



AmBank Group

# **Q1FY2017 - Results, Investor Presentation**

22 AUGUST 2016

# Performance indicators Q1FY2017

RM' mil	Q1FY16	Q1FY17	YoY Growth
<b>Total income</b>	963.8	951.2	▼ 1.3%
<b>Expenses</b>	487.3	535.5	▲ 9.9%
<b>Allowances</b>	-5.9	-63.7	▼ >100%
<b>PATMI</b>	339.5	323.0	▼ 4.9%
<b>ROE</b>	9.3%	8.5%	▼ 0.8%
<b>CTI</b>	50.6%	56.3%	▲ 5.7%
<b>Gross impaired loans ratio</b>		1.69%	
<b>CASA composition</b>	20.9%	24.5%	
<b>Capital ratios<sup>1</sup></b>			
- <b>CET 1</b>		11.5%	
- <b>Tier 1</b>		12.5%	
- <b>Total</b>		16.4%	

Note:

1. Proforma capital ratios include Q1FY17 unappropriated profits of AmBank (M) Berhad, AmBank Islamic Berhad & AmInvestment Bank Berhad based on Aggregated Banking Entities and after proposed dividend



# Moderate growth for 2016

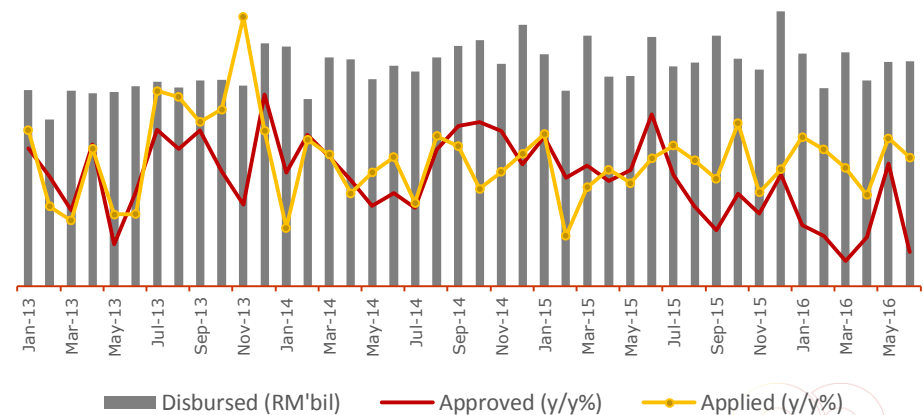
## Malaysia

- Moderate GDP growth of 4.0% projected for 2016
- Growth will be supported by healthy government spending, relief from stabilising oil prices and improving inventory levels
- This will cushion the weak exports clouded by subdued global growth and rising uncertainties in the financial markets following the 'BREXIT' referendum
- Inflation expected to reach 2% in 2016 driven by upward adjustment in administered prices and the weak Ringgit. This will be partly mitigated by weak commodity prices, softer demand and high base effect in 2H2015
- Ringgit will be underpinned by weak oil prices, potential normalisation of interest rates by US Fed and BNM's monetary policy setting
- Authorities to maintain prudent and pragmatic policies, reigning in fiscal deficit (2016F:-3.1% of GDP) and household debt (89.1% of GDP in 2015)

## Banking

- Following recent BNM OPR cut by 25 bps to 3%, there is room for monetary easing. Monetary policy expected to remain supportive of the current challenging environment
- Loans growth is expected to moderate in tandem with slower GDP expansion and high LD ratio
- Margins forecast to remain a challenge from the persistence of intense rate-based competition for deposits
- Asset quality may come under pressure from rising inflation, subsidy reductions and a more challenging business environment

