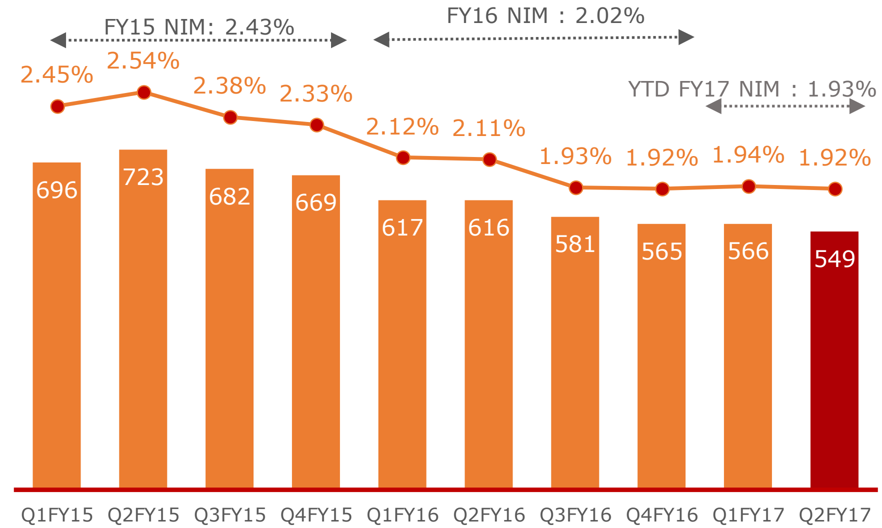
1. Include investment income from General Insurance business

NIMs stabilised … reflecting release of higher-cost deposits

NIM QoQ trend vs. industry



Quarterly net interest income (RM'mil) & NIM movement



QoQ NIM movement (bps)

Q1FY17	**194**
Asset re-pricing: - Wholesale - Retail	 (2) (2)
Deposits: - Retail CASA - Cash management - Corporate - Deposits mix	 1 1 1 (1)
Q2FY17	**192**

QoQ NIM movements

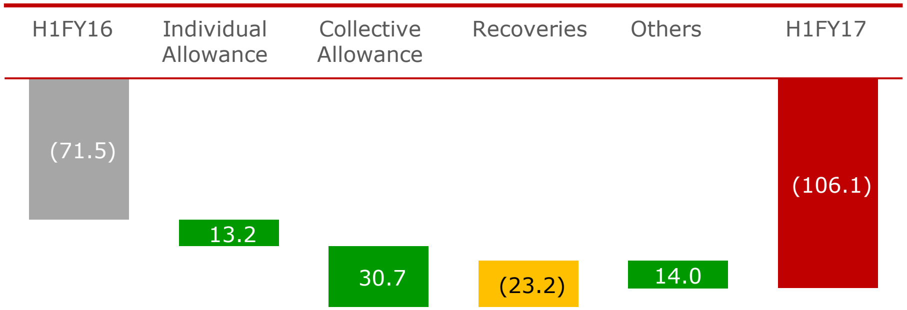
NIM compressed 2 bps driven by:

- Wholesale: Lower NIM from corporate loans partially compensated by higher margins from trade loans and Markets
- Retail: Mortgages NIM impacted by timing of revision in base rate following the change in OPR and Auto mix
- Improved margins on CA and Cash Management partially offset by mix

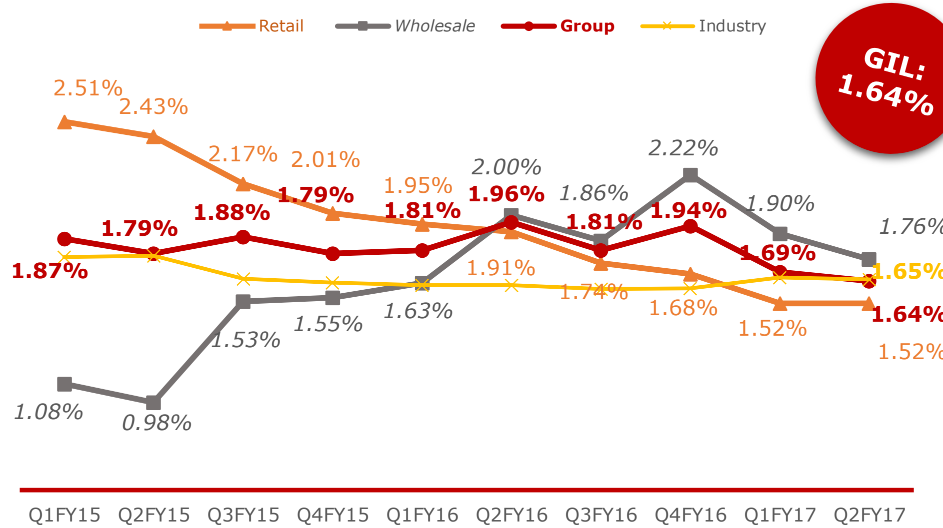
Asset quality remains **well positioned**

Credit costs tracking better than industry average since FY14, benefiting from earlier portfolio de-risking, consistent credit underwriting standards and rebalancing strategy

Allowances (RM' mil)



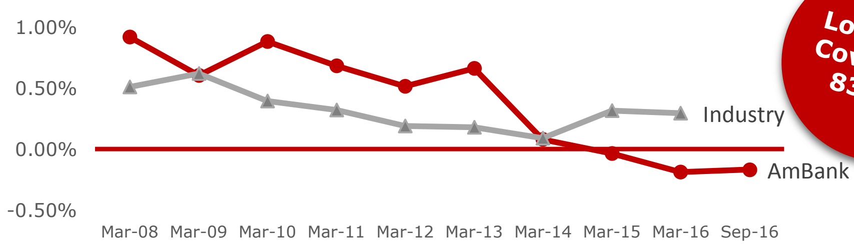
Gross impaired loans ratios



GIL: 1.64%

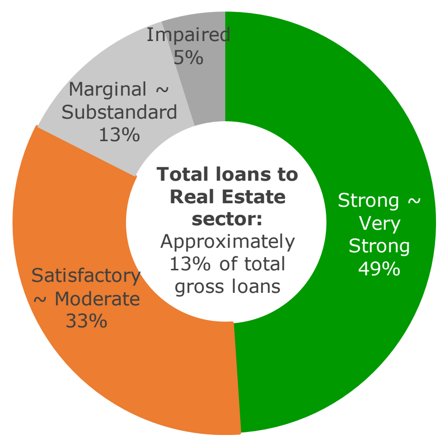
Credit costs *(vs. industry[1])*

AmBank Group	FY13	FY14	FY15	FY16	H1FY16	H1FY17
Credit cost	0.21%	0.08%	-0.04%	-0.19%	-0.12%	-0.17%
Credit cost (excluding recoveries)	0.90%	0.94%	0.69%	0.46%	0.32%	0.52%

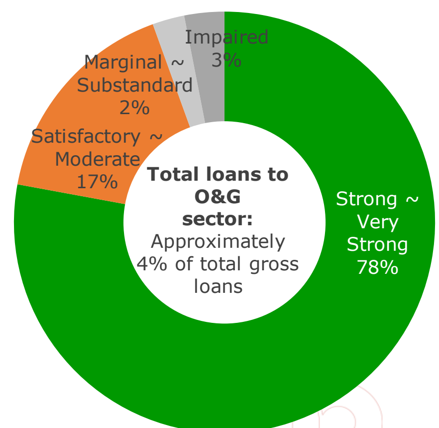


Loan Loss Coverage: 83.5%

Exposure to real estate sector by internal risk grades



Exposure to oil & gas sector by internal risk grades



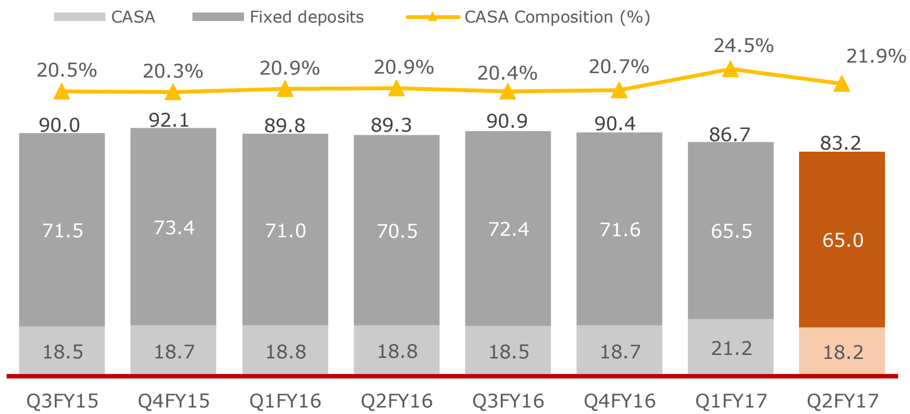
1. *An average of eight peer domestic banks*
2. *Latest industry data available as at Mar-16 only*

Actively managing deposits to reduce COF

- Managing down higher cost deposits
- Sustaining CASA through higher cash management accounts and growing payroll subscribers through higher collaboration between Transaction Banking and Retail
- FDs contracted from intense rate competition as we focused on managing our COF

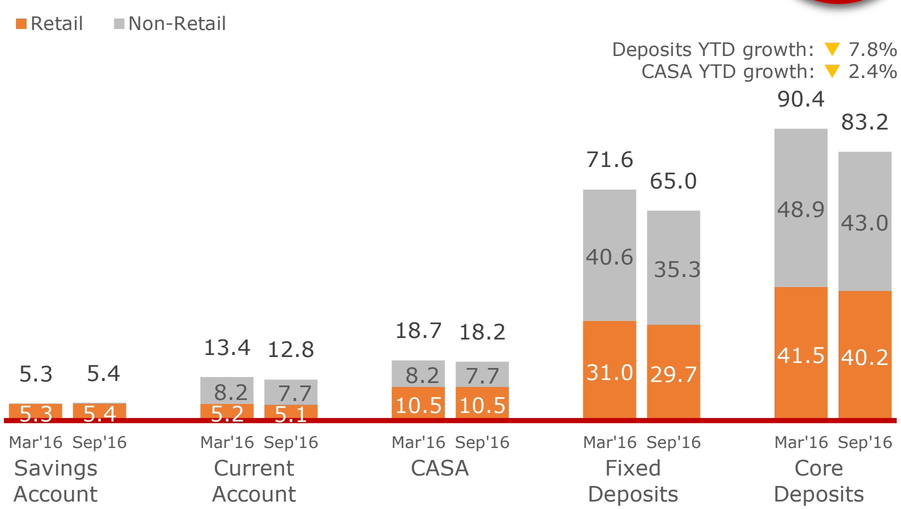
Deposit and CASA balance (RM' bil)

Deposits QoQ growth: ▼ 4%
CASA QoQ growth: ▼ 14%

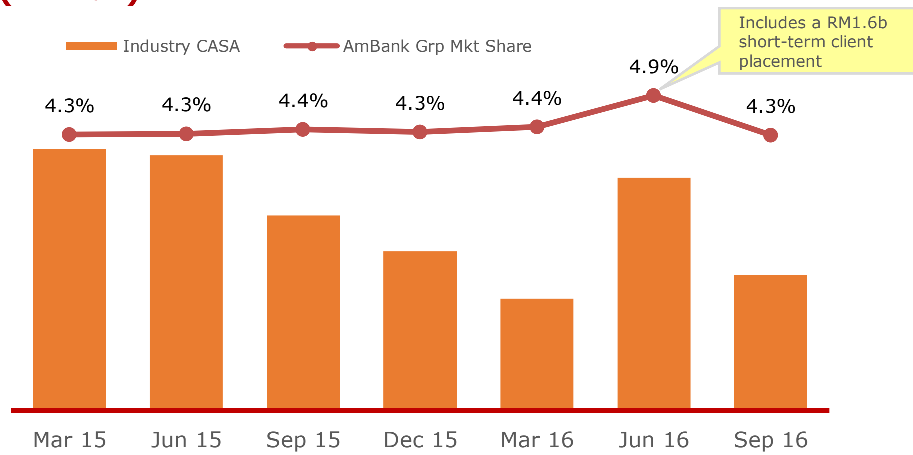


CASA%: 22%

Deposits by type of customers (RM' bil)



CASA market share and industry CASA balance[1] (RM' bil)

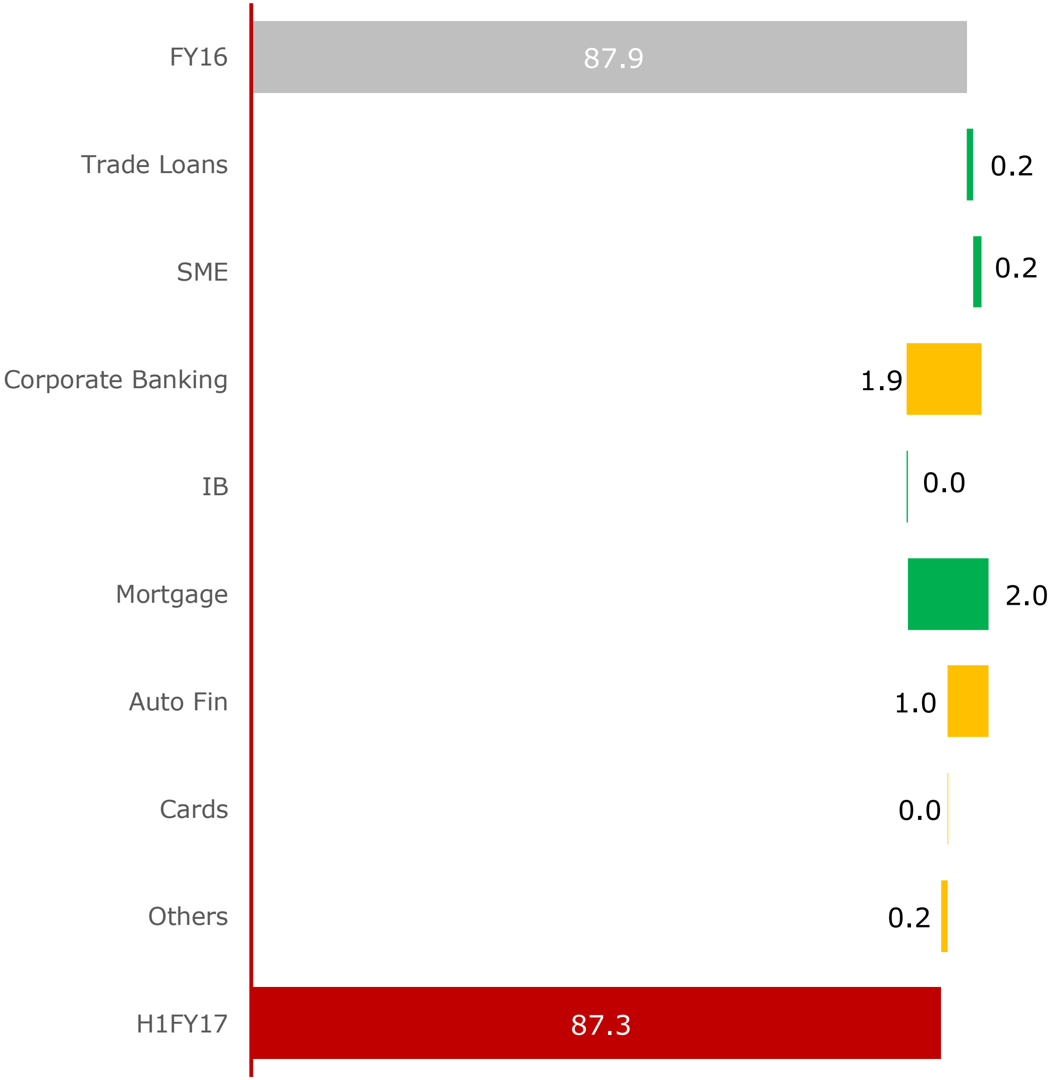


1. Based on BNM data as at August 2016

Slower loans growth and higher corporate repayments, Mortgage outperforming Market

Islamic: 31% | **Non-Retail: 46%** | **Retail: 54%** | **Fixed Rate: 33%** | **ROA: 1.14%** | **LD Ratio: 89.6%**

Gross loans movement (RM'bil)



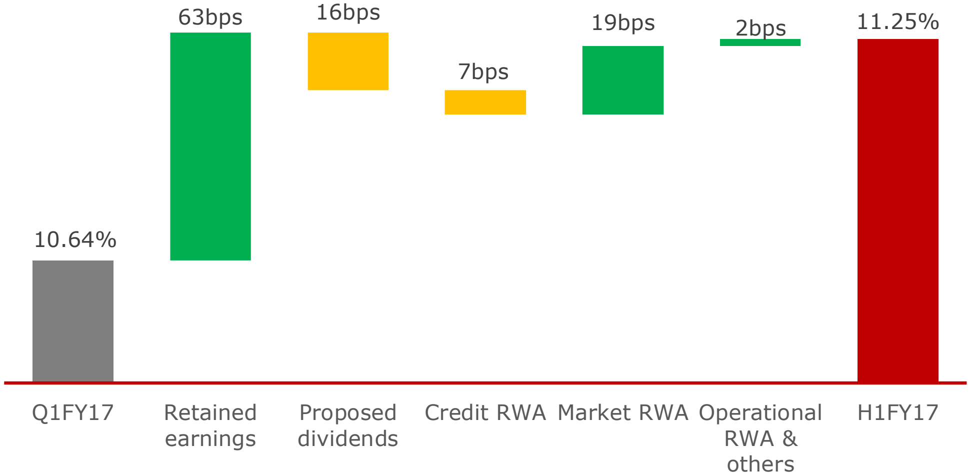
	YTD growth (%)	Composition (%)
Trade Loans	▲2	7
SME	▲2	15
Corporate Banking	▼9	21
IB	▲2	2
Mortgage	▲10	26
Auto Fin	▼5	24
Cards	=	2
Others	▼5	3
H1FY17	▼0.7	

- Trade Finance – benefiting from higher utilisation
- Corporate lending decreased due to major repayments and subdued business outlook
- Increasing sales productivity whilst targeting preferred segments
- Slower Auto sales

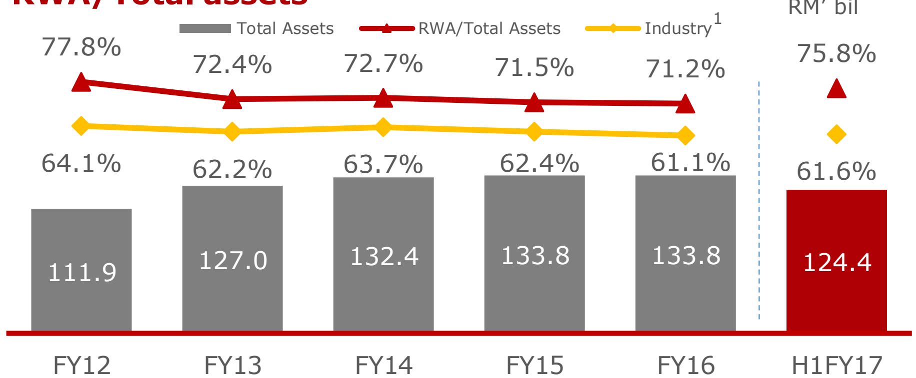
Adequate capital levels with optimisation opportunities

- Group capital ratios remain adequate, whilst we are optimising capital structure and RWA efficiency for Basel III FHC @ FY2020
- Positioning for MFRS 9 and impact assessment in progress
- Basel III FHC indicative ratio as at 30 September 2016 – CET 1: 11.2%
- Double leverage ratio:1.13x; Leverage ratio: 10.9%; Total leverage ratio: 8.5%

Basel III FHC indicative ratio Sept-16 **CET 1: 11.2%**

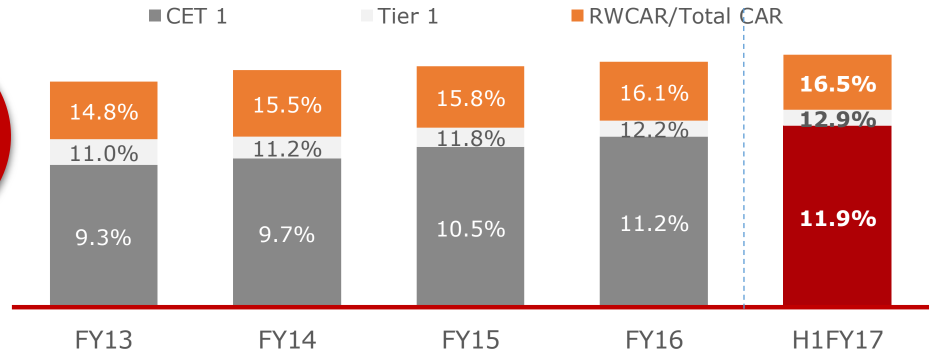


RWA/Total assets



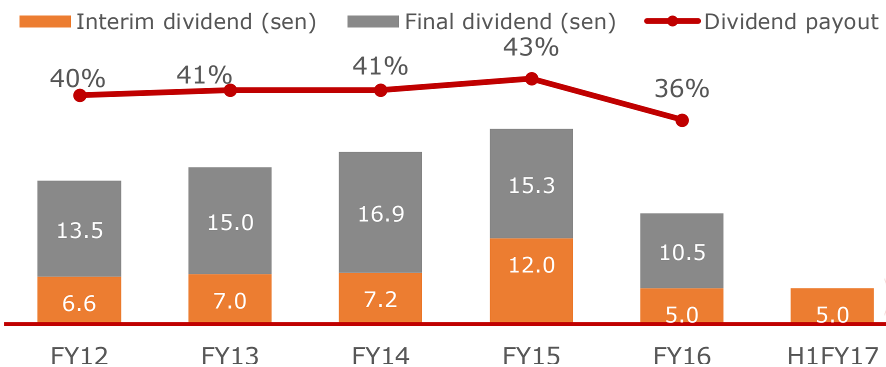
1. An average of eight peer domestic banks @ June 16

Capital adequacy ratios[1]



1. Based on Aggregated Banking Entities and after proposed dividend

Dividend payout



Expectations for 2HFY2017:

1. Ongoing focus on balancing loans growth, asset quality and margins
2. Active margin management
3. Targeting negative expense growth through tight control, with increasing benefits from efficiency agenda
4. Expecting stronger performance in targeted segments, with momentum in SME and higher utilisation in Corporate
5. Overall asset quality expected to remain sound with balance sheet positioned to weather potential NPL increase
6. Further details on our capital optimisation plans
7. Transition of new senior appointments
8. Continue to focus on investment in key segments and execute on our Top 4 Aspirations
9. Momentum is building towards our FY2017 targets and we are positioned for potential headwinds

Performance guidance for FY2017 - FY2018

FY17-18 Targets

Reported

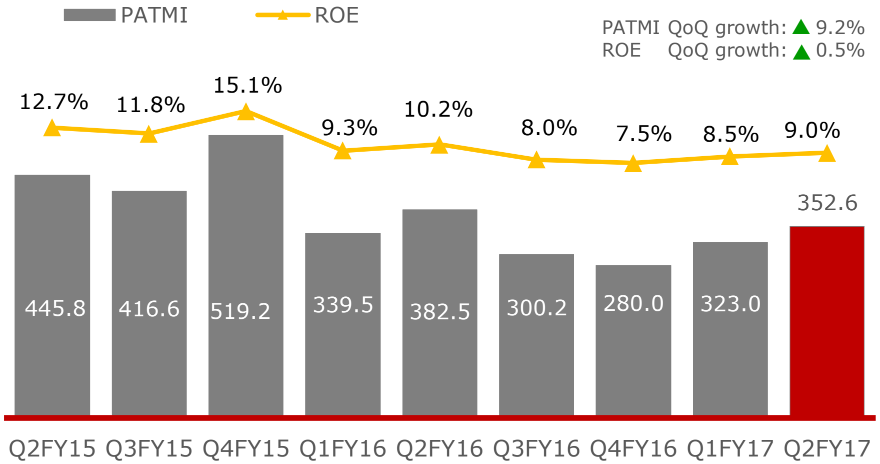
	ROE[1]	PATMI[1]	CTI	Dividend	Capital Proforma ±1%
FY17	***8.5 - 9%***	***Circa 5% Growth***	***≤57%***	***Circa 40% payout***	***CET 1: 10%***
FY18	***Circa 10%***	***Circa 10% Growth***	***50%***		***Total: 15%*** Refers to FHC CAR

1. Based on projected 2016 GDP growth of 4%, revised down from 4.2%

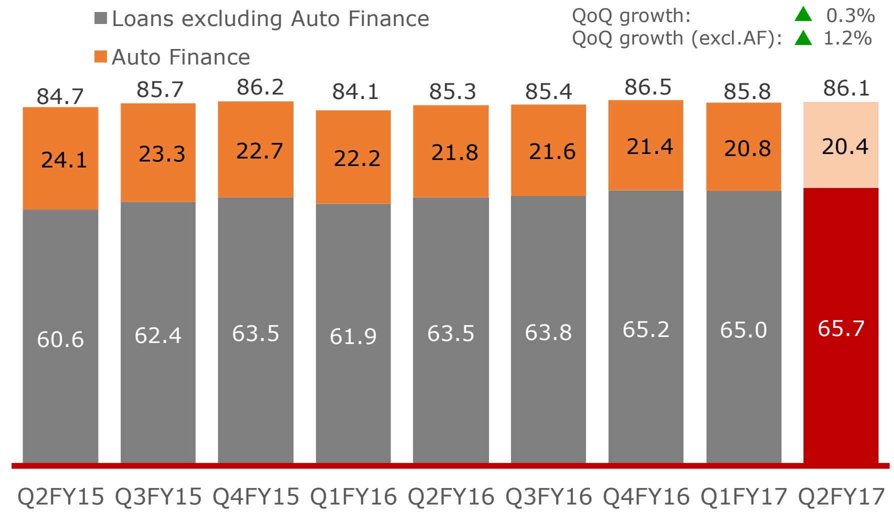
Group Performance

Quarterly performance … reflects initial progress on strategic initiatives

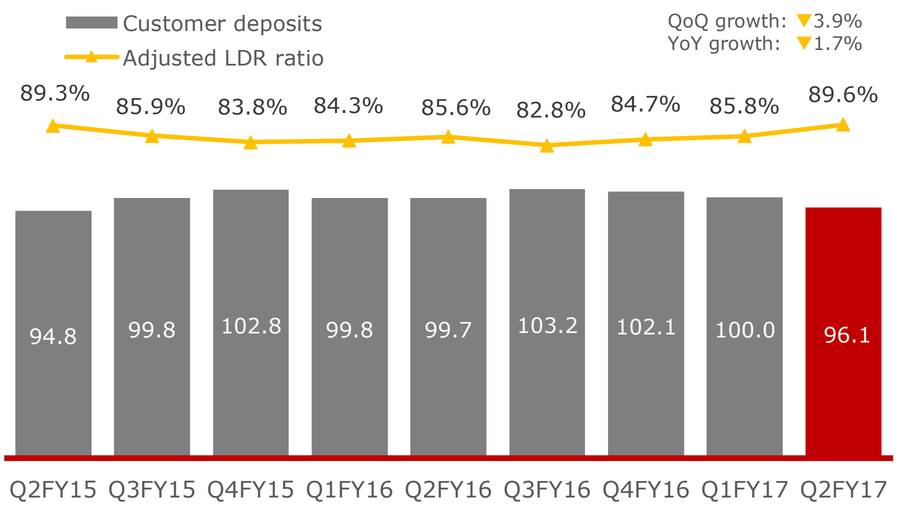
PATMI (RM' mil) & ROE (%)



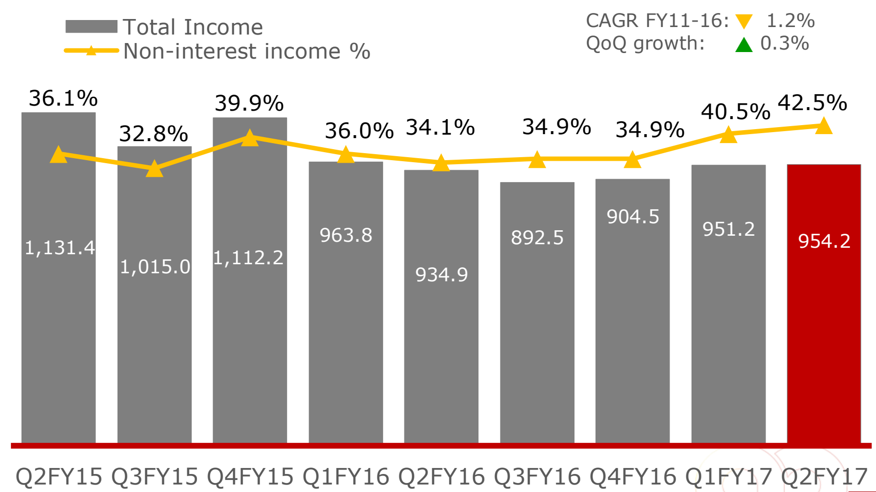
Net lending (RM' bil)



Customer deposits[1] (RM' bil) and LDR ratio (%)



Total income (RM'mil) and non-interest income (%)

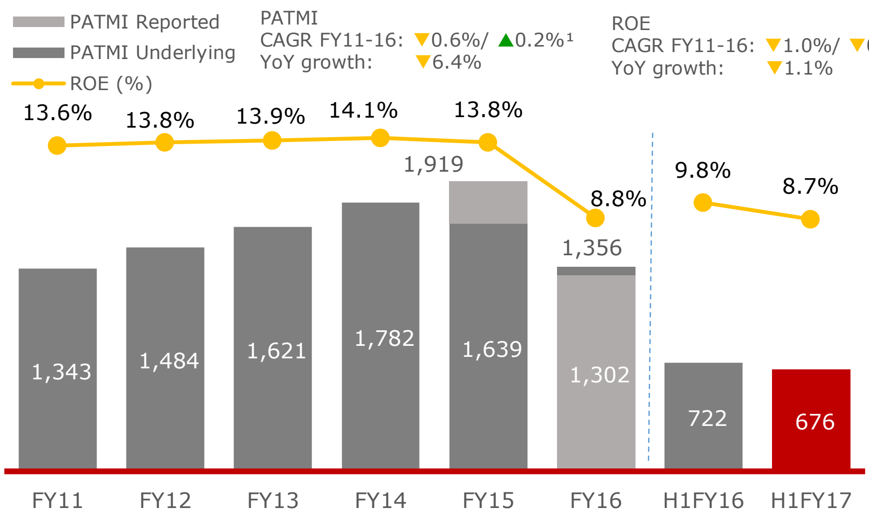


1. Customer deposits include stable funding sources

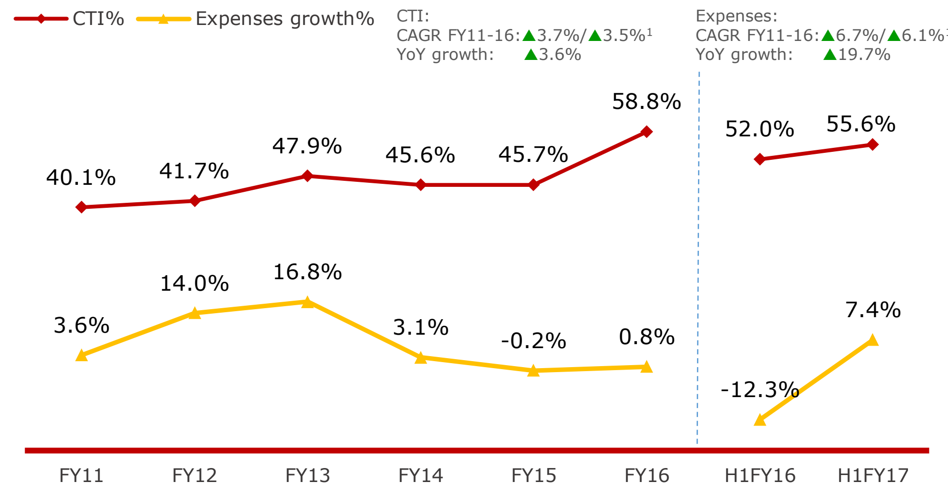
Yearly performance underpinned by higher NoII & lower provisions

H1FY17 Results

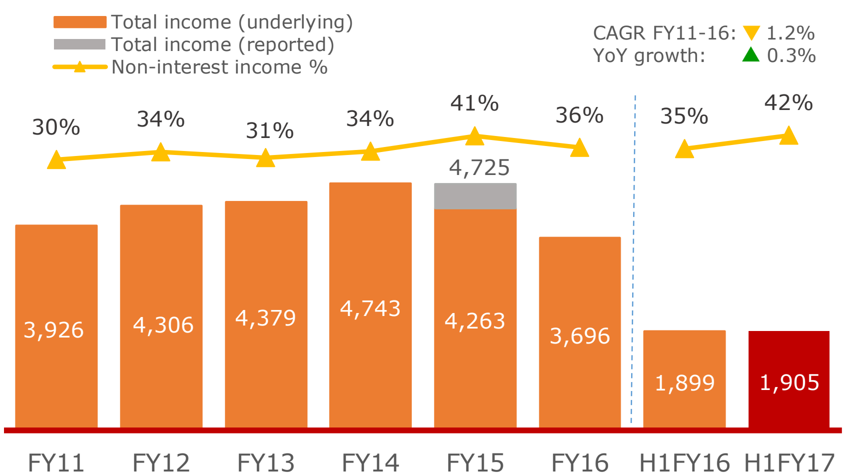
PATMI (RM' mil) & ROE (%)



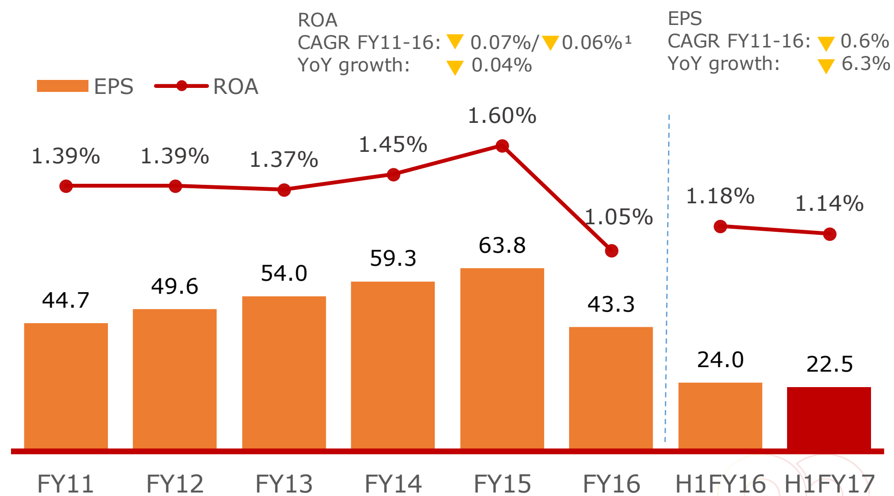
Cost to income ratio and expenses growth (%)



Total income (RM'mil) and non-interest income (%)



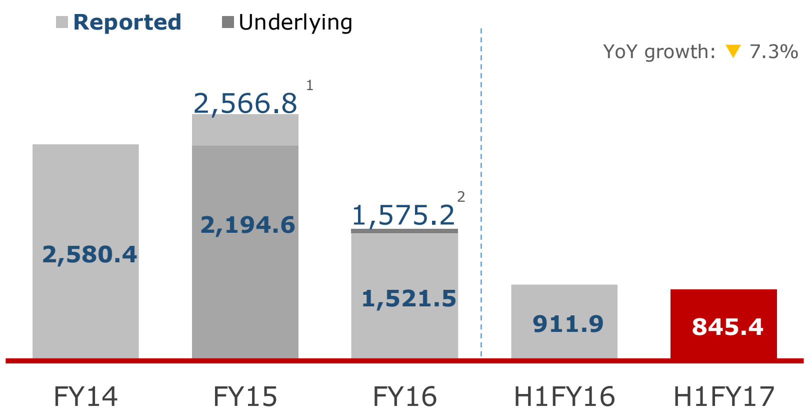
ROA (%) and EPS (Basic)



1. Underlying

Improved growth momentum from Wholesale Banking and General Insurance

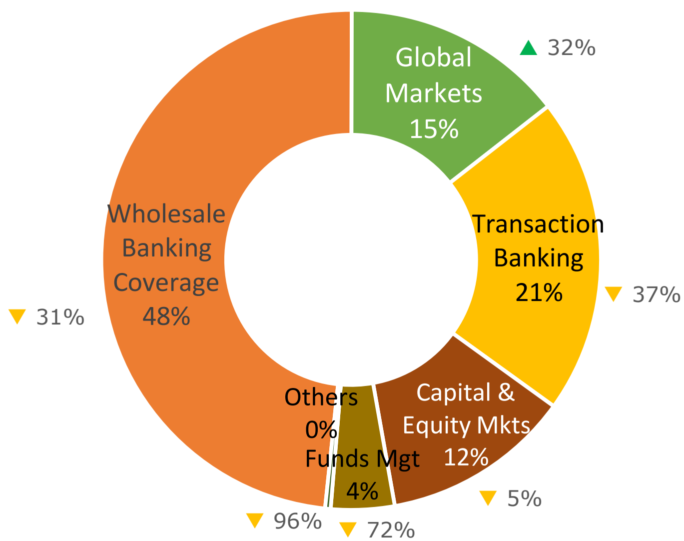
Profit before provision (RM'mil)



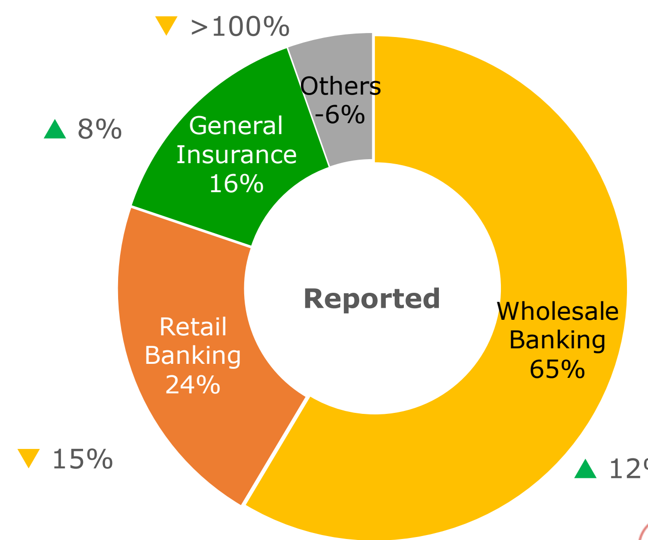
1. Divestment gains from AmLife, AmFamily Takaful and AmFraser
2. Regulatory penalty incurred