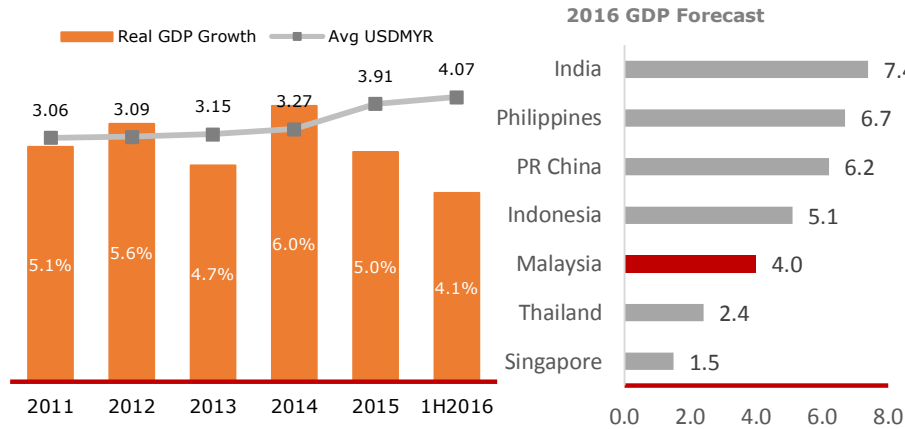
### Industry loan indicators



Source : Bank Negara Malaysia

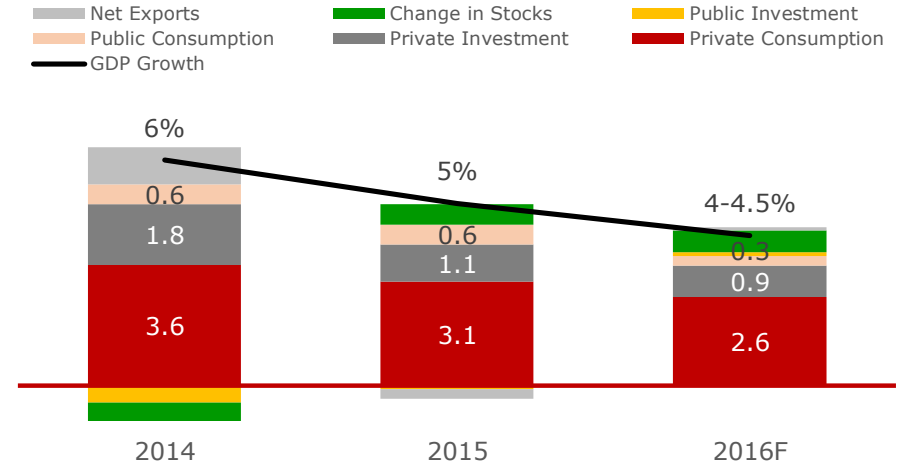
# Headwinds, bright spots and opportunities

## Malaysia's GDP growth



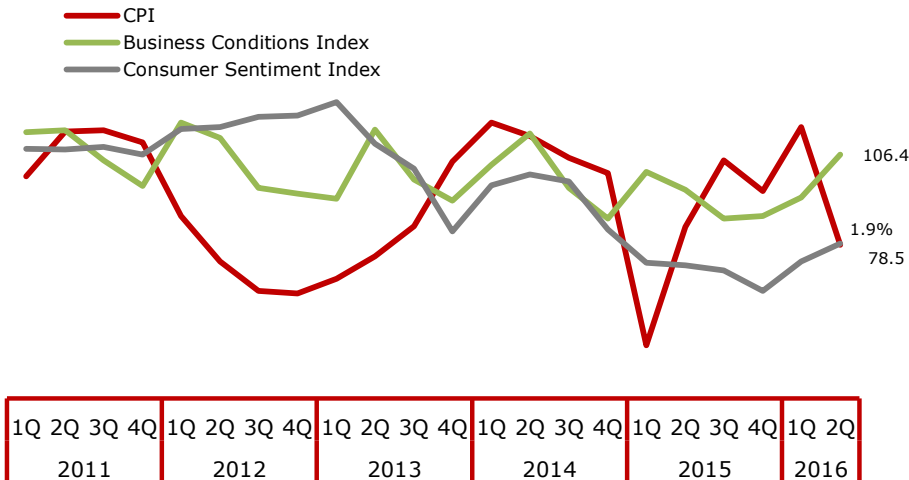
Source: Bank Negara Malaysia, Bloomberg, CEIC

## Private domestic demand continued to anchor growth



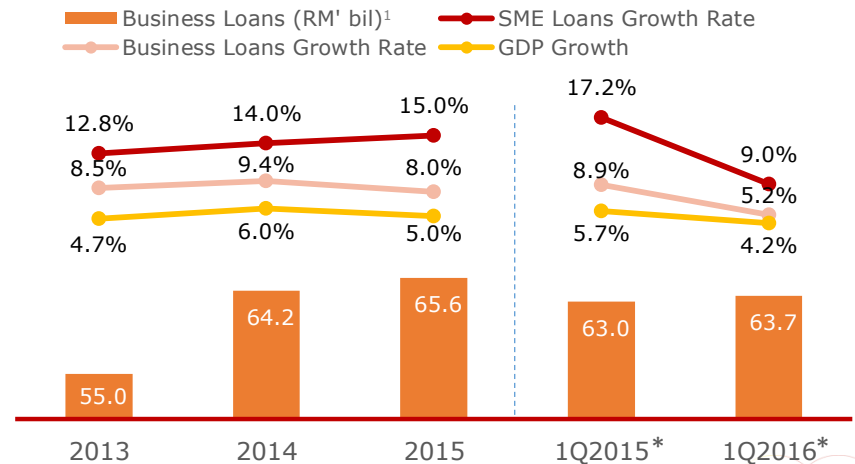
Source: Bank Negara Malaysia, Department of Statistics

## Business and consumer confidence recuperating



Source: Bank Negara Malaysia, MIER

## System SME loans growth outpaced GDP growth



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

Source: Bank Negara Malaysia \*calendar year



# Our "Top 4" Aspiration

**To be Top 4 in each of our 4 growth segments**

(Mass Affluent, Affluent, SME, Mid Corp)

**To be Top 4 in each of our 4 focus products**

(Cards – issuing & acquiring, Transaction Banking – trade, cash management & payroll, Markets, Consumer Wealth Management)



AmBank Group

**Top 4 Aspirations**

In Key Segments ~ 4 Years (2020)

**To sustain Top 4 in each of our current engines**

(Corporate Loans, DCM, Funds Management)

**To be Top 4 Best Employer in Malaysia**

# 10 metrics will measure how well we live up to our purpose & our strategic priorities

## Our strategic priorities

Considering growth areas, whitespaces, and our capabilities

1

"Firing up new growth engines"

2

"Attain market leadership in key segments & products"

3

"Setting up for success"

4

"Optimise current engines"