- Wholesale Bank's higher profits driven by debt capital markets syndication and stronger fixed income trading
- Retail Banking impacted by YoY margin contraction. Mortgages registered stronger loans growth. Cards and Bancassurance provided stable contributions. Auto Finance contracted from weaker vehicle sales
- Insurance income higher due improved historical claims experience

WB YoY PAT (RM' mil)



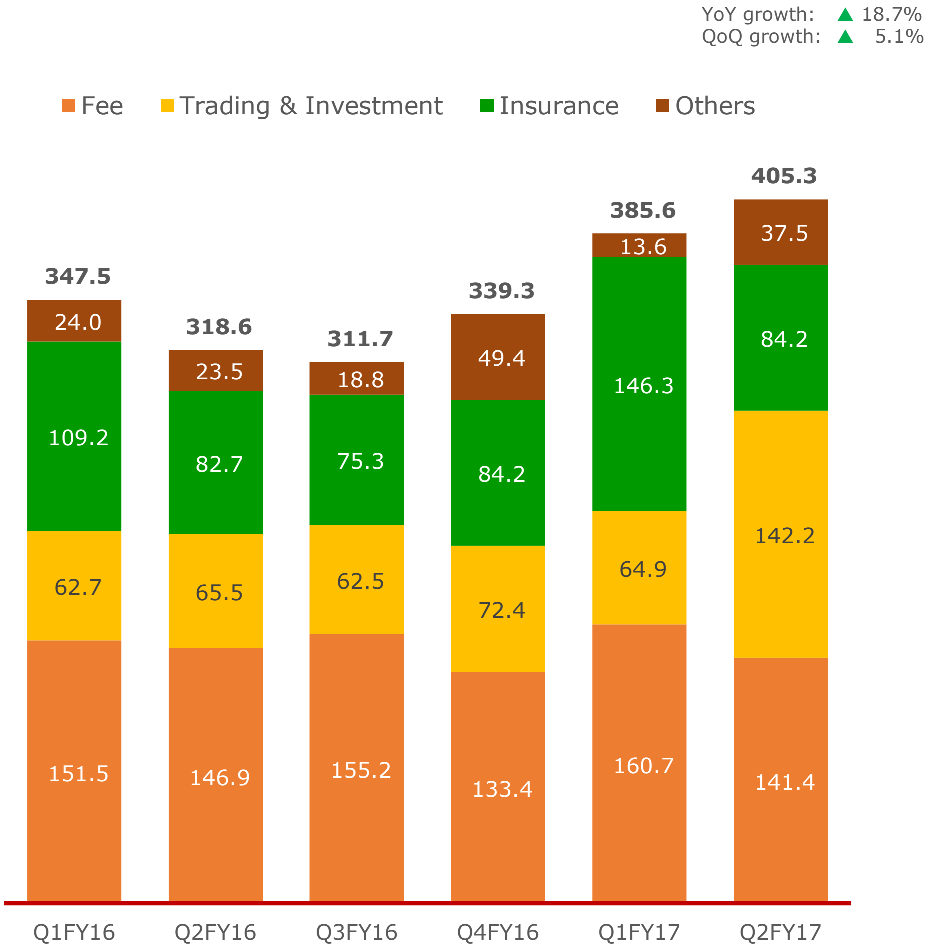
Divisional PAT Contribution (YoY)



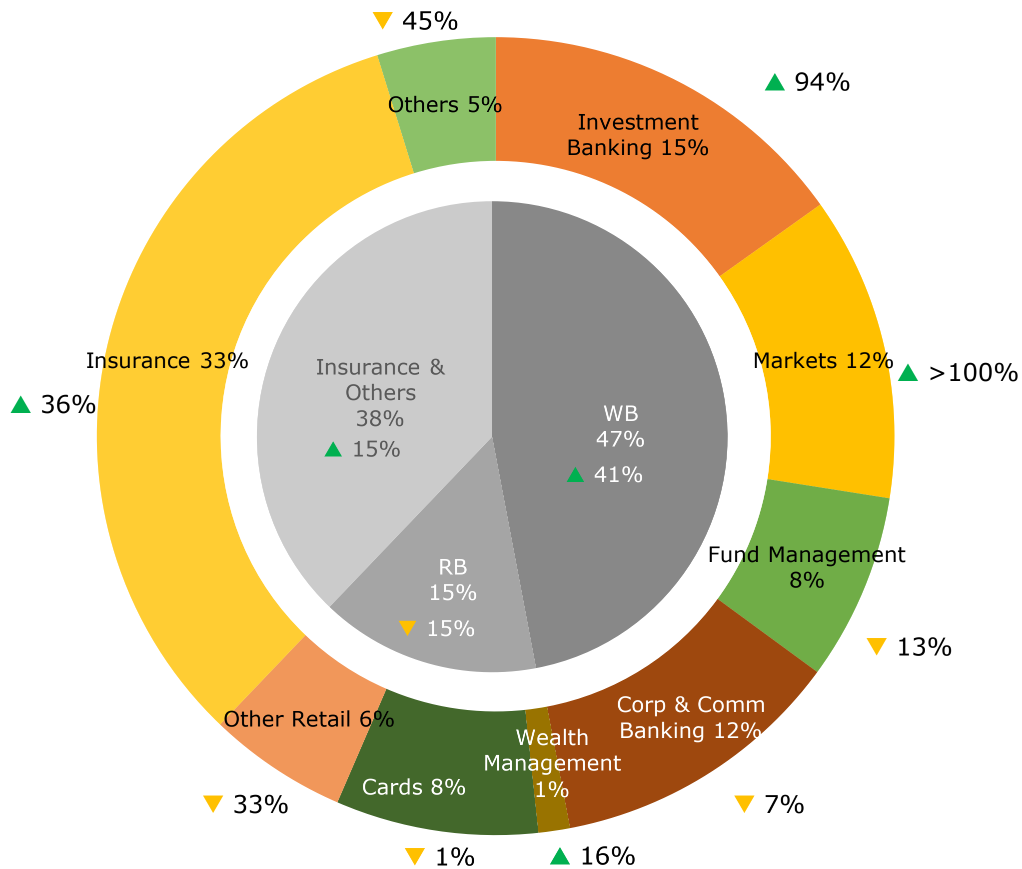
Higher NoII from trading and insurance

Non-Int Income

Non-interest income (RM'mil)



Non-interest income by lines of business (YoY)



Current outlook requires **active monitoring**

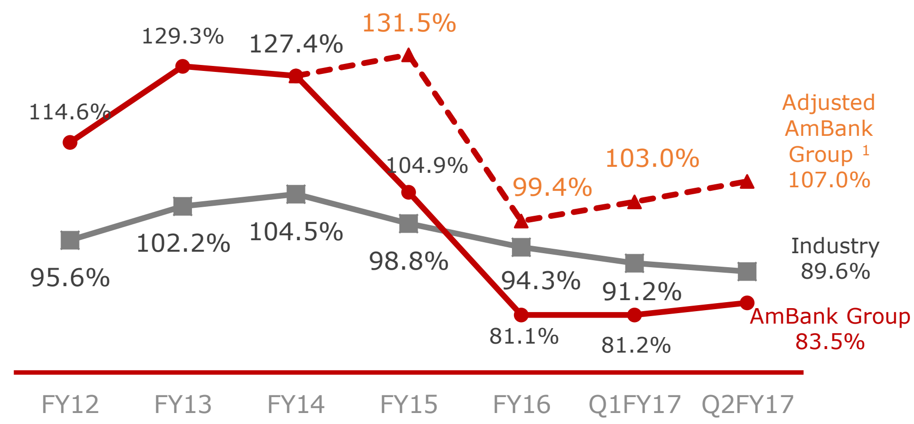
Asset Quality

- Lower loan loss coverage reflecting exposure to several non-residential property accounts, which most are well collateralised

- More than 50% of impaired loans are made up of real-estate and residential properties, which are generally well-secured

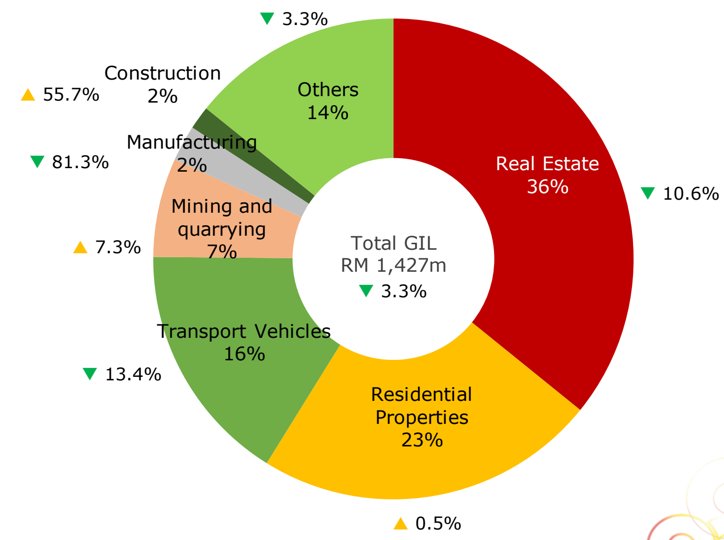
- Exposures to O&G sector are closely monitored and majority of the exposures (circa 95%) are internally assessed as moderate risks or better

Loan loss coverage vs. industry



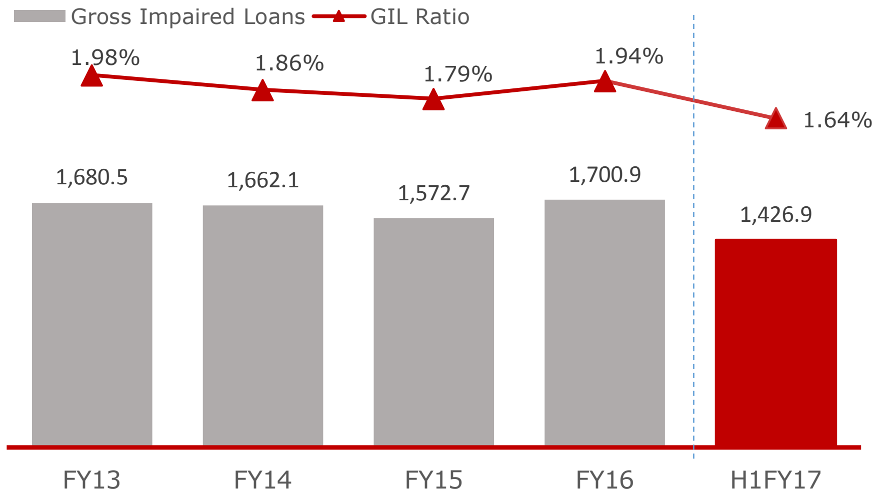
1. Adjusted AmBank Group LLC excludes a single large and well-secured impaired corporate loan

Impaired loans by sectors and YTD movement

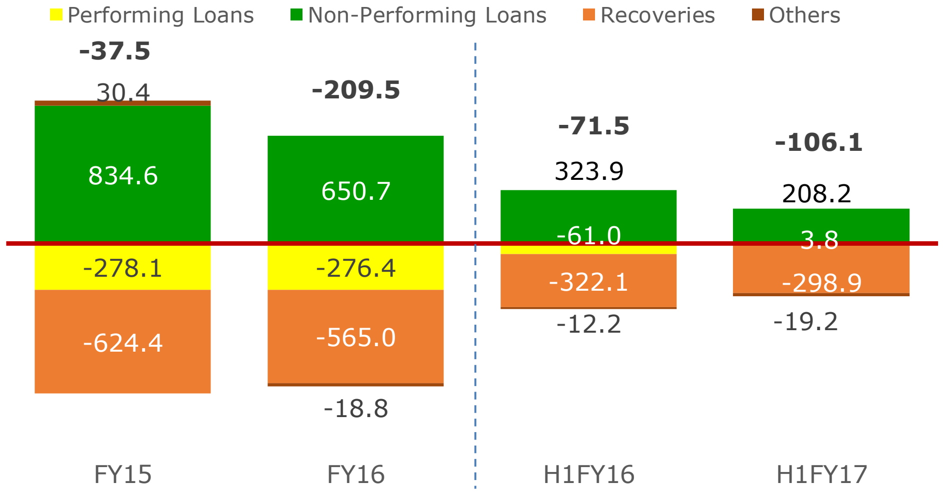


Asset quality reflects consistent credit underwriting standards

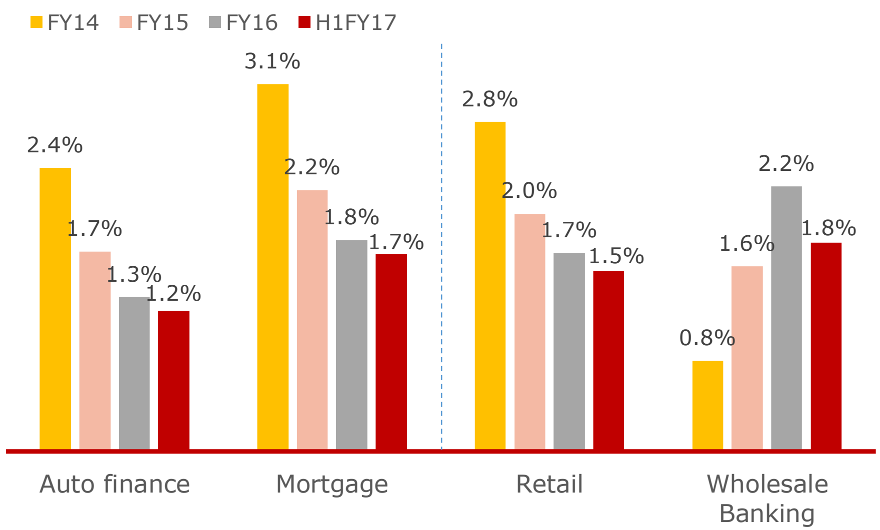
Impaired loans (RM' mil)



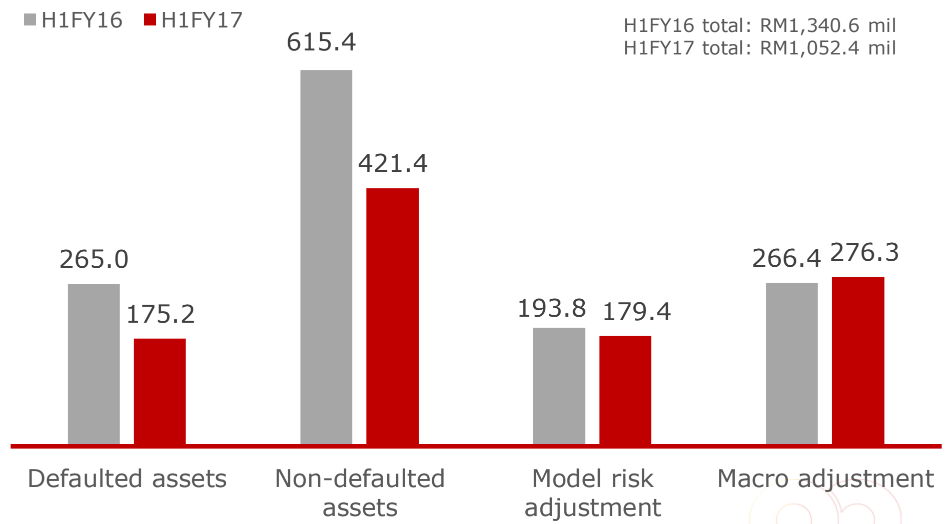
Provision charges/(Writebacks) (RM' mil)



Impaired loans – key segments (RM' mil)

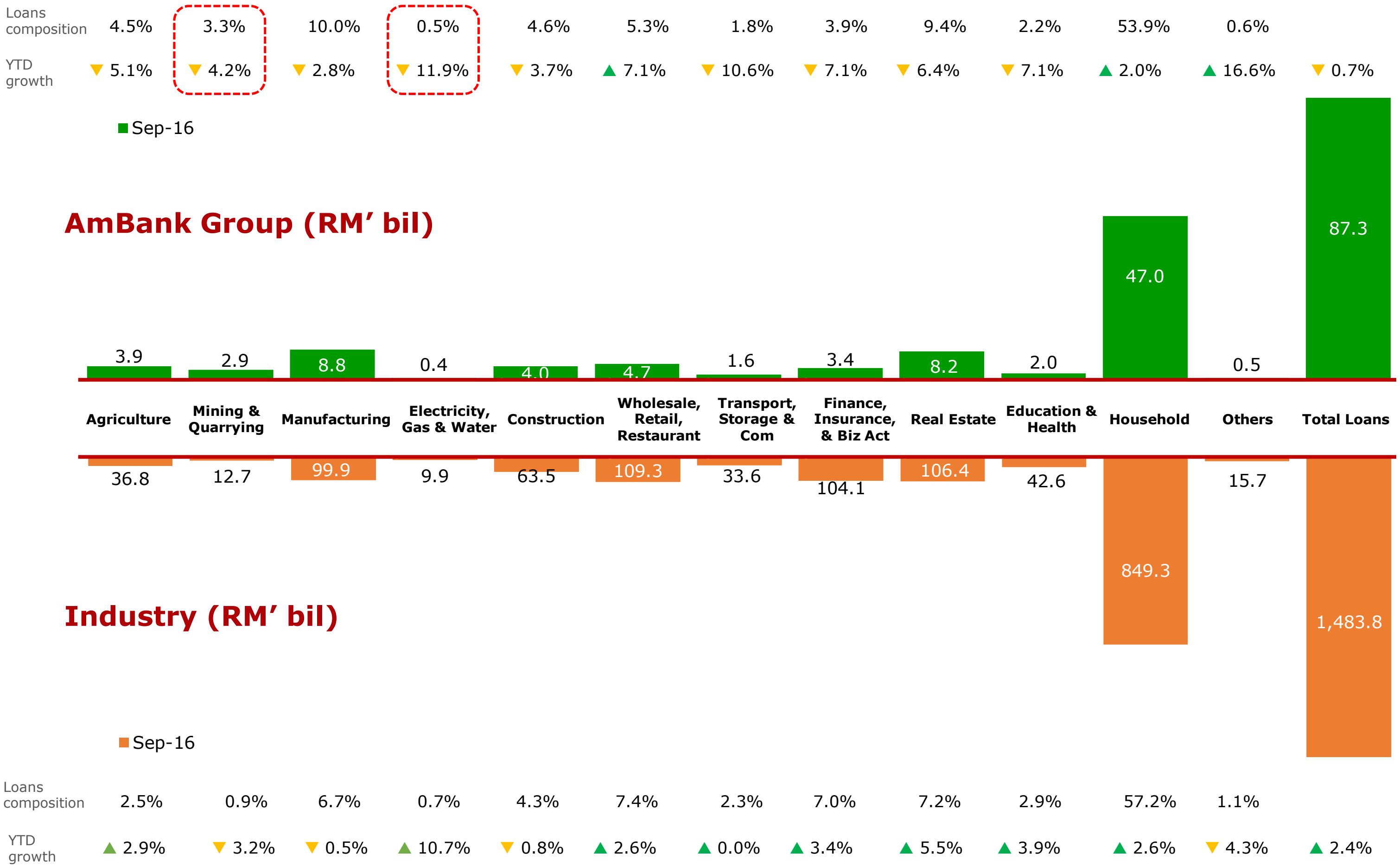


Collective allowance balance (RM' mil)