## Our Top 4 Aspirations in key segments by 2020

### 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

To be measured via internal and external surveys

## 4 Years 2 Phase approach

### Run the bank better

Unlock value across our footprint, capabilities, customer bases and talent pool

R

Drive efficiency and build momentum

### Change the bank

Create new sources of competitive advantage through harnessing digital & analytics to take to next level

C

# Strategic Initiatives Update

## Strategic priorities

### 1. Firing up new growth engines

Win in fast growing, underserved segment:

- SME (top priority)
- Mid Corp
- Mass Affluent
- Affluent

### 2. Attain market leadership in key segments and products

- Cards (issuing and acquiring)
- Transaction Banking (trade, cash management and payroll)
- Markets (FX and remittance)
- Consumer Wealth Management

### 3. Setting up for success

- Cost optimisation
- Digital transformation
- People and culture
- Risk and compliance

### 4. Optimise current engines

- Corporate Loans
- Debt Capital Markets
- Asset and Funds Management

## Q1FY17 Update

### SME

- ❖ Rolled out 70 liability led SME ready branches
- ❖ Developed remote relationship manager (RM) operating framework

### Mass Affluent & Affluent

- ❖ Increased segment penetration via Mortgage, cards & deposit solutions

### Cards

- ❖ New-to-bank (NTB) cards acquisition increased 43% quarter-on-quarter (QoQ)
- ❖ Piloted Phase 1 of merchant penetration programme

### Transaction Banking

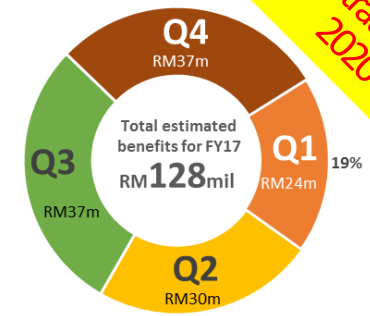
- ❖ 15% increase in payroll subscribers since December 2015
- ❖ Piloting AmBank as main bank account proposition

### Markets

- ❖ Strengthened the Retail branch foreign exchange franchise and capabilities

- ❖ Improved cost of funds (COF) by 5 bps QoQ
- ❖ Identified tasks and initiatives to achieve cost savings target
- ❖ Streamlined SME credit process
- ❖ Implemented a Governance Improvement Programme

- ❖ Ranked 2<sup>nd</sup> and 3<sup>rd</sup> respectively in Bloomberg League Table - MYR Loans and Overall MYR Bonds
- ❖ Total fund size managed of RM36.4 billion. Maintained Top 4 position in unit trust funds market share



Strategy 2020

# Q1FY2017 results...

## **PATMI QoQ increased 15.4% to RM323m**

- NIM improved (up 2 bps to 1.94%), higher insurance and fee income. CTI lowered to 56.3% from 68.5% in Q4FY16

## **PATMI 4.9% lower on YoY basis**

- Top line growth impacted by lower net interest income & weaker economy (GDP growth reduced to 4.2% early this year from 5% in CY2015). NIM compression of 18bps YoY reflects thinning yields and higher COF (+9bps)

## **Enhanced asset quality, GIL ratio 1.69%**

- Increased recoveries and lower allowances. Reflects sustained benefits from portfolio de-risking & rebalancing and proactive collection activities. LLC is 103% (excluding single large and well secured impaired corporate loan)

## **Stable loans growth of 1.6%**

- Strong mortgage loans growth (+16.0%) and transaction banking (+7.0%)

## **Higher CASA at 24.5%**

- Deposits contracted 3.5% YoY, Sound liquidity with LCR above 100%

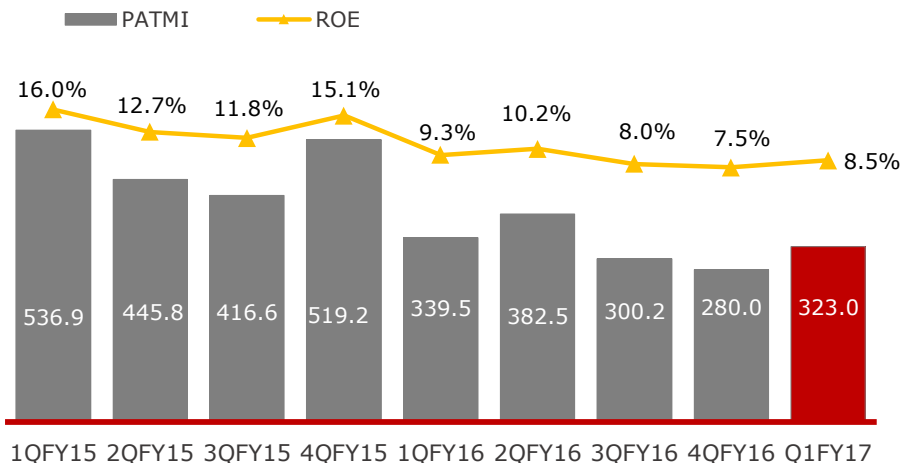
## **Adequate capital level @ CET 1 ratio of 11.5%**