Loans by sector vs. industry

Loans by sector



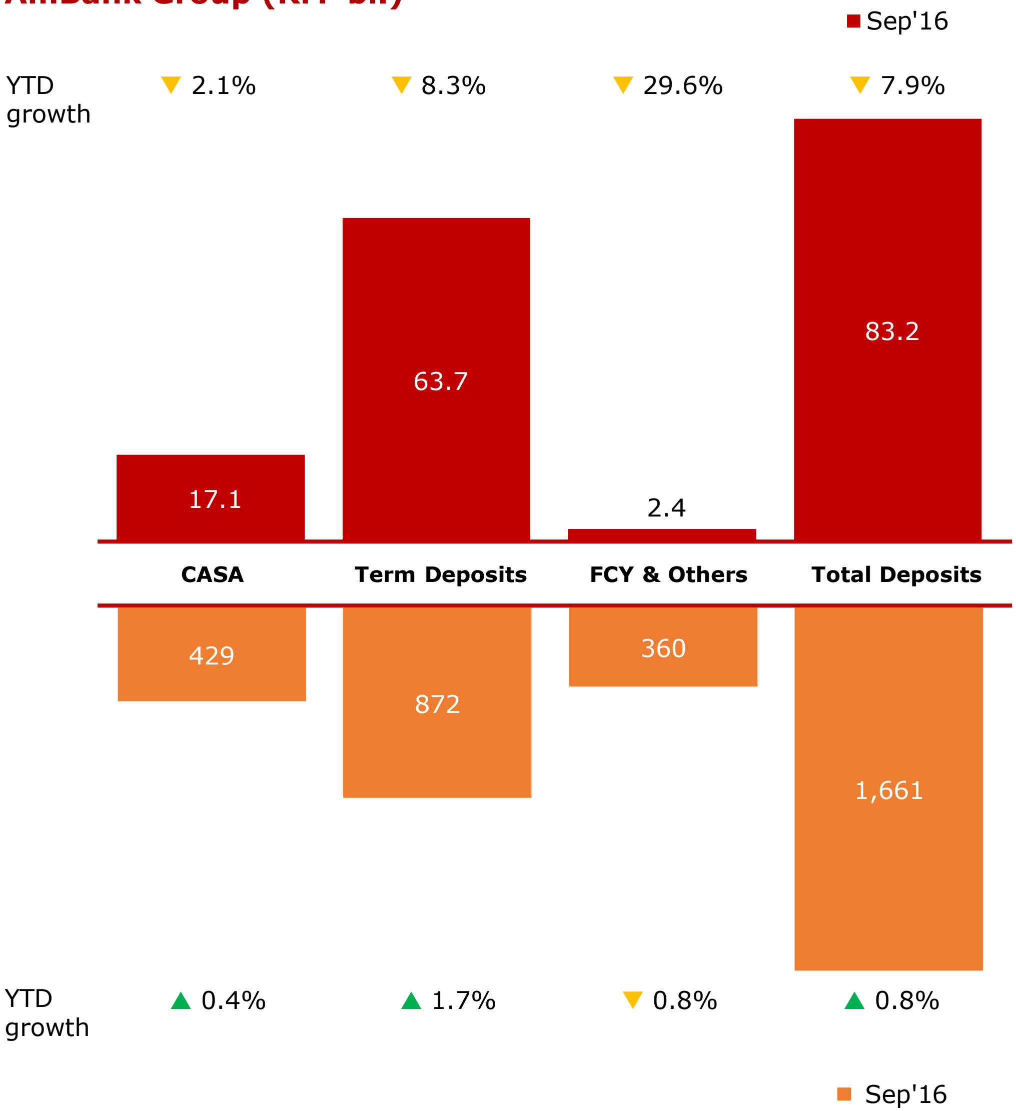
Loans by purpose	Sep'16 RM' bil	YTD growth	Composition
Purchase of transport vehicles	20.9	-5.2%	23.9%
Working capital	25.8	-1.2%	29.5%
Purchase of resi property	20.2	+10.4%	23.1%
Purchase of non-resi property	7.1	-2.8%	8.1%
Other purpose	4.3	-4.8%	5.0%
Purchase of securities	2.4	-6.4%	2.7%
Construction	2.8	-8.3%	3.2%
Personal use	1.7	+1.9%	1.9%
Credit card	1.3	-5.9%	1.4%
Purchase of fixed assets	0.9	-16.4%	1.0%
Consumer durables	0.0	+0.0%	0.0%
	87.3	**-0.7%**	**100.0%**

Loans by purpose	Sep 16 RM' bil	YTD growth	Composition
Purchase of transport vehicles	168.2	-0.3%	11.3%
Working capital	352.6	+1.5%	23.8%
Purchase of resi property	466.8	+4.4%	31.5%
Purchase of non-resi property	205.5	+2.7%	13.9%
Other purpose	64.7	+5.0%	4.4%
Purchase of securities	70.3	-1.7%	4.7%
Construction	45.0	+1.9%	3.0%
Personal use	65.3	+2.0%	4.4%
Credit card	35.6	+1.7%	2.4%
Purchase of fixed assets	9.7	+0.8%	0.7%
Consumer durables	0.1	-2.3%	0.0%
	1,483.8	**+2.4%**	**100.0%**

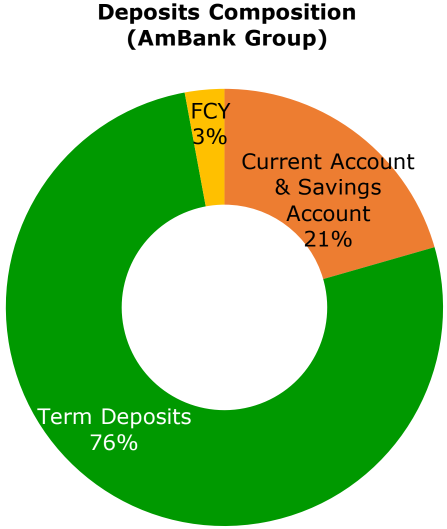
Source : BNM, financial statements

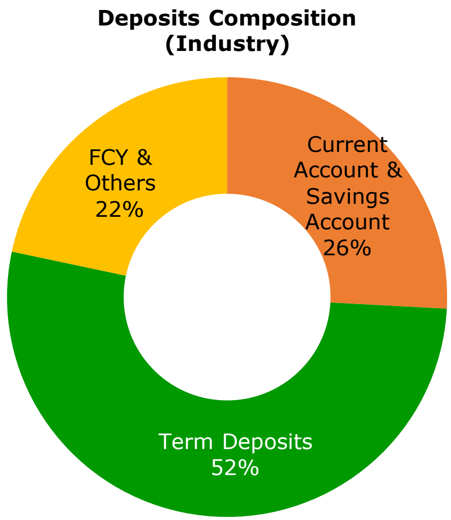
Deposits movement

AmBank Group (RM' bil)



Industry (RM' bil)



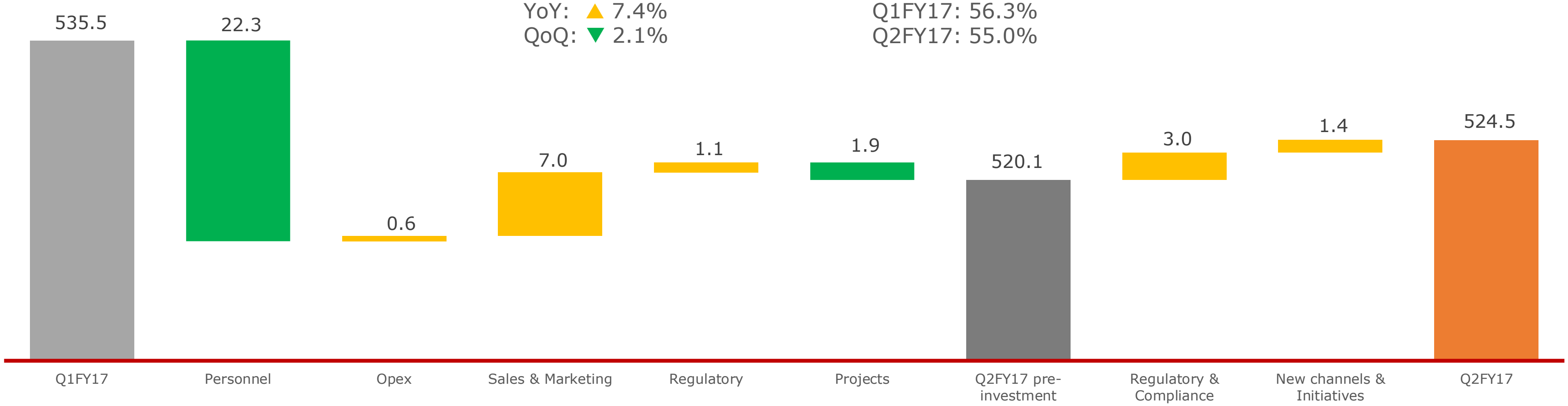


Managing expenses to create headroom for growth initiatives

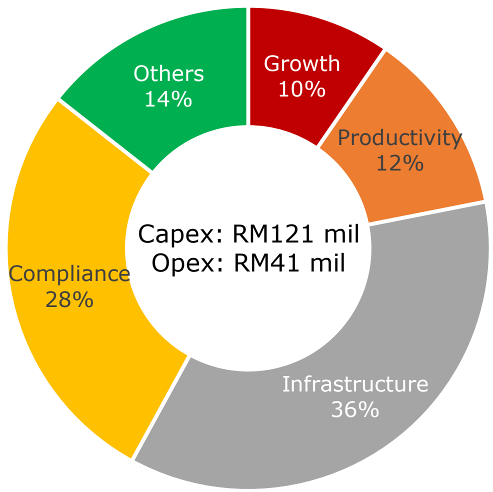
Expense growth driver (RM' mil)

Expenses:
YoY: ▲ 7.4%
QoQ: ▼ 2.1%

CTI ratio:
Q1FY17: 56.3%
Q2FY17: 55.0%



Planned projects & investments spend in FY17 (CAPEX & OPEX) (RM' mil)



- CTI improvement QoQ on lower personnel expenses, reflecting active cost management
- OPEX initiatives captured YTD savings of RM62 million

Diversified funding structure, prudent liquidity management

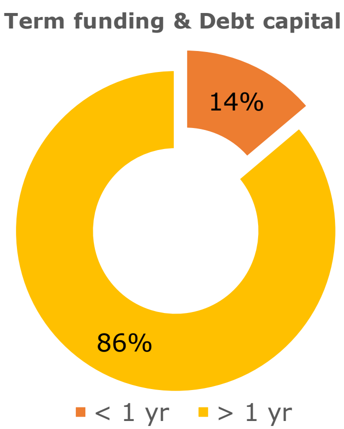
- Conservative stance on liquidity management with LCRs >100% for all banking entities
- Higher composition of stable medium term funding vis-à-vis industry, creates stability though weighs on cost of funds

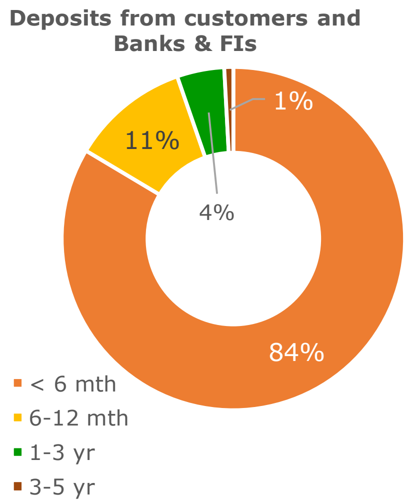
Funding composition vs. industry

	FY10	FY13	FY15	FY16	H1FY17	Industry Ave[1]
Equity & debt capital	15%	14%	15%	16%	16%	15%
Customer deposits	77%	75%	74%	73%	72%	73%
Term funding & loans with recourse >1year	2%	7%	8%	8%	9%	6%
Term funding & loans with recourse <1year	1%	1%	1%	2%	1%	
Deposits from banks & FIs	5%	3%	2%	1%	2%	6%

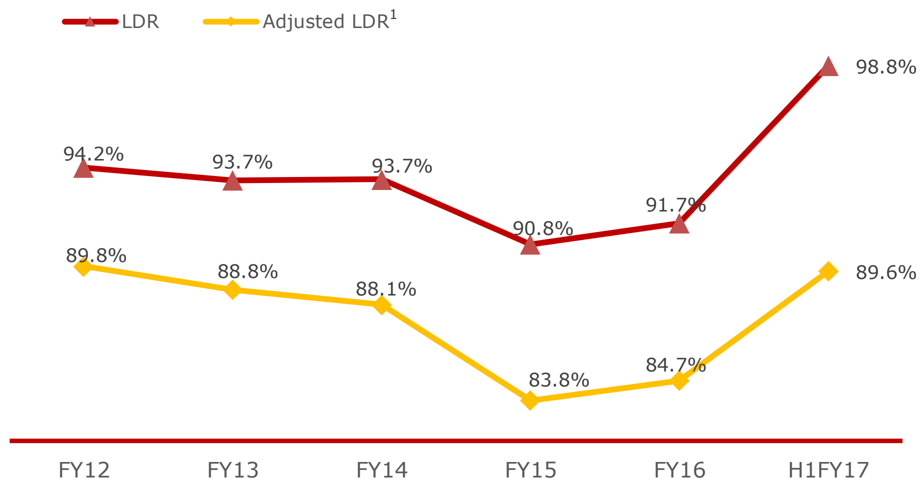
1. Based on an average of eight peer domestic banks – industry data as at June 16

Funding maturity profiles





Loan-to-deposit ratio

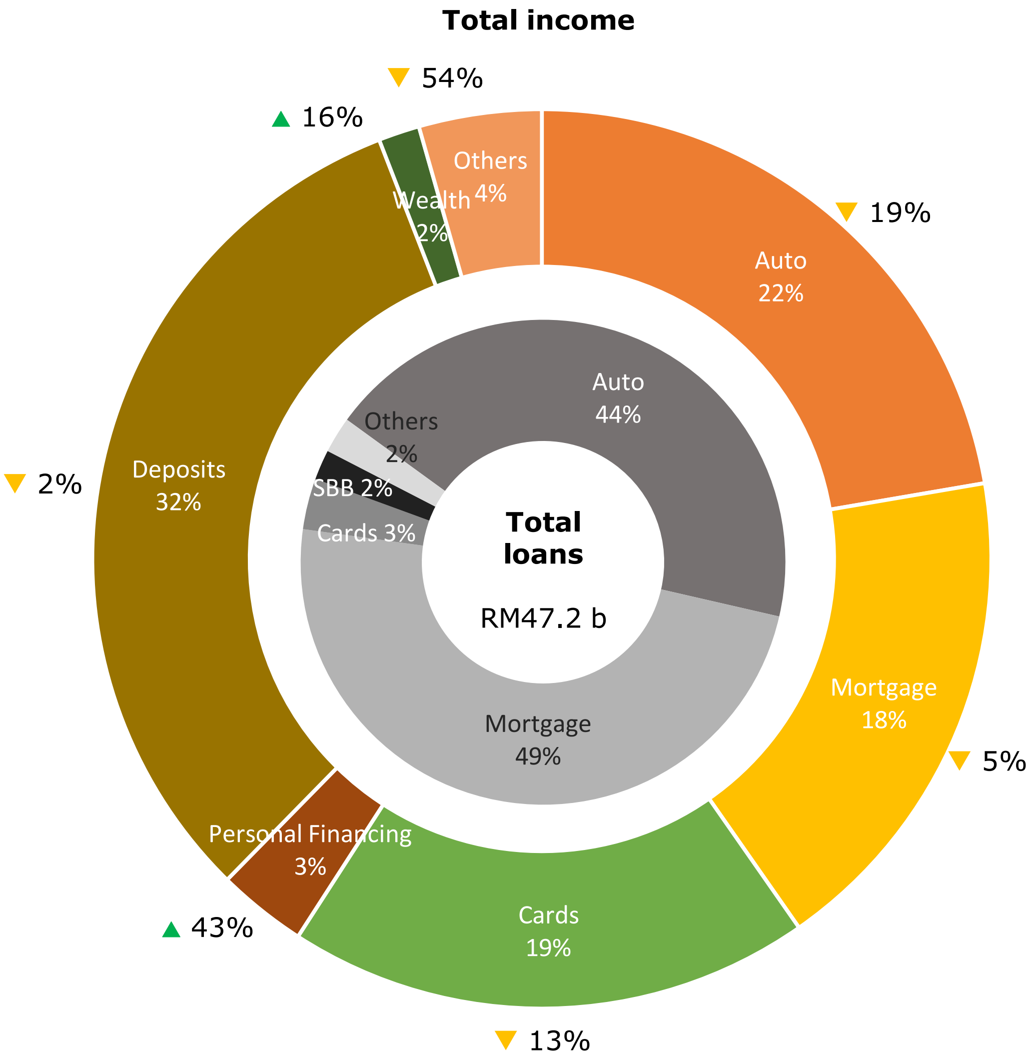


1. Includes stable funding sources

Divisional Performance and Business Insights

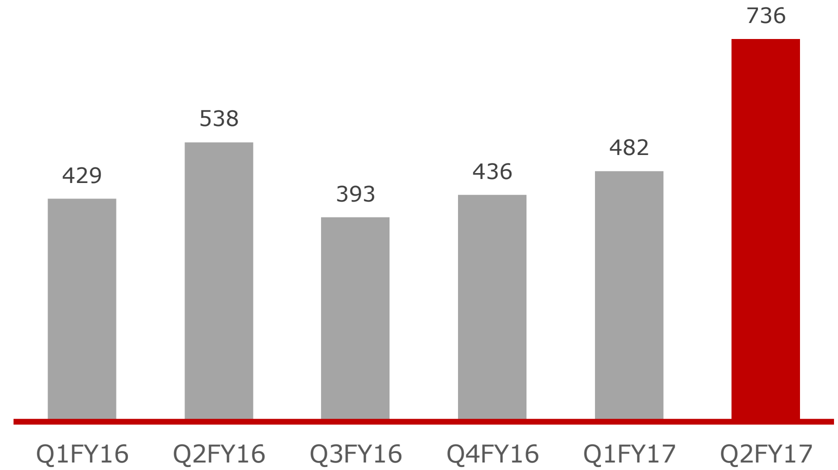
Retail banking overview

Total income and loans by line of business (RM' mil)