# Quarterly performance

Q1FY17  
Results

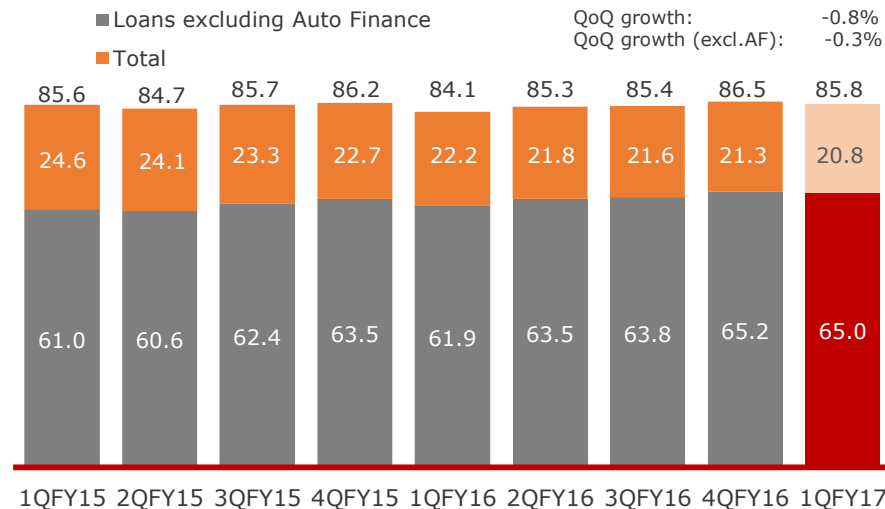
## PATMI (RM' mil) & ROE (%)

PATMI QoQ growth: 15.4%  
ROE QoQ growth: 1.0%



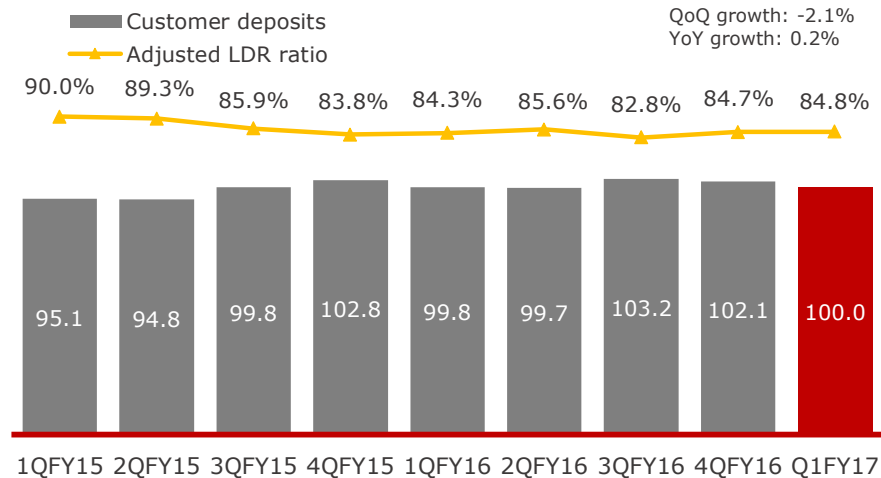
## Net lending (RM' bil)

Loans excluding Auto Finance QoQ growth: -0.8%  
Total QoQ growth (excl.AF): -0.3%



## Customer deposits<sup>1</sup> (RM' bil) and LDR ratio (%)

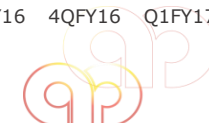
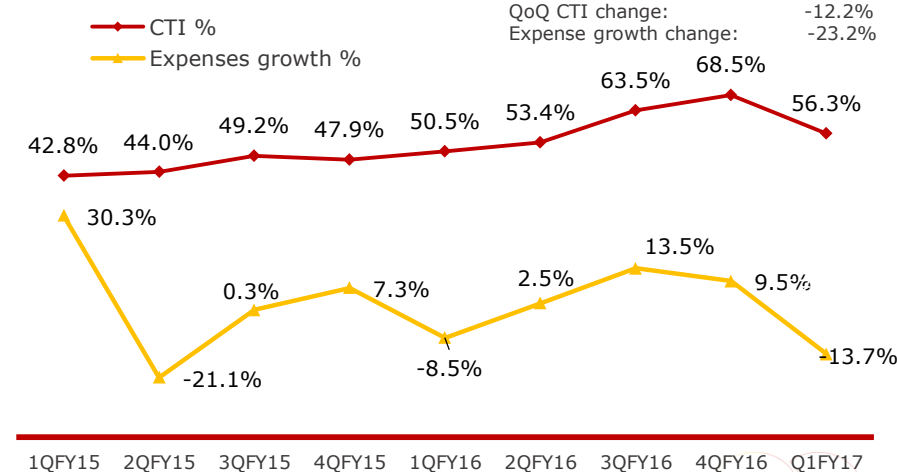
Customer deposits QoQ growth: -2.1%  
Adjusted LDR ratio YoY growth: 0.2%



1. Customer deposits include stable funding sources

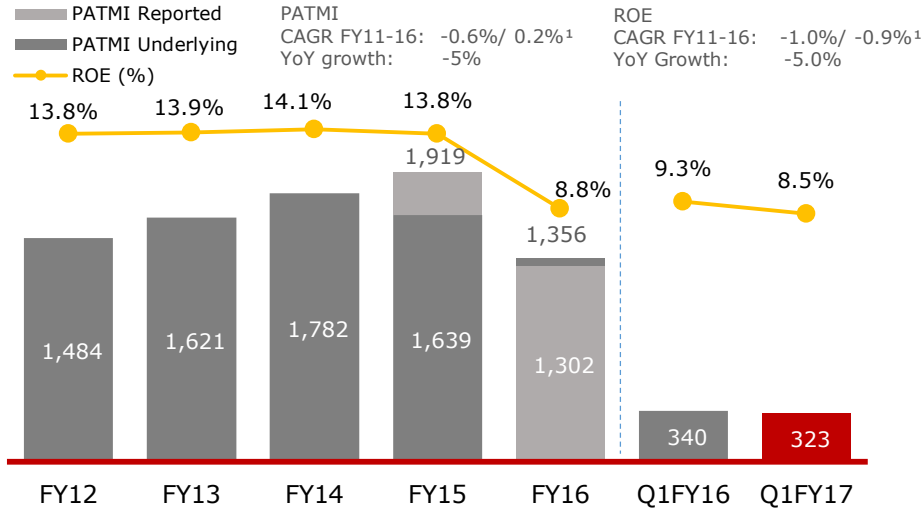
## Cost-to-income ratio and expense growth (%)

CTI % QoQ CTI change: -12.2%  
Expenses growth % Expense growth change: -23.2%

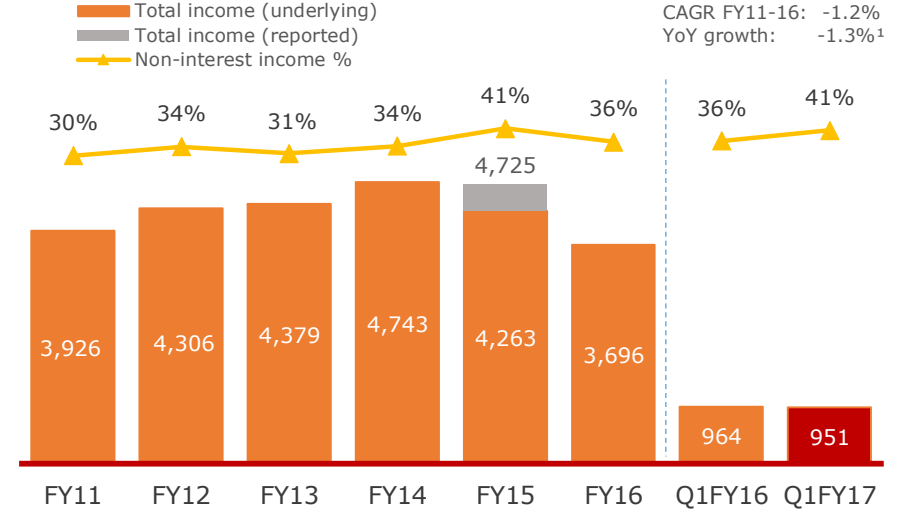


# Yearly performance

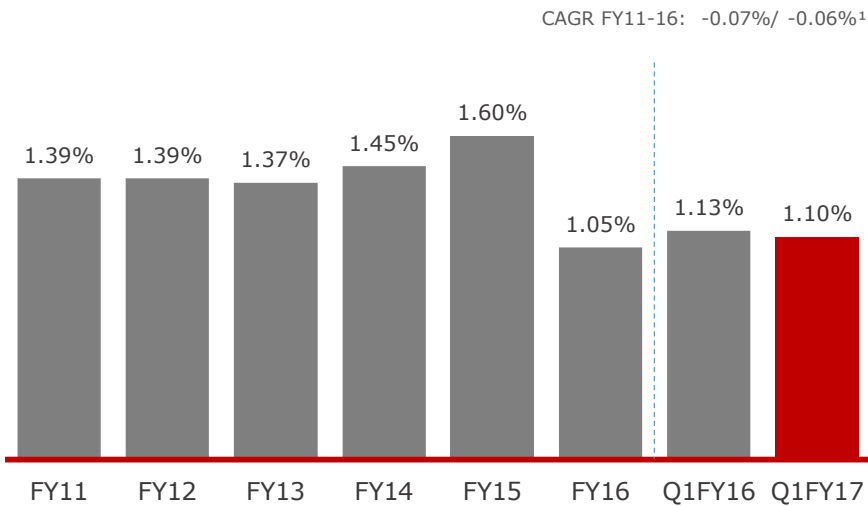
## PATMI (RM' mil) & ROE (%)



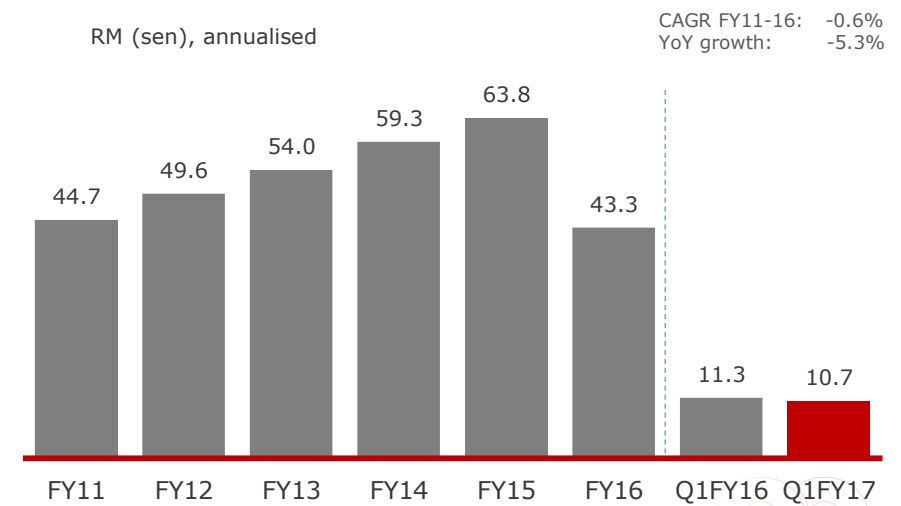
## Total income (RM' mil) and non-interest income (%)