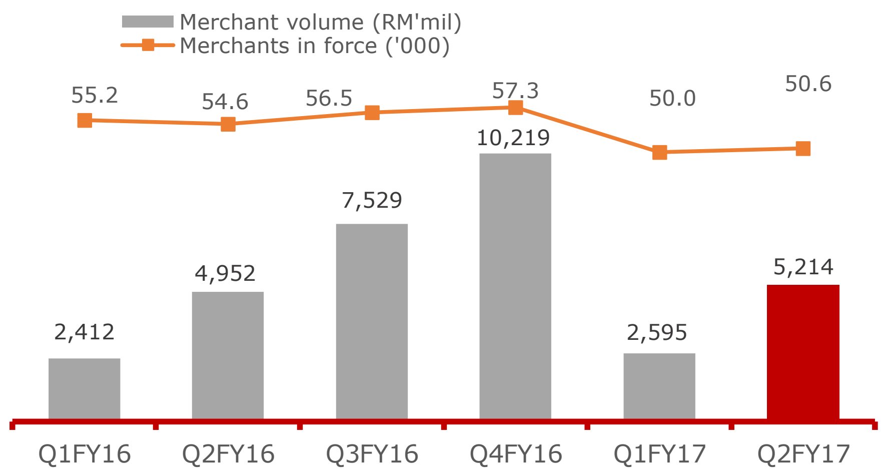
Wealth Sales (RM' mil)

QoQ growth: ▲ 52.7%
YoY growth: ▲ 36.8%



Merchant Volume

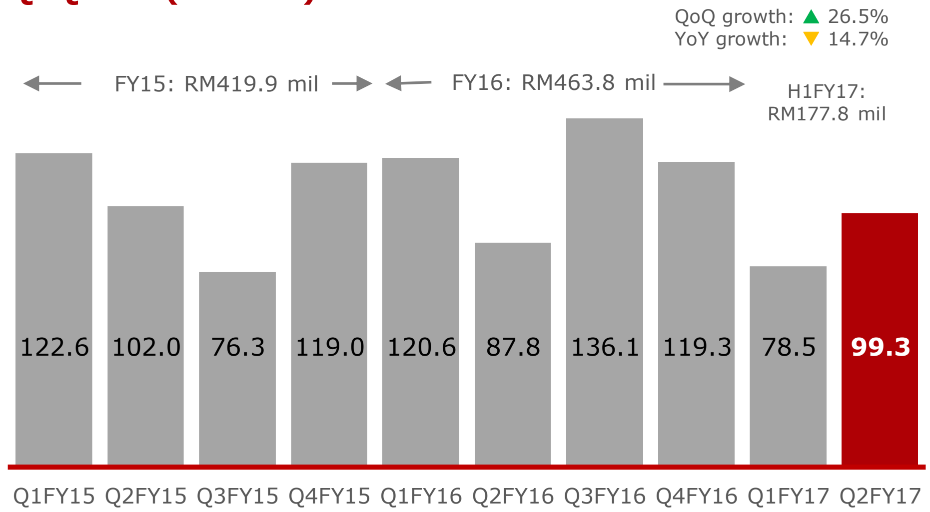
QoQ growth: ▲ 100.9%
YoY growth: ▲ 5.3%



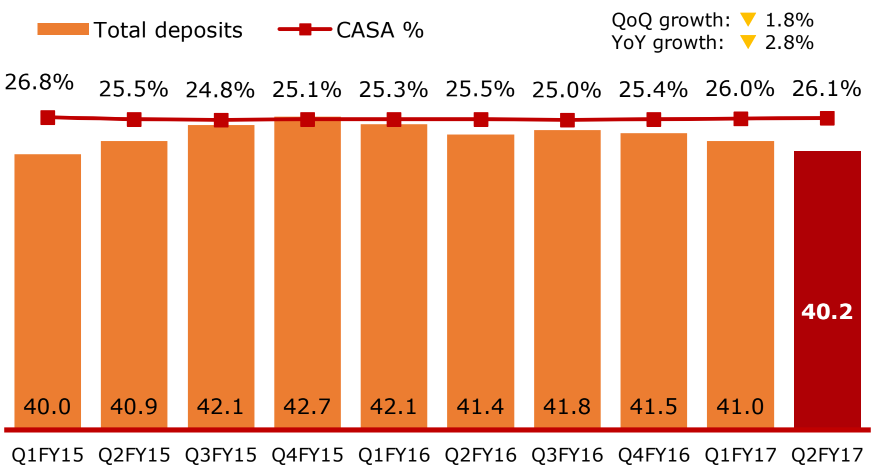
Retail banking uplift driven by recoveries

- Top line growth impacted by NIM compression
- QoQ Mortgage growth partially offset by contraction in Auto Finance from weaker vehicle sales
- CASA ratio relatively flat QoQ at 26.1%; deposits declined 1.8% QoQ reflecting prolonged rate competition

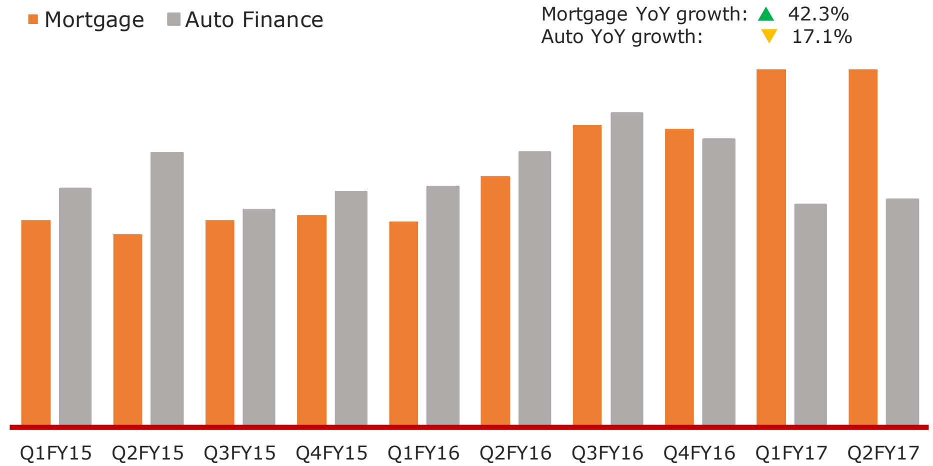
QoQ PAT (RM' mil)



QoQ deposit balance (RM'bil)



Mortgage and auto finance disbursement QoQ (RM' bil)



Retail banking

Income Statement (RM'mil)

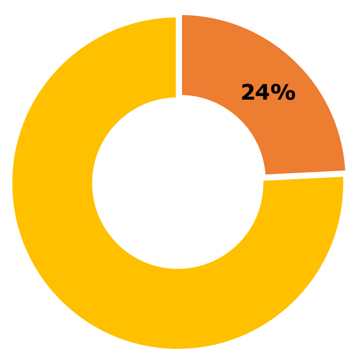
RM' mil	Net Interest Income	Non-Interest Income	**Total Income**	Expenses	**PBP**	Provisions/ Allowances	**PBT**	Tax & Zakat	**PAT**
H1FY17	561.8	119.7	**681.5**	463.8	**217.7**	(15.2)	**232.9**	55.1	**177.8**
H1FY16	633.0	140.8	**773.8**	443.1	**330.7**	57.4	**273.3**	64.9	**208.4**

Balance Sheet (RM'mil/%)

		H1FY16	H1FY17	H1FY17 vs H1FY16
Gross Loans / Financing		45,767.6	47,200.0	▲ +3.1%
Gross Impaired Loans	1.52%	874.9	719.3	▼ -17.8%
Customer Deposits		41,398.5	40,233.5	▼ -2.8%
CASA Deposits		10,527.4	10,500.5	▼ -0.3%
ROA		0.90%	0.75%	▼ -0.15%
CTI		57.6%	68.1%	▲ +10.5%
Allowance Coverage		70.1%	63.9%	▼ -6.2%

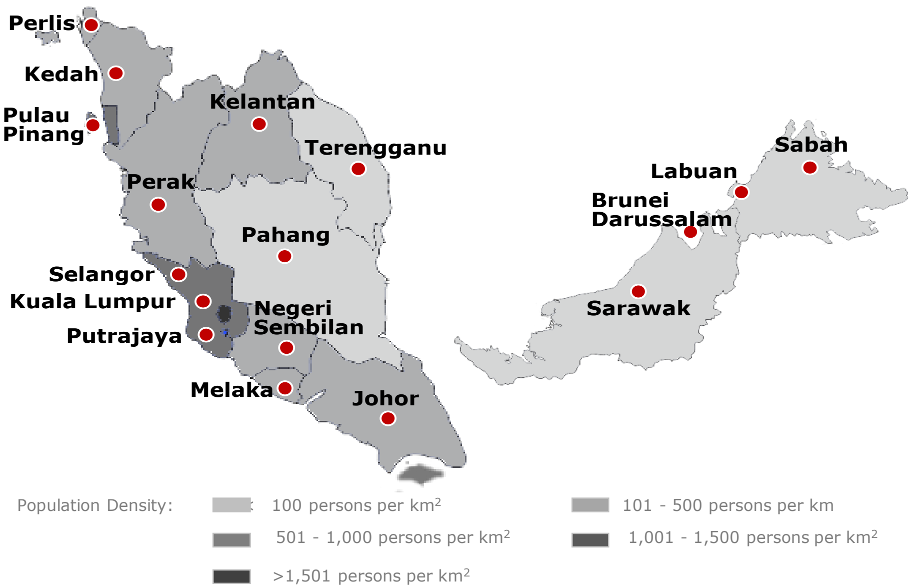
H1FY17 PAT H1FY17 PAT Positive growth in H1FY17 Contraction in H1FY17

H1FY17 PAT (composition Group)



Retail banking – Distribution channels

Nationwide Branch Network



Note:
Brunei: AmCapital (B) Sdn Bhd

	Branches	ATM	RO[1]
Perlis	1	4	
Kedah	6	29	1
Pulau Pinang	14	49	1
Perak	18	47	1
Selangor	38	236	2
Kuala Lumpur	23	123	3
Putrajaya	1	3	
Negeri Sembilan	7	39	
Melaka	6	39	1
Johor	21	87	1
Pahang	9	33	1
Terengganu	4	20	
Kelantan	2	22	
Sabah	9	37	1
Labuan	1	2	
Sarawak	15	51	1
	175	**821**	**13**

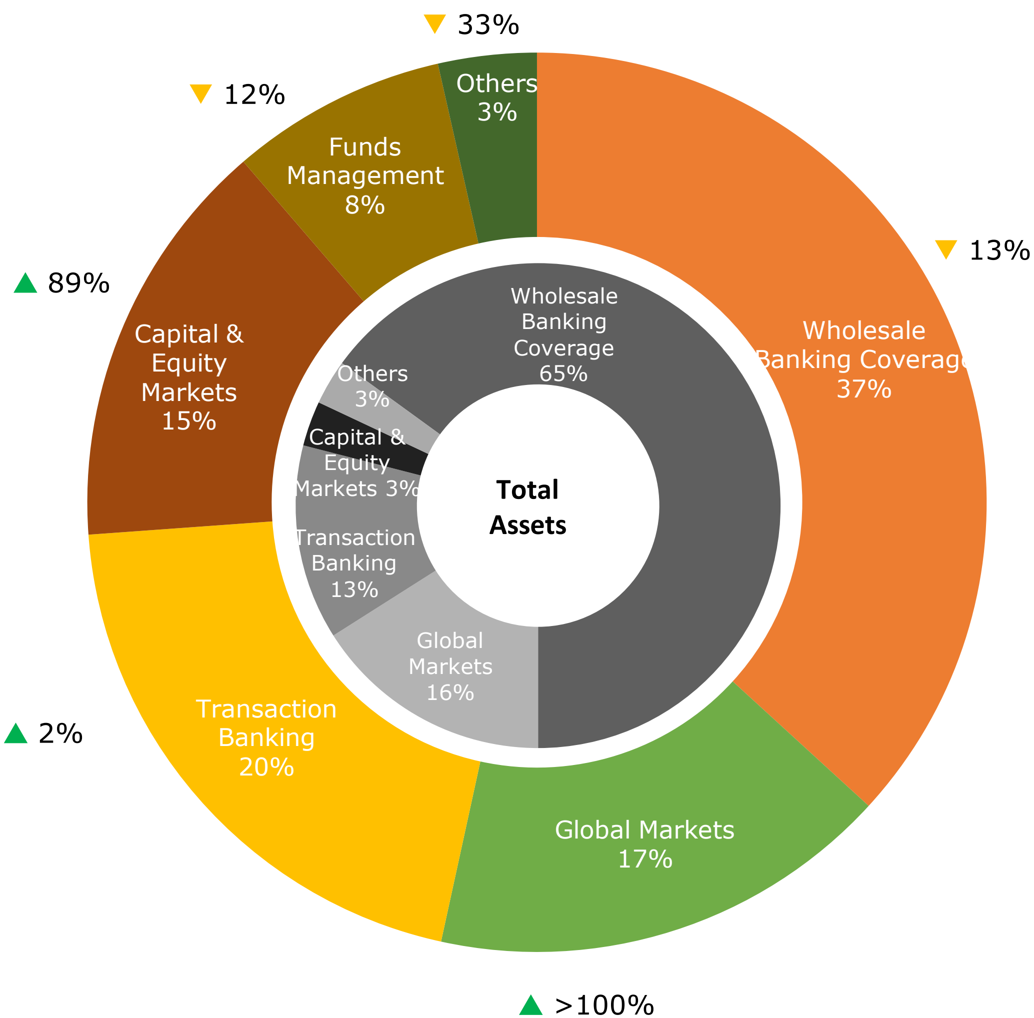
Other Customer Touch Points

AmBank Islamic branches	Weekend Banking Branches	ATMs @ 7-Eleven	Electronic Banking Centres	Internet & Mobile Banking	AmGeneral	AmMetlife	AmInvestment	AmCard Services MBC[2]
3	**75**	**344**	**183**	**AmOnline AmGenie**	**29** branches **4** counters	**15** branches **48** agencies	**13**	**25**

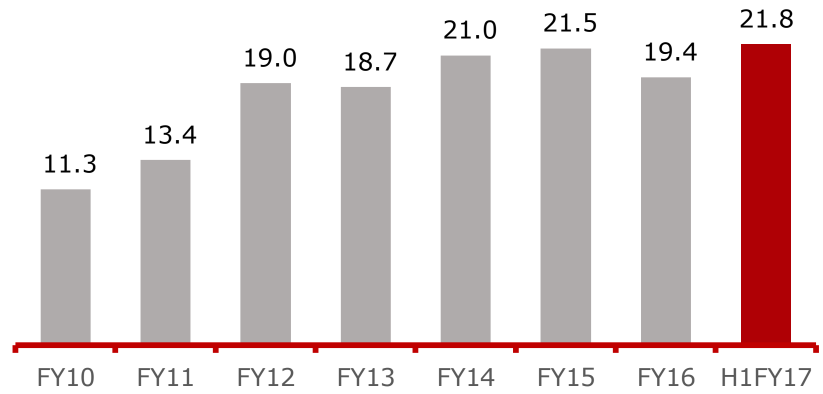
1. RO – Regional Offices
2. MBC – Merchant Business Centres

Wholesale banking overview

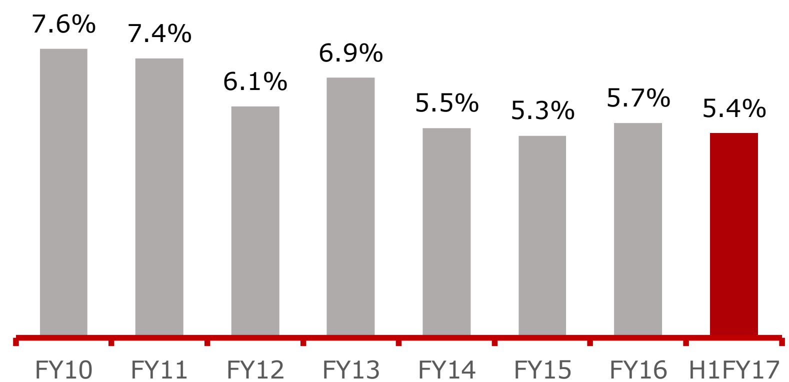
Total income and total assets by line of business (RM' mil)



Unit Trust – FUM (RM' bil)



Market Share of Volume Traded on Bursa (KLSE)



Wholesale banking reflecting higher fixed income

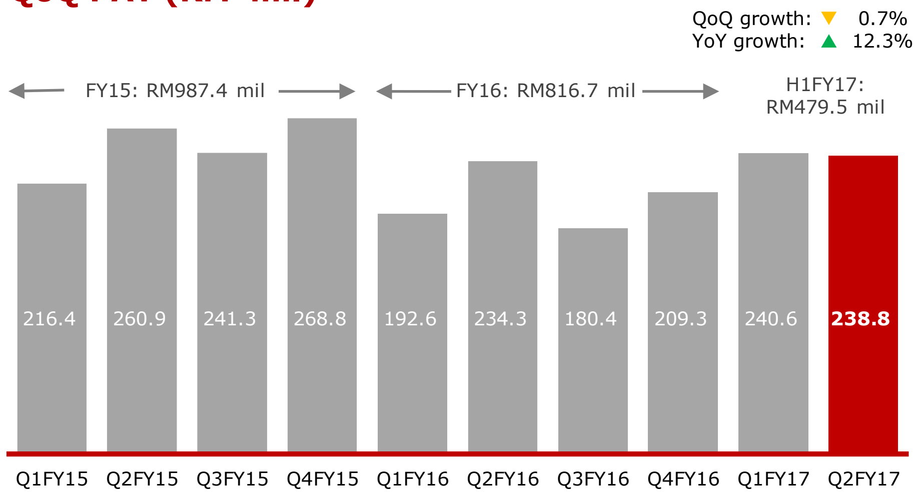
- Total income and NoII increased 9.5% and 40.9% YoY respectively from primary sale of sukuk and stronger fixed income trading (lower yield curve from BREXIT)
- NII decreased 8.7% YoY from margin contraction on corporate loans
- Funds under management gaining momentum from strategic initiatives
- Few major repayments led to 3.9% decline in YTD gross loans
- SME loans grew 2% YTD

League table

	Market Share As At 30 Sep 16 (%)	Rank
DCM	17.4%	4 ↓
Syndicated Loans	21.3%	2 ↔
MYR Islamic Bonds	18.1%	4 ↔
FUM[1]	10.1%	4 ↔

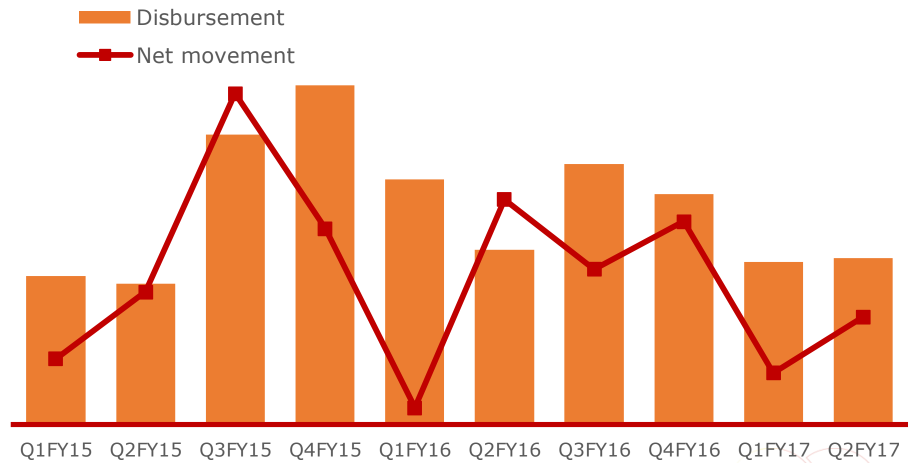
1. FUM data consists of unit trust funds only
2. Calendar Year data