## ROA (%)



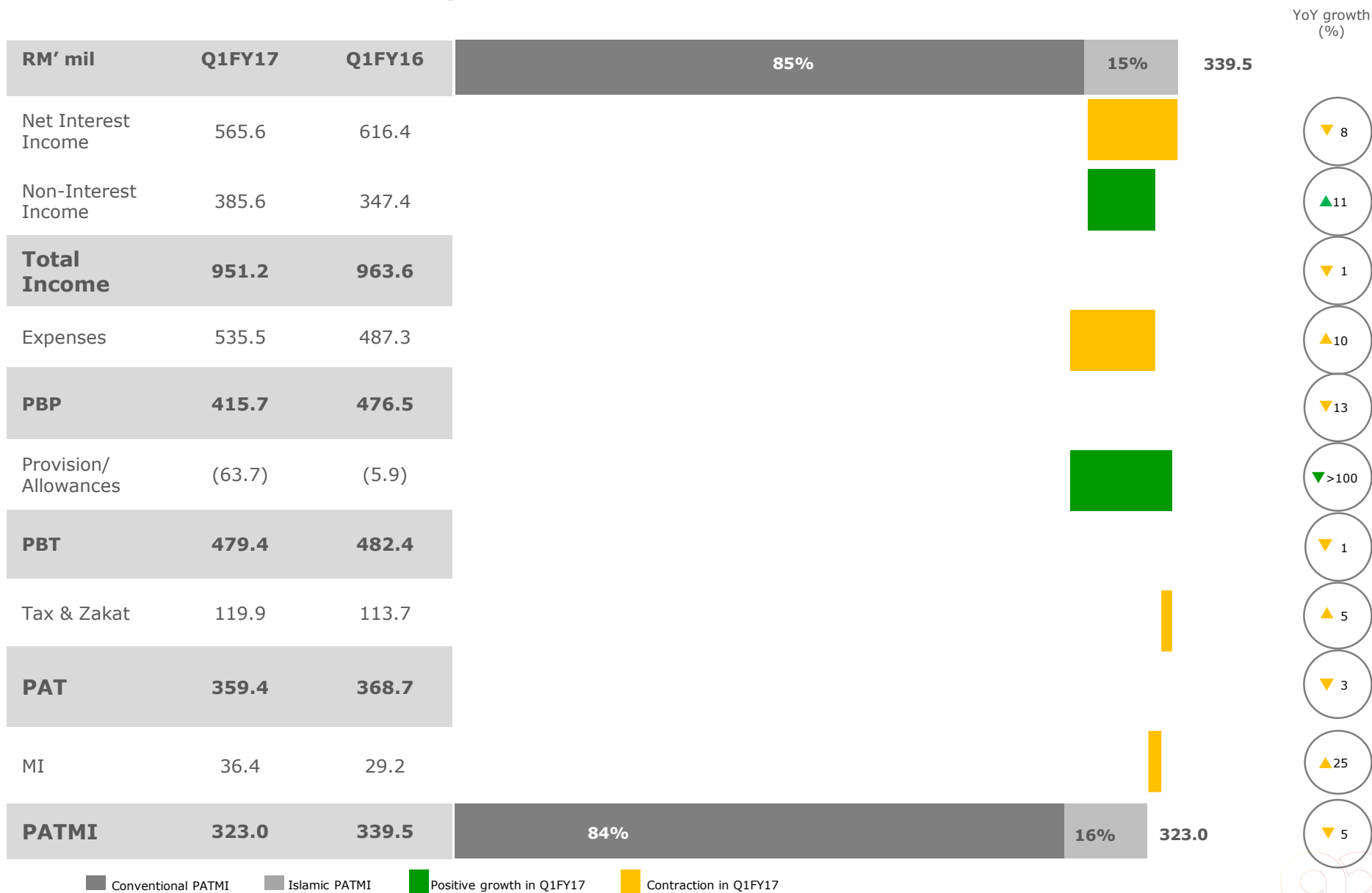
## EPS (basic)