QoQ PAT (RM' mil)



Source: FY16 & Q1FY17 numbers have been restated due to realignment of business

Net loan disbursement (RM) movement

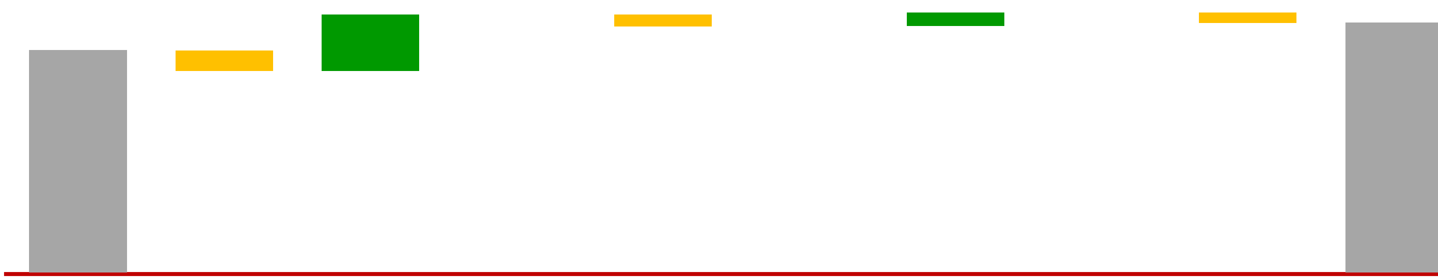


1. Net movement equals to disbursement less repayment

Wholesale banking

Income Statement (RM'mil)

YoY growth	▼ 8.7%	▲ 40.9%	▲ **9.6%**	▲ 9.0%	▲ **9.8%**	▼ >32.1%	▲ **13.2%**	▲ 16.1%	▲ **12.3%**



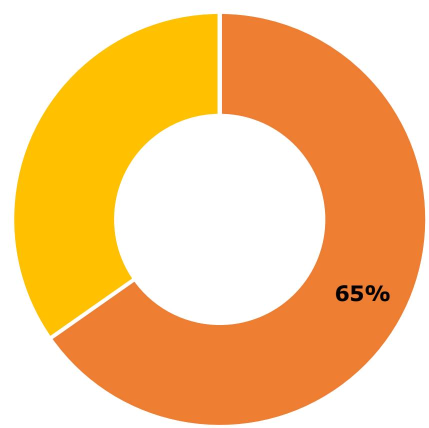
RM' mil	Net Interest Income	Non-Interest Income	**Total Income**	Expenses	**PBP**	Provisions/ Allowances	**PBT**	Tax & Zakat	**PAT**
H1FY17	**414.6**	**371.8**	**786.4**	270.4	**516.0**	-109.9	**625.9**	146.4	**479.5**
H1FY16	**454.0**	**263.8**	**717.8**	248.0	**469.8**	-83.2	**553.1**	126.2	**426.9**

Balance Sheet (RM'mil/%)

		H1FY16	**H1FY17**		**H1FY17 vs H1FY16**
Gross Loans / Financing		**41,036.7**	**40,033.9**	▼	**-2.4%**
Gross Impaired Loans	**1.77%**	**821.9**	**707.6**	▼	**-13.9%**
Customer Deposits		**49,847.6**	**45,242.8**	▼	**-9.2%**
CASA Deposits		**8,890.3**	**8,388.9**	▼	**-5.6%**
ROA		**1.68%**	**1.87%**	▲	**+0.19%**
CTI		**34.5%**	**34.4%**	▼	**-0.2%**
Allowance Coverage		**71.0%**	**37.4%**	▼	**-33.5%**
Ave Assets Management		**47,124.6**	**46,026.7**	▼	**-2.3%**

H1FY17 PAT H1FY17 PAT Positive growth in H1FY17 Contraction in H1FY17

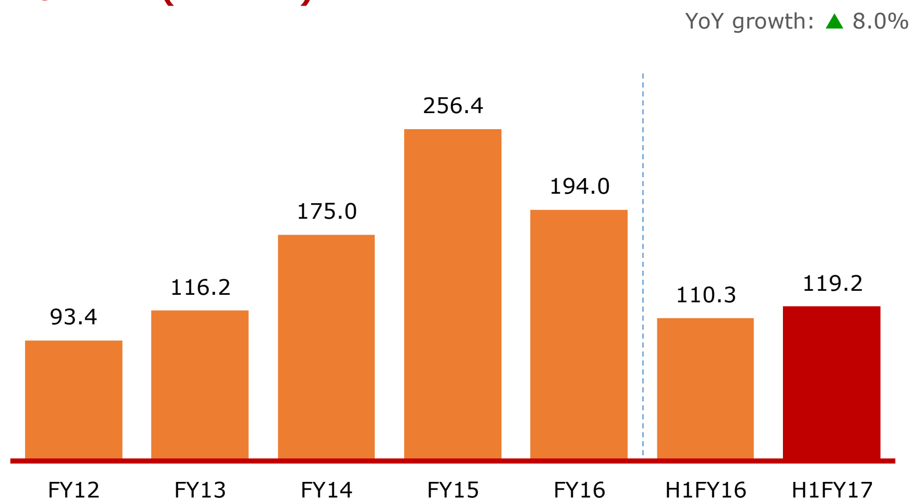
H1FY17 PAT (composition of Group)



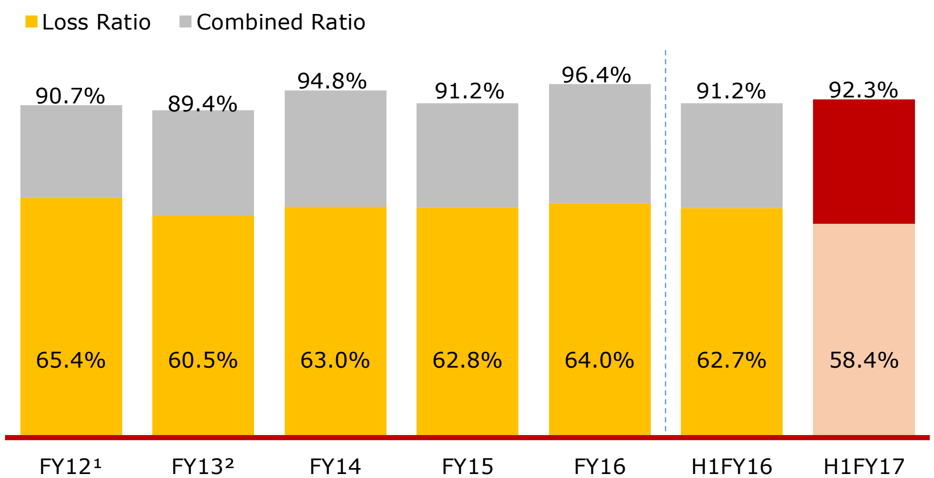
General insurance higher from improved historical claims experience

- General Insurance posted a higher profit underpinned by the release of claims reserve from better claims experience.
- Gross premium recorded a marginal increase impacted by lower car sales but offset by higher non-motor insurance

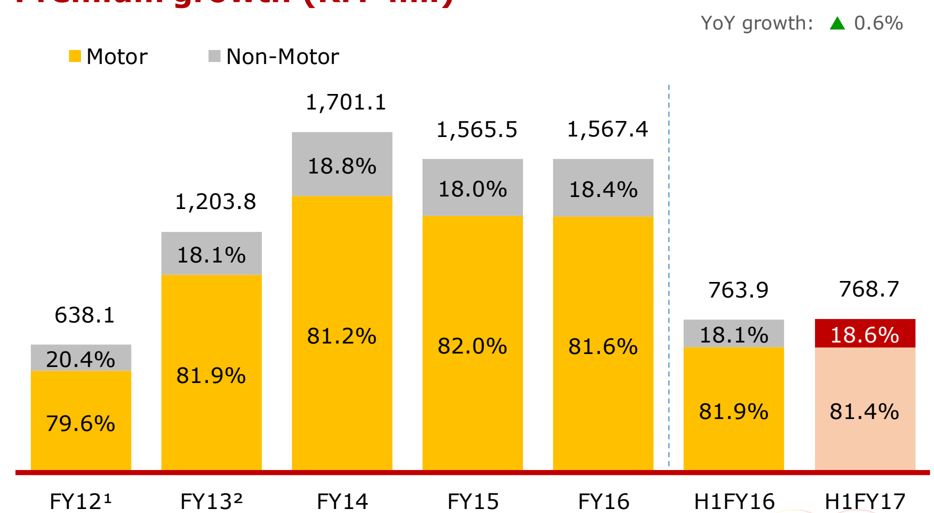
YoY PAT (RM' mil)



Loss ratio and combined ratio



Premium growth (RM' mil)



1. *Before Kurnia acquisition*
2. *Included 6 months of Kurnia (Acquisition of Kurnia on 26 Sept 2012)*

AmGeneral Insurance 3 - Year Strategy Overview

General

Where we want to be by FY18/19?:

To be the Most Trusted Insurer in Malaysia

How will we grow our businesses in FY16/17 to achieve our FY18/19 goals?

Priorities:

1. ***Be the No.1 Motor Insurer***
2. ***Lead in Select Personal Lines***
3. ***Grow in Select Commercial Lines***
4. ***Build a Customer Oriented Organization***
5. ***Create a High Performance Culture***

Where do we want to play?

Segment Play:

- Motor
- Personal Lines
- Commercial Lines

Value proposition:

- Simplified and practical solutions for customer across all touch points for increased customer satisfaction
- Superior Claims Service and improved Turnaround Time (TAT)
- Innovative Digital Offerings
- Competitive Underwriting
- Innovative products that customers want

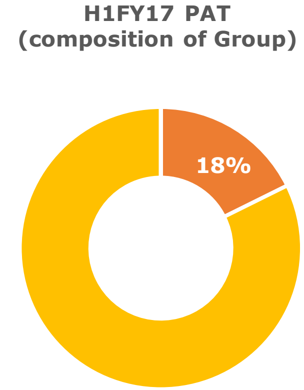
What are the enablers to grow our business in FY16/17?

Distribution	People	Claims	Customer	Technology	Product	Pricing	Brand	Risk	Data & Analytics
Develop the best sales capability & effective distribution model	*Attract & develop people to be the best*	*Drive a balanced outcome on service, quality and cost management*	*Become a customer oriented organization, applying customer centric principles to all customer touch points*	*Invest in technology capabilities to gain competitive edge & reduce complexity to increase speed to market*	*Deliver easy to understand and competitive products*	*Lead the market with pricing capability*	*Develop sustainable competitive advantage via a valuable and differentiating brand position*	*Take a leadership role to help manage risk in the community and our organization*	*Optimize data management to make more informed business decisions*

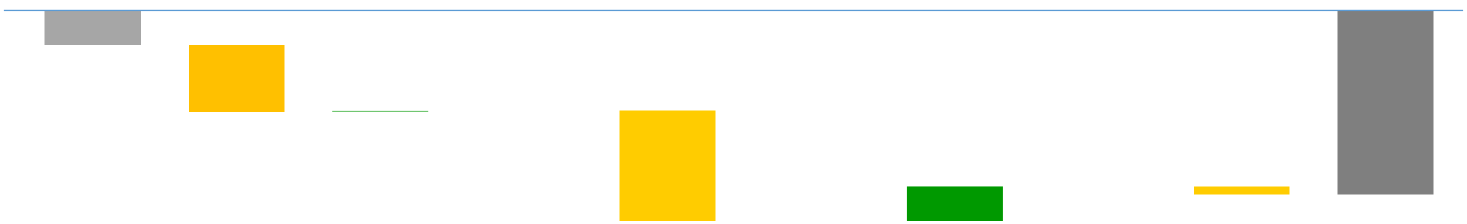
Insurance and Group Funding & Others

Income Statement – Insurance (General & Life/Takaful) (RM'mil)

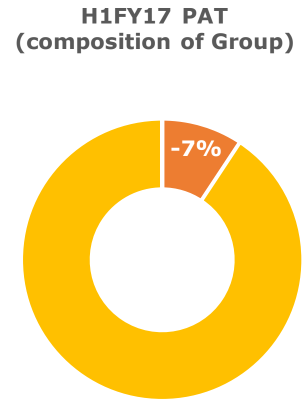
RM' mil	Total Income	Expenses	PBP	Provisions/ Allowances	PBT	Tax & Zakat	PAT
YoY growth	▲ **27.4%**	▲ 21.5%	▲ **34.5%**	▼ 81.5%	▲ **37.0%**	▲ >100.0%	▲ **20.5%**
H1FY17	**328.8**	170.4	**158.4**	0.4	**158.0**	28.1	**129.9**
H1FY16	**258.0**	140.2	**117.8**	2.5	**115.3**	7.5	**107.8**



Income Statement – Group Funding & Others (RM'mil)



RM' mil	Total Income	Expenses	PBP	Provisions/ Allowances	PBT	Tax & Zakat	PAT	MI	PATMI
YoY growth	▼ **27.0%**	▼ 0.1%	▼ **>100.0%**	▲ >100.0%	▼ **>100.0%**	▼ >100.0%	▼ **>100.0 %**	▲ 8.0%	▼ **>100.0%**
H1FY17	**108.8**	155.5	**-46.7**	18.5	**-65.2**	-12.7	**-52.5**	58.4	**-110.9**
H1FY16	**149.1**	155.6	**-6.5**	-48.2	**41.7**	8.2	**33.5**	54.1	**-20.6**



H1FY17 PAT | H1FY17 PAT | Positive growth in H1FY17 | Contraction in H1FY17

Roadmap & Strategy Focus:

AmMetLife

Focusing on customer-centricity, AmMetLife wants to be the preferred life insurer of choice for all Malaysians

2015 - 2016	2017	2018 and beyond
Revitalise Distribution Strengthen Foundation	Accelerate Business`	Customer-centric Organization

Multi-channel distribution

- Revitalise & rebuild professional Agency Force
- Expand Bancassurance Specialist distribution
- Leverage on MetLife global expertise to expand Employee Benefits to multinational corporations

Strengthen foundation

- Enhance technology support
- Expand product offerings
- Build high-performing employee culture

Digitalization

- Going digital for customers and intermediaries
- Drive operational efficiency
- Simplified customer-centric service delivery

2016 Key Achievements:

36%

Agency
Manpower Growth

Diversified Products

Employee Benefits
Co-brand Card

Modern, Trusted, Customer-centric

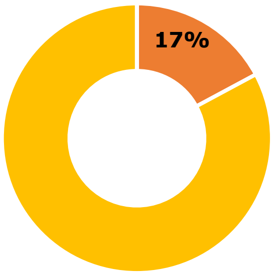
Islamic Banking

Income Statement (RM'mil)

RM' mil	Total Income	Expenses	PBP	Provisions/ Allowances	PBT	Tax & Zakat	PATZ
YoY growth	▲ 0.9%	▲ 19.4%	▼ **21.0%**	▼ 75.7%	▼ **5.7%**	▼ 3.0%	▼ **6.5%**
H1FY17	**443.1**	283.9	**159.2**	10.7	**148.5**	32.7	**115.9**
H1FY16	**439.4**	237.8	**201.5**	44.0	**157.5**	33.7	**123.9**

PATZ: profit after tax and zakat

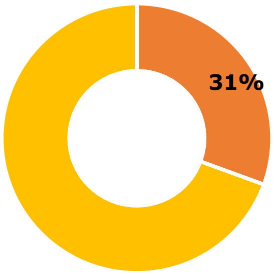
H1FY17 PAT (composition of Group)



Balance Sheet (RM'mil/%)

	H1FY16	H1FY17	H1FY17 vs H1FY16
Gross Financing	**27,780.3**	**26,687.9**	▼ **-3.9%**
Gross Impaired Financing (**2.15%**)	**640.5**	**574.2**	▼ **-10.3%**
Customer Deposits	**28,695.3**	**24,010.0**	▼ **-16.3%**
CASA Deposits	**5,710.6**	**5,966.5**	▲ **+4.5%**
ROA	**0.63%**	**0.64%**	▲ **+0.01%**
CTI	**54.1%**	**64.1%**	▲ **+9.9%**
Allowance Coverage	**79.3%**	**65.3%**	▼ **-14.0%**

H1FY17 Gross Financing (composition of Group)



H1FY17 PAT H1FY17 PAT Positive growth in H1FY17 Contraction in H1FY17

Funding sources and maturity profile

Insights

Funding diversity underpinned by

LDR[1] of 89.6%	CASA: RM18.3 billion	Fixed deposits: RM65.0 billion

Supplemented by term funding & debt capital

AMMB Holdings Berhad

1. RM2b Medium Term Notes Programme (Senior and/or Subordinated)

AmBank (M) Berhad

1. RM500m Innovative Tier-1 Capital Securities Programme
2. RM500m Non-innovative Tier 1 Capital Securities Programme
3. RM2b Medium Term Notes
4. RM4b Tier-2 Subordinated Notes
5. RM7b Senior Notes[2]
6. USD2b Euro Medium Term Notes

AmBank Islamic Berhad

1. RM2b Subordinated Sukuk Musharakah Programme
2. RM3b Senior Sukuk Musharakah Programme
3. RM3b Basel III-compliant Subordinated Sukuk Murabahah Programme via Tawarruq arrangement

AmBank (M) Berhad & AmBank Islamic Berhad

Loans with Recourse

Recourse obligations on loans sold to Cagamas - maturing in 2017 and 2018

Islamic financing sold to Cagamas – maturing in 2016 and 2018

Funding characteristics

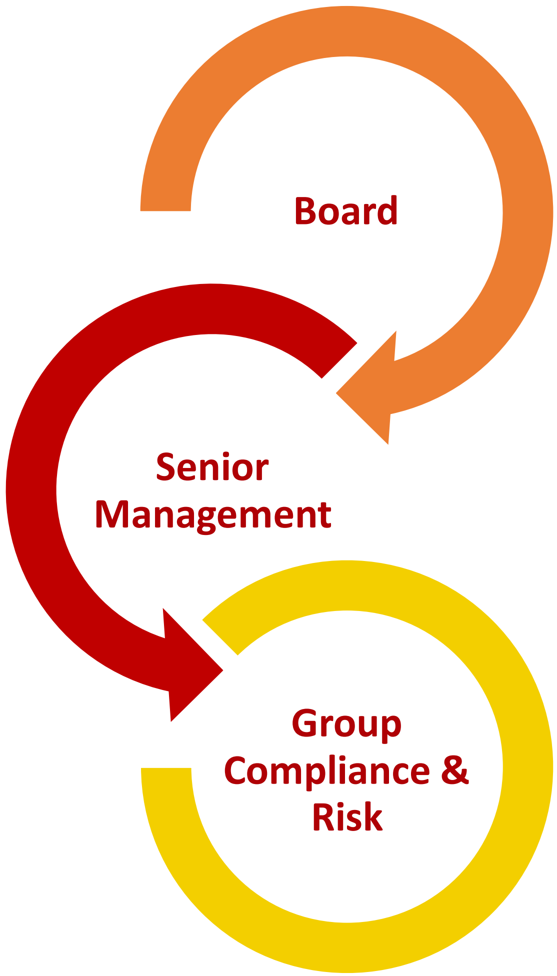
- Improve funding stability, maturity gap and liquidity ratios
- Reduce dependence on short-dated deposits to fund long-dated fixed rate loan assets which incur liquidity risk and interest rate risk
- Diversifies investor base
- No obligation for buy back since we are not exposed to withdrawal risks and the notes are traded in the open market
- Enable depositors to invest in long and medium dated papers

- Statutory reserve and liquidity requirement savings
- Reduced exposure to interest rate risks

1. Includes stable funding sources from additional Tier 1 and Tier 2 capital which do not meet all qualifying criteria for full recognition of capital instruments under Basel III
2. 1st senior notes issuance by a financial institution in Malaysia

Strengthening fundamentals:

Governance, Risk & Compliance



ANZ & IAG

ANZ

Value proposition

- Seconding ANZ staff into key roles
- Providing technical expertise
- Support new product development
- Two-way customer referrals
- Joint account planning
- Access to regional network & connectivity

Board representation – AMMB Holdings Berhad

- Graham Hodges – Director (Deputy Chief Executive Officer, ANZ)
- Suzette Corr – Director (General Manager HR Institutional, ANZ)

Management representation

- Mandy Simpson – Chief Financial Officer
- Nigel Denby – Chief Risk Officer
- Tan Chin Aun - Senior Vice President, Transaction Banking

IAG

Value proposition

- Involved in the management of AmGeneral Insurance, offering skills transfer, partnership and relationship models of IAG
- Adding value through claims re-engineering savings, increased revenue via product development, underwriting and pricing

Board representation

- Duncan Brain – Director (CEO, IAG Asia)
- Aidan Pallister – Director (Deputy CEO and Executive General Manager, Customer Solutions of IAG Asia)

Management representation

- Derek Roberts – CEO, AmGeneral Insurance Berhad
- Luke Boyle – COO, Chief Operations Office
- Darren Ryan – Senior Vice President, Claims
- Chris Tandy – Senior Vice President, Product, Pricing & Underwriting
- Simon Herbert – Senior Vice President, Product, Pricing & Underwriting

Shareholding structure & franchise value

ANZ 23.8%[1] | AmCorp 13.0% | EPF 15.1% | Others 48.1%

As at 30 September 2016

AMMB Holdings Berhad

Retail Banking	Wholesale Banking	Islamic Banking	General Insurance	Life Assurance & Takaful

- 100% AmBank (M) Berhad
- 100% MBF Cards (M'sia) Sdn Bhd
  - 33.33% Bonuskad Loyalty Sdn Bhd
- 100% AmBank Islamic Berhad
- 100% AmInvestment Bank Berhad
- 100% AmInvestment Group Berhad

- 100% AMAB Holdings Sdn Bhd
  - 51% AmGeneral Holdings Berhad[2] — 49% IAG Insurance Australia Group
    - 100% AmGeneral Insurance Berhad[3]
  - ~50% AmMetLife Insurance Berhad[4] — ~50% MetLife
  - ~50% AmMetLife Takaful Berhad[4] — ~50% MetLife

Foreign shareholding excluding ANZ

FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	H1FY17
27%	26%	29%	31%	29%	26%	25%

1.ANZ: ANZ Funds Pty Ltd,a wholly owned subsidiary of Australia and New Zealand Banking Group Limited
2.Formerly known as AmG Insurance Berhad
3.Formerly know as Kurnia Insurans (Malaysia) Berhad
4.MetLife owns 50% plus one share in AmMetLife Insurance Berhad, with the remaining shares held by AmBank Group, and AmBank Group owns 50% plus one share in AmMetLife Takaful Berhad, with the remaining shares owned by MetLife

Banking sector share price movement/target price and recommendations

Upgraded ratings

	Ratings	FY2007	Sept-16	
AmBank (M)	RAM	LT: A2, ST: P1 Outlook: Stable	LT: AA2, ST: P1 Outlook: Stable	+3
	S&P	LT: BBB-, ST: A-3 Outlook: Stable	LT: BBB+, ST: A-2 Outlook: Stable	+2
	Moody's	LT: Baa2, ST: P-3 Outlook: Stable BFSR: D-	LT: Baa1, ST: P-2 Outlook: Stable *BCA: baa3 *Adj BCA: baa3	+1
AmInvestment	RAM	LT: AA3, ST: P1 Outlook: Stable	LT: AA2, ST: P1 Outlook: Stable	+3
AmBank Islamic	RAM	LT: A2, ST: P1 Outlook: Stable	LT: AA2, ST: P1 Outlook: Stable	
AMMB	RAM	NA	LT: AA3, ST: P1 Outlook: Stable	+3

** Maintained since 16 Jun 15*

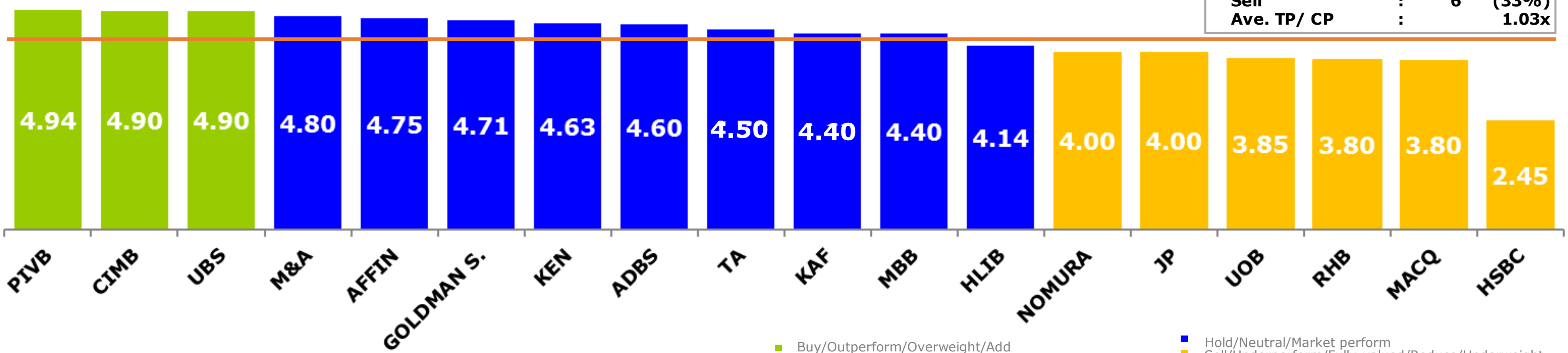
+1 Notches of ratings upgrades since 2007

Target Price and Recommendations

P/EPS	**:**	**9.56**
P/BV	**:**	**0.80**

Market Price: ▲ 4.09

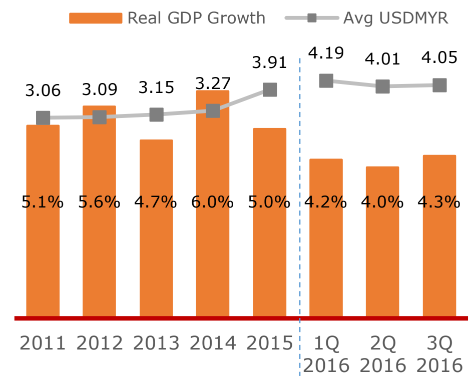
Average TP	**:**	**RM**	**4.31**
Buy	**:**	**3**	**(17%)**
Hold	**:**	**9**	**(50%)**
Sell	**:**	**6**	**(33%)**
Ave. TP/ CP	**:**		**1.03x**

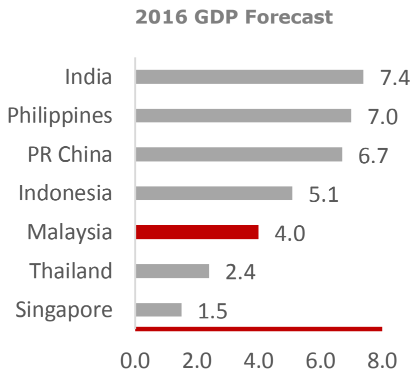


Buy/Outperform/Overweight/Add
P/EPS & P/BV as at 30 Sep 2016
Source : Bloomberg as at 30 Sep 2016

Hold/Neutral/Market perform
Sell/Underperform/Fully valued/Reduce/Underweight
TP: target price

Opportunities and outlook

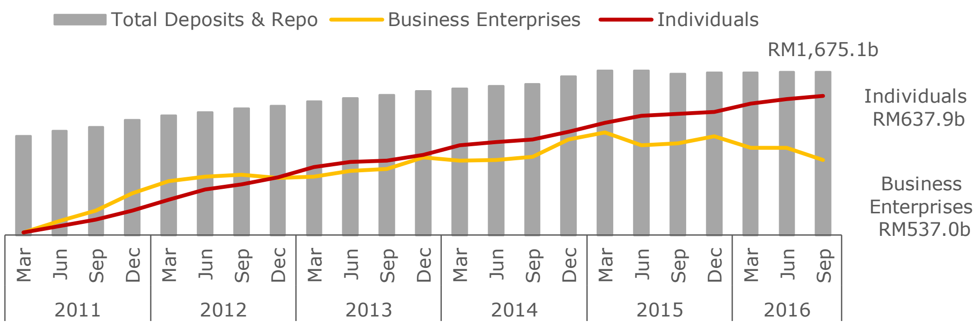




Source: Bank Negara Malaysia, Bloomberg, CEIC

Malaysia's GDP growth

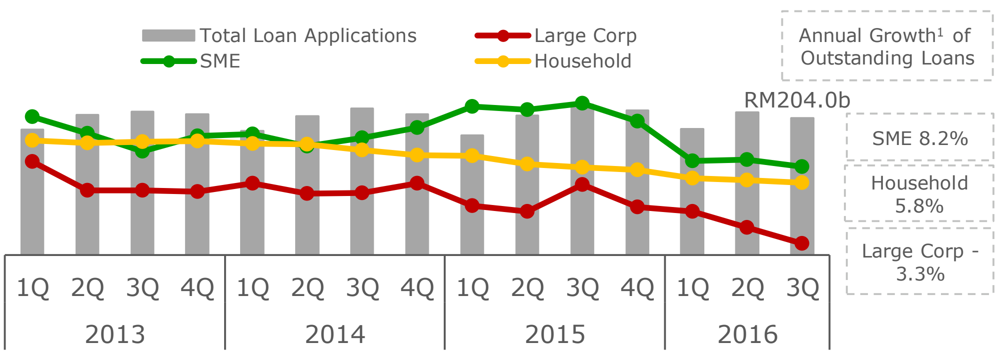
- GDP growth has moderated sharply in past 2 years due to deteriorating commodity prices
- Domestic economy expected to remain on current growth trajectory of 4.0%-4.5% driven by domestic demand and export growth
- Ongoing external headwinds continue to weigh on the domestic economic performance



Source: Bank Negara Malaysia

Industry Deposits Growth (RM'bil)

- Systems deposits relatively stable with individuals showing high savings rate whilst business enterprises reflect preference for higher yield assets



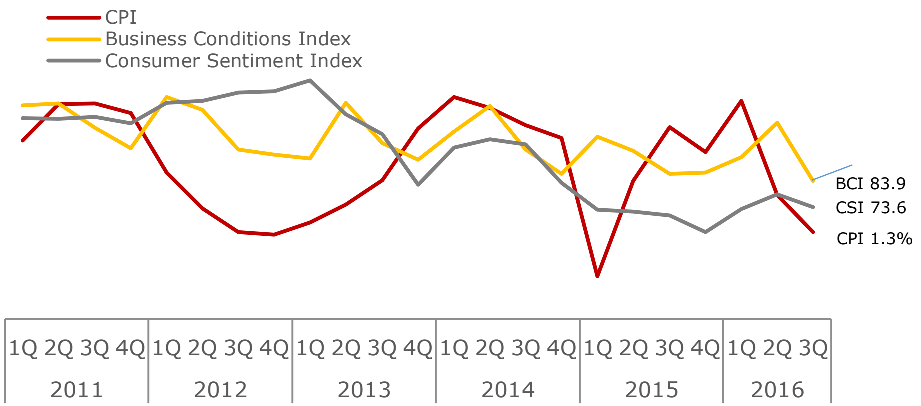
1. Annual growth is for end-period

Total Loan Applications (RM'bil) and Industry Loans Growth

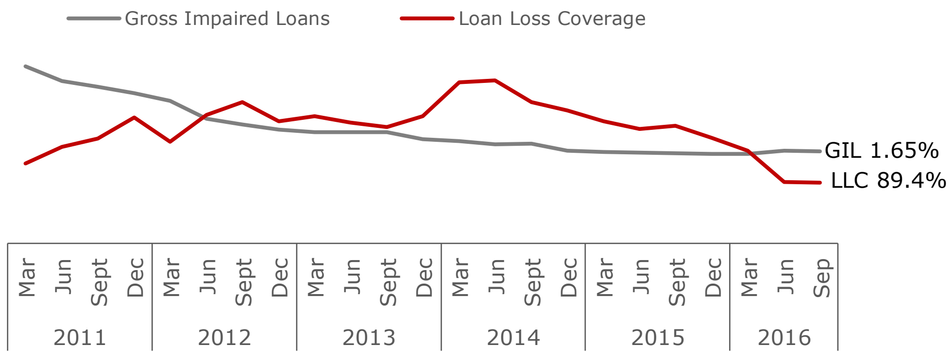
- Loans growth slowing
- Outstanding household loans growth moderated to 5.8% at end Sept 2016 (end June 2016: 6.2%) reflecting moderation in outstanding loans for purchase of passenger cars, residential and non-residential property, personal financing

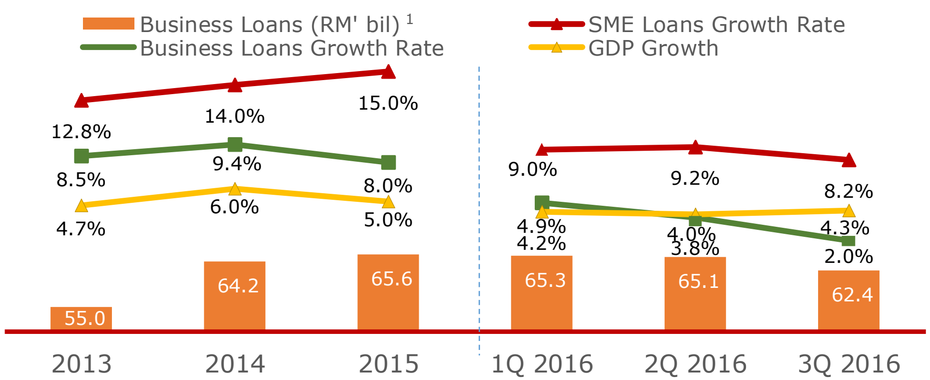
Source: Bank Negara Malaysia

Opportunities and outlook



Source: Bank Negara Malaysia, MIER





1. *Monthly average of loan disbursements to businesses, including SMEs*

Source : Bank Negara Malaysia

Business and consumer confidence recovering

- Business outlook for the next three to six months is improving among various business activities.
- Resilient growth in services, manufacturing and bullish momentum in construction

Industry Asset Quality

- While businesses and households continue to adjust to the more challenging operating conditions and higher cost of living, these adjustments are expected to have modest impact on financial institutions' earnings and asset quality

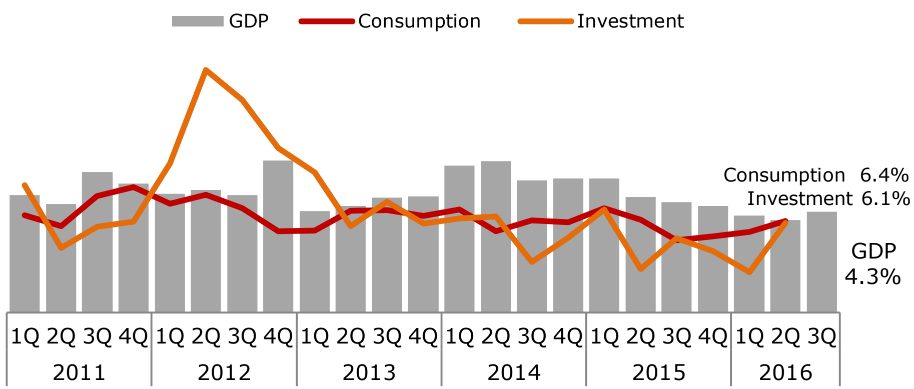
System SME loans growth outpaced GDP growth

- On an annual basis, outstanding business loans grew at a slower pace of 2% as at end September 2016 (end June 2016: 3.8%)
- The annual growth in outstanding SME loans growth was sustained at 8.2% as at end September 2016 (end June 2016: 9.2%)