Note:  
1. Underlying



# Q1FY2017 PATMI down YoY from lower net interest income & higher expenses



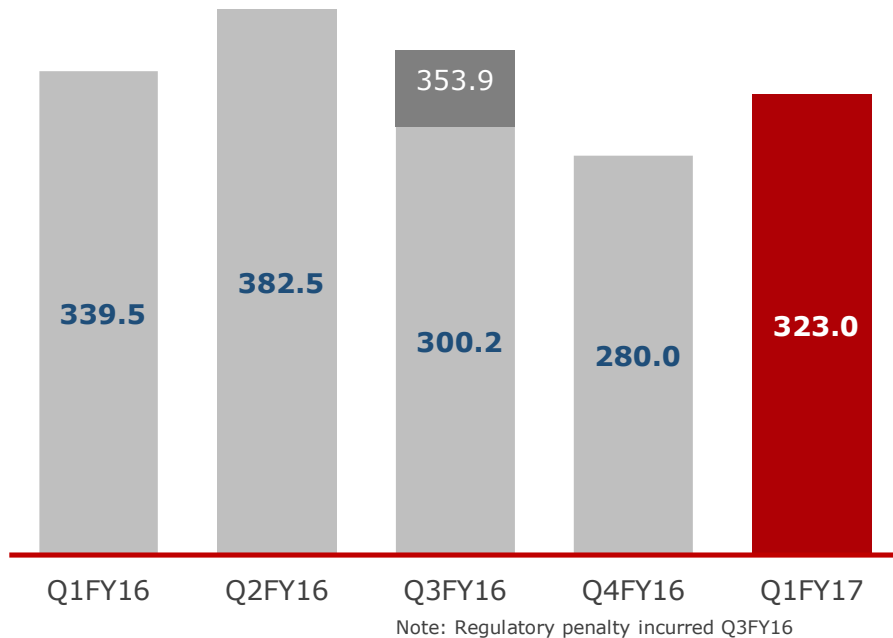
# Wholesale Banking and General Insurance on track

- Wholesale banking's profit grew 24.9% on higher fixed income while forex sales increased from active forex hedging
- Retail's performance was impacted by NIM compression. Fee income improved driven by Cards/Merchants. Loan impairment charges were lower
- General Insurance's profit up YoY from lower claims experience

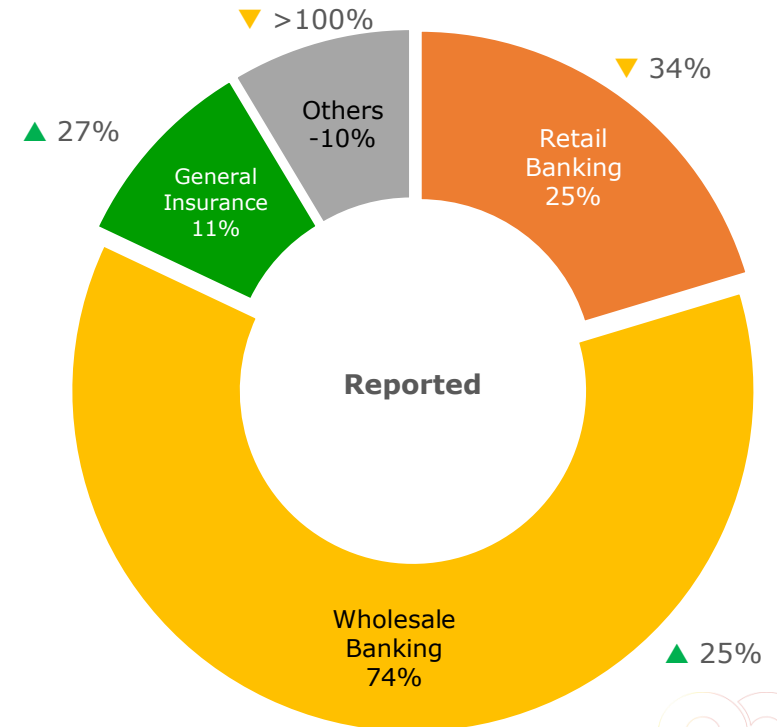
## PATMI (RM'mil)