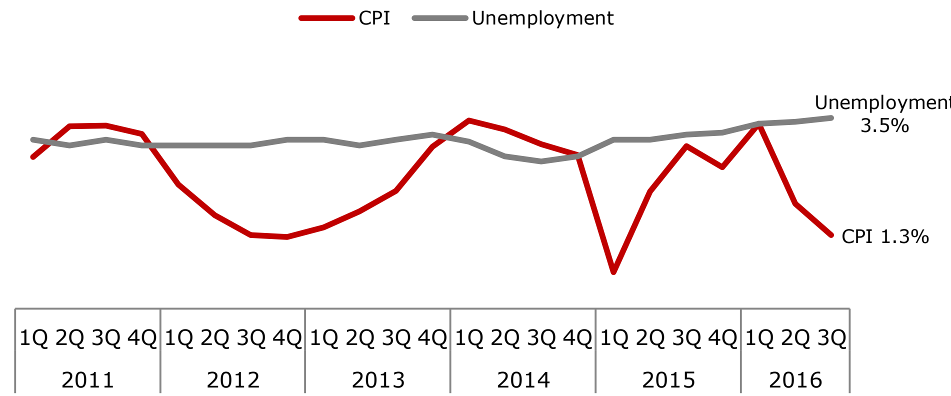
Source: Bank Negara Malaysia

Key economy indicators

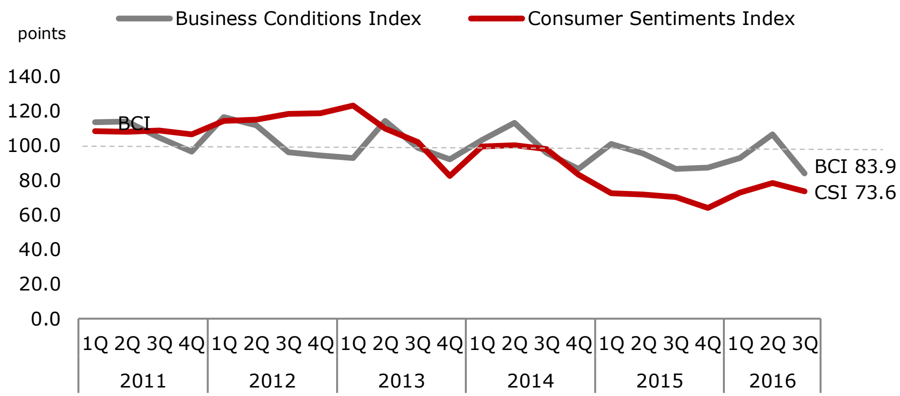
GDP, consumption and investment growth



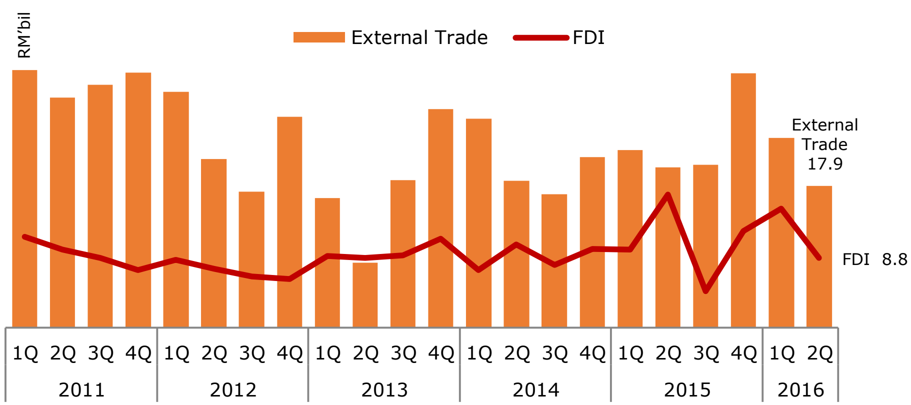
CPI and unemployment rate



Business conditions and consumer sentiments index



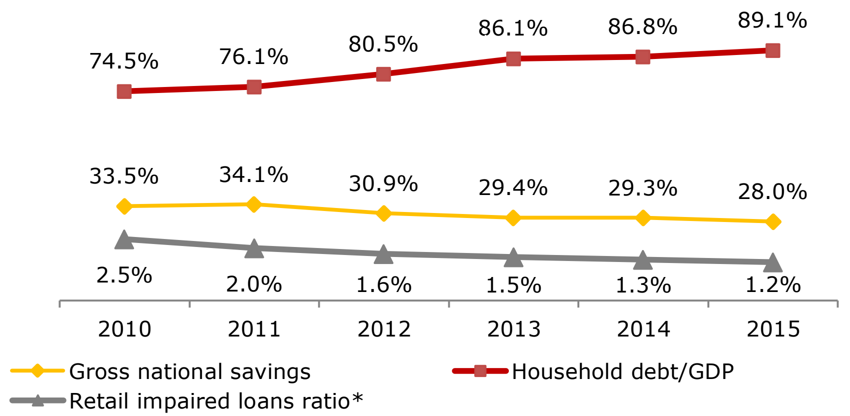
FDI flow and trade balance



Source: BNM, MIER, Department of Statistics, Bloomberg

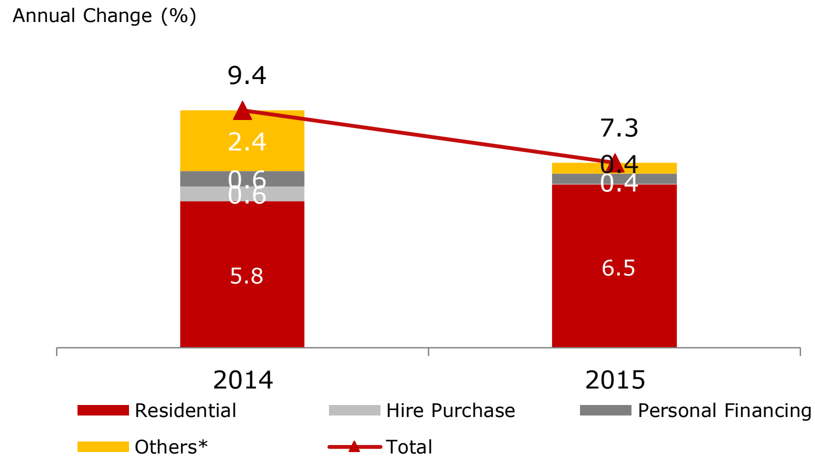
Banking system data

Household debt, national savings and retail impaired loan ratio



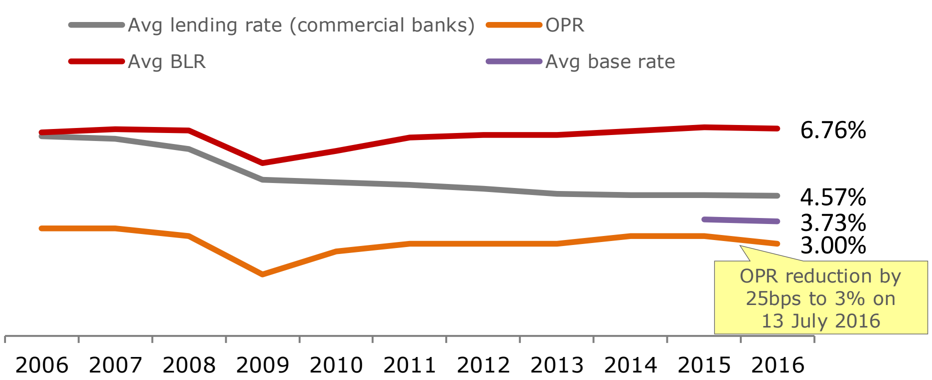
** Retail comprise purchase of transport vehicle, purchase of residential property, personal use and credit card*

Household debt movement



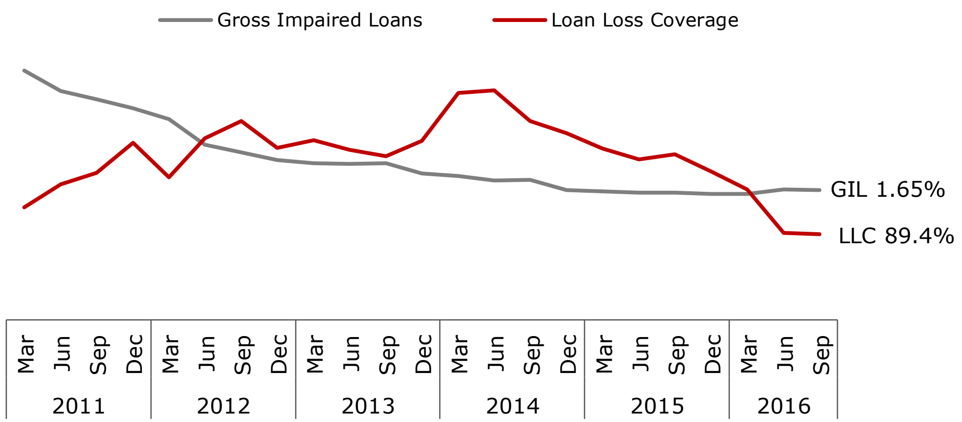
**includes Credit Card, Securities, Non-residential & others*

Key interest rates



** Effective 2 January 2015, the Base Rate would replace the Base Lending Rate as the main reference rate for new retail floating rate loans*

Asset quality

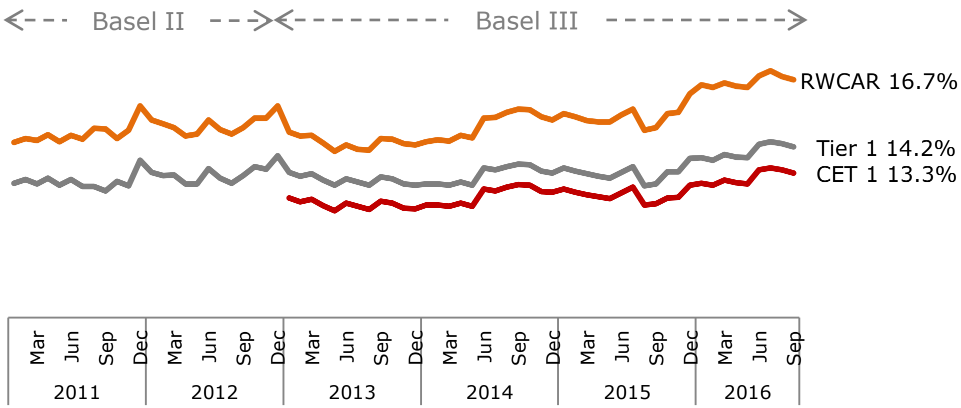


Source: BNM, Bloomberg

Insights

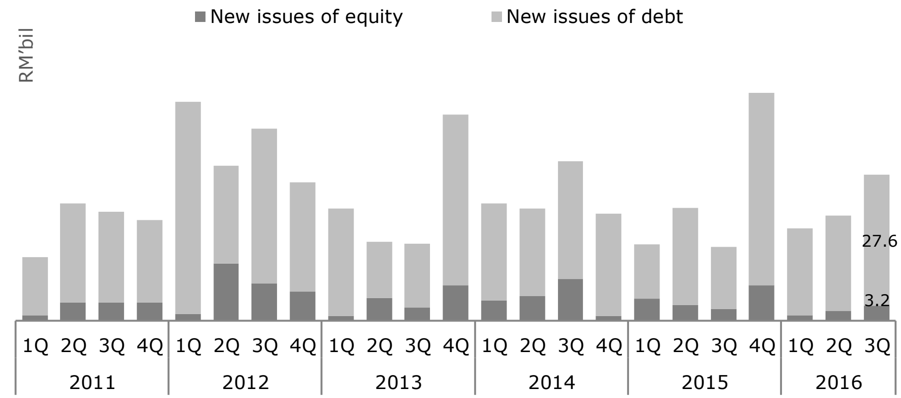
Banking system data

Capital ratios

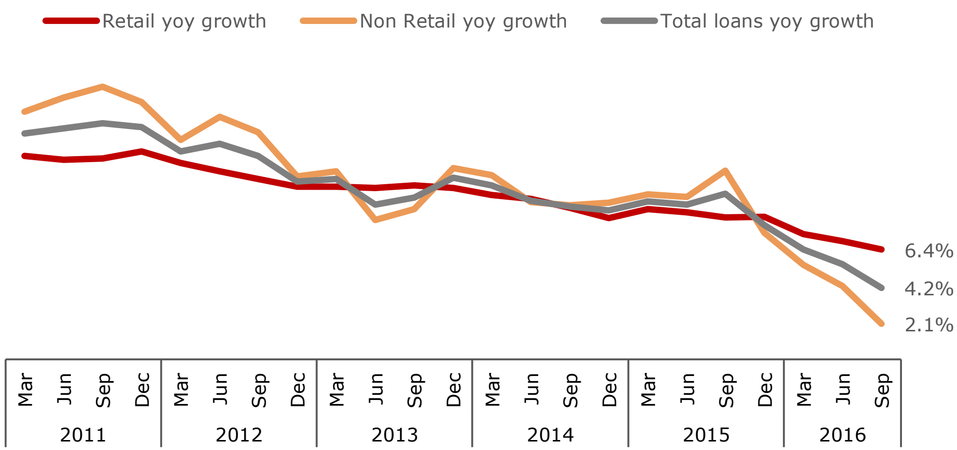


Beginning January 2013, capital components are reported based on Basel III Capital Adequacy Framework

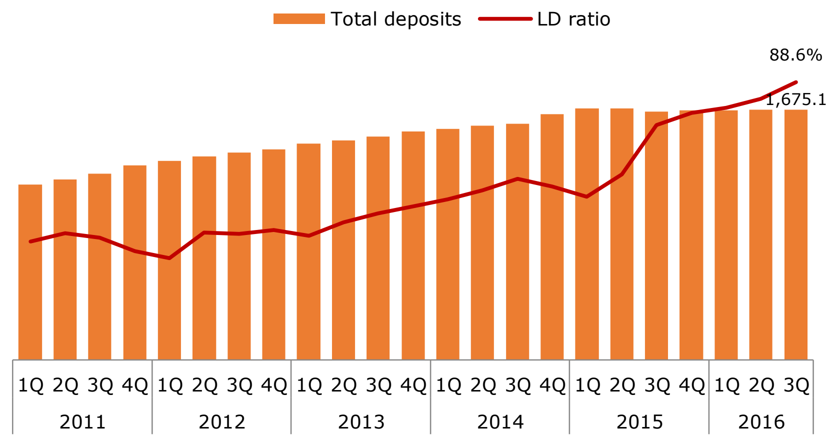
Capital activities



Loan growth



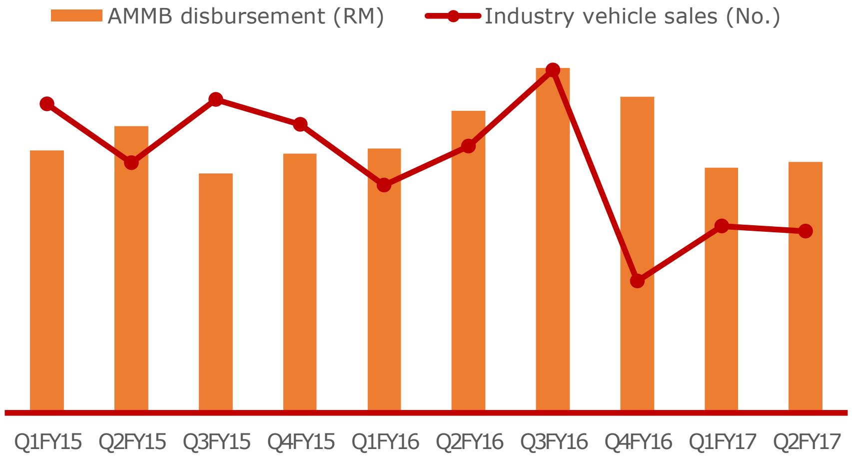
Deposit growth



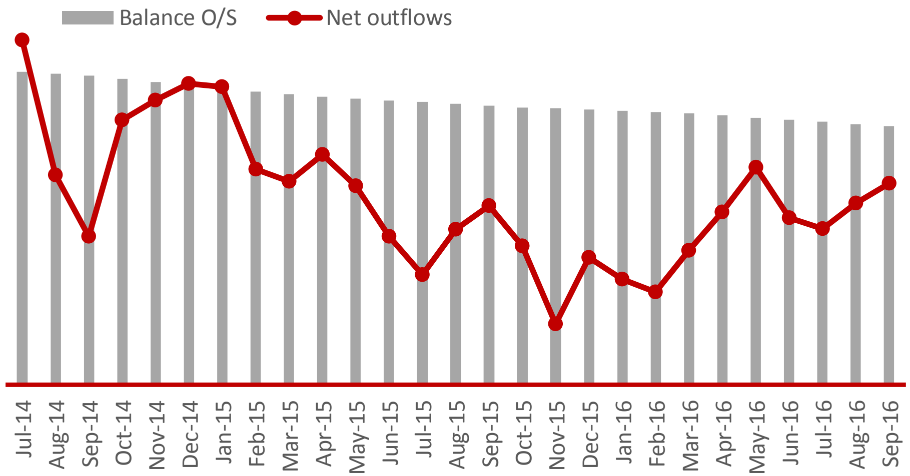
Source: BNM, Bloomberg

Auto Finance

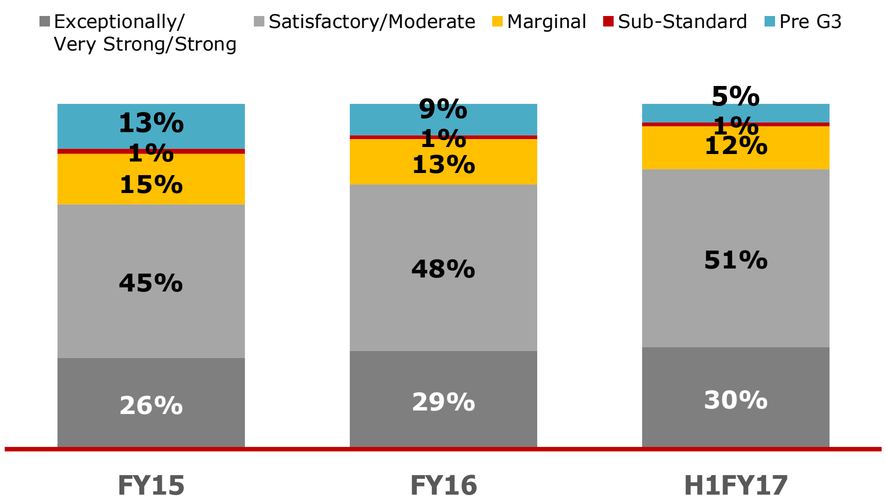
Auto Finance loans vs industry vehicle sales



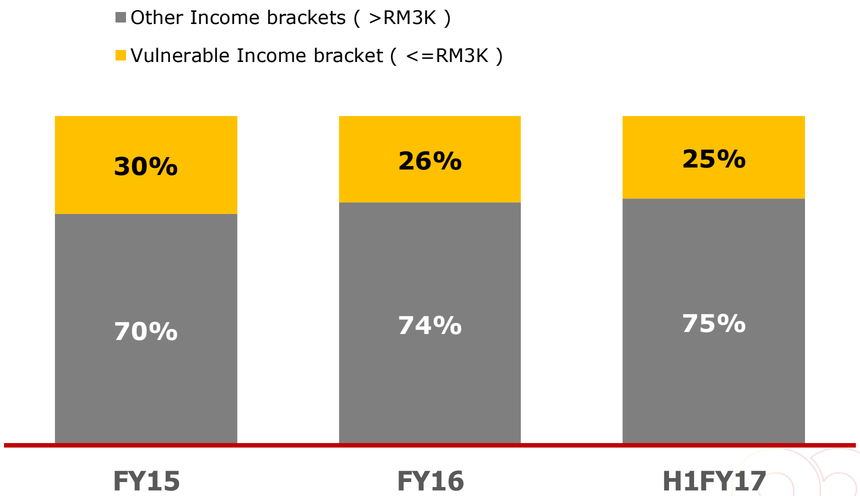
Auto Finance monthly balance vs. net outflows



Risk Grades (% of loans outstanding)



Household Income Group (% of loans outstanding)



Glossary / Disclaimer of warranty and limitation of liability

<u>Reported Performance</u>
Reported performance refers to the financial performance as reported in the audited financial statements and disclosed to the market

<u>One Offs</u>
One offs comprise those impacts on financial performance that arise from changes to :

- accounting and provisioning policies (eg 5 and 7 year rules)
- differences between economic and accounting hedges
- prior period catch ups (eg backdated salary costs)
- strategic investments and divestments (eg ANZ partnership), and
- tax and regulatory regimes (eg deferred tax asset write off due to reduction in corporate tax rates)

<u>Underlying Performance</u>
Underlying performance refers to the financial performance adjusted for one off impacts as above

<u>Business Divisions</u>
Business divisions

- comprise AmBank Group's core operating businesses that generate profits from direct customer transactions and interactions
- have relatively more stable income streams, incur the bulk of the costs and typically have a lower risk profile
- in most instances have market shares and growth metrics that can be measured and benchmarked externally

<u>Operating Segments</u>
Operating segments

- have more volatile and lumpy income streams, with the former a direct function of risk appetite
- include
  - income and expenses associated with shareholder funds, loan rehabilitation and legacy businesses, plus
  - costs associated with corporate, shared services and governance functions currently not charged back to the business units

Glossary/Disclaimer of warranty and limitation of liability

The material in this presentation is general background information about AmBank Group's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

For further information, visit www.ambankgroup.com;

or contact

Ganesh Kumar Nadarajah
Executive Vice President, Group Finance – Business Performance & Investor Relations

Tel: +603 2036 1435
Fax: +603 2031 7384
Email: ganesh-kumar@ambankgroup.com / ir@ambankgroup.com

Cindy Ho Soke Ching
Vice President, Group Finance – Business Performance & Investor Relations

Tel: +603 2036 1926
Fax: +603 2031 7384
Email: cindy-ho@ambankgroup.com / ir@ambankgroup.com