■ Reported ■ Underlying

QoQ growth: ▲15.3%  
YoY growth: ▼4.9%



## Divisional PATMI Contribution (YoY)



# Net Interest Income lower, WB income higher on hedging activities

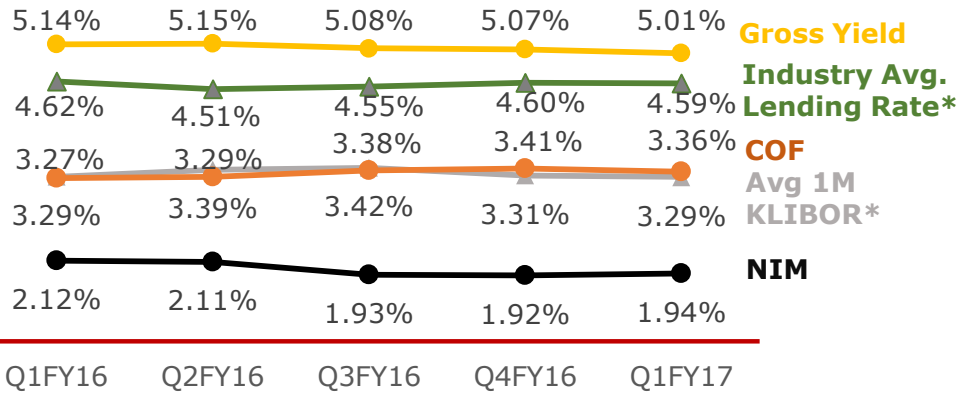


\* Include investment income from General Insurance business

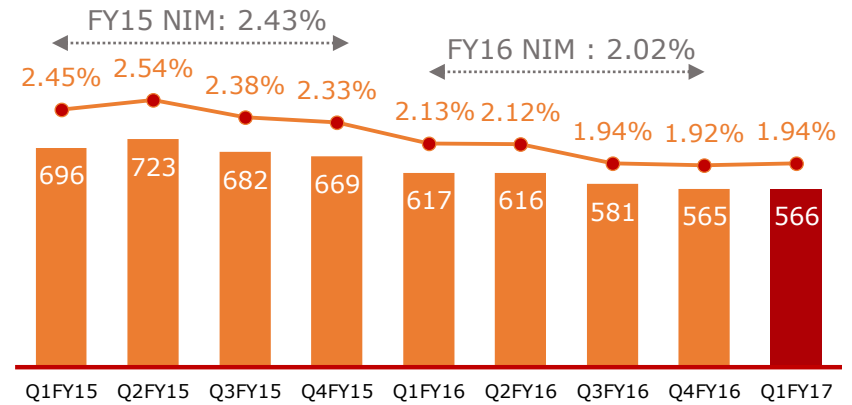


# NIM stabilised

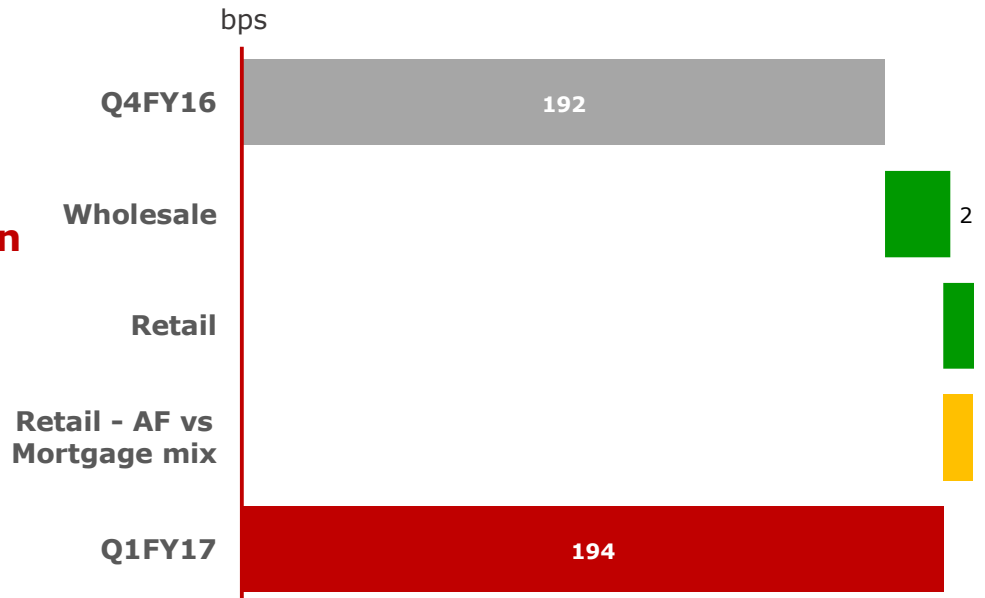
## NIM QoQ trend vs. industry



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



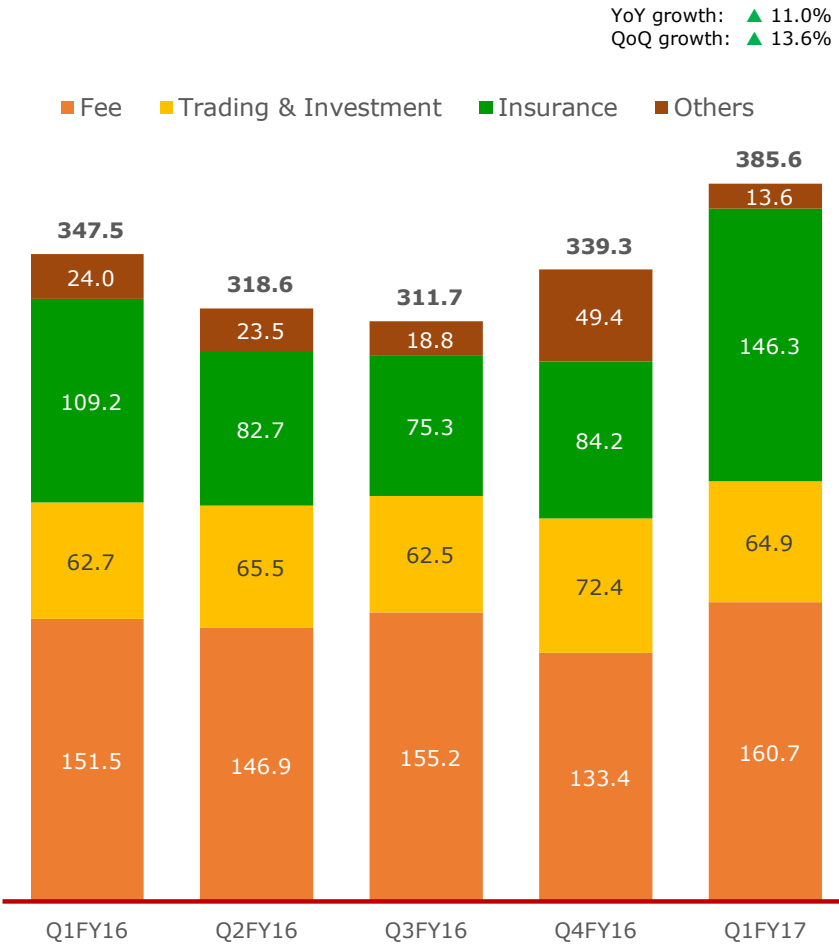
## NIM compression stabilise from lower COF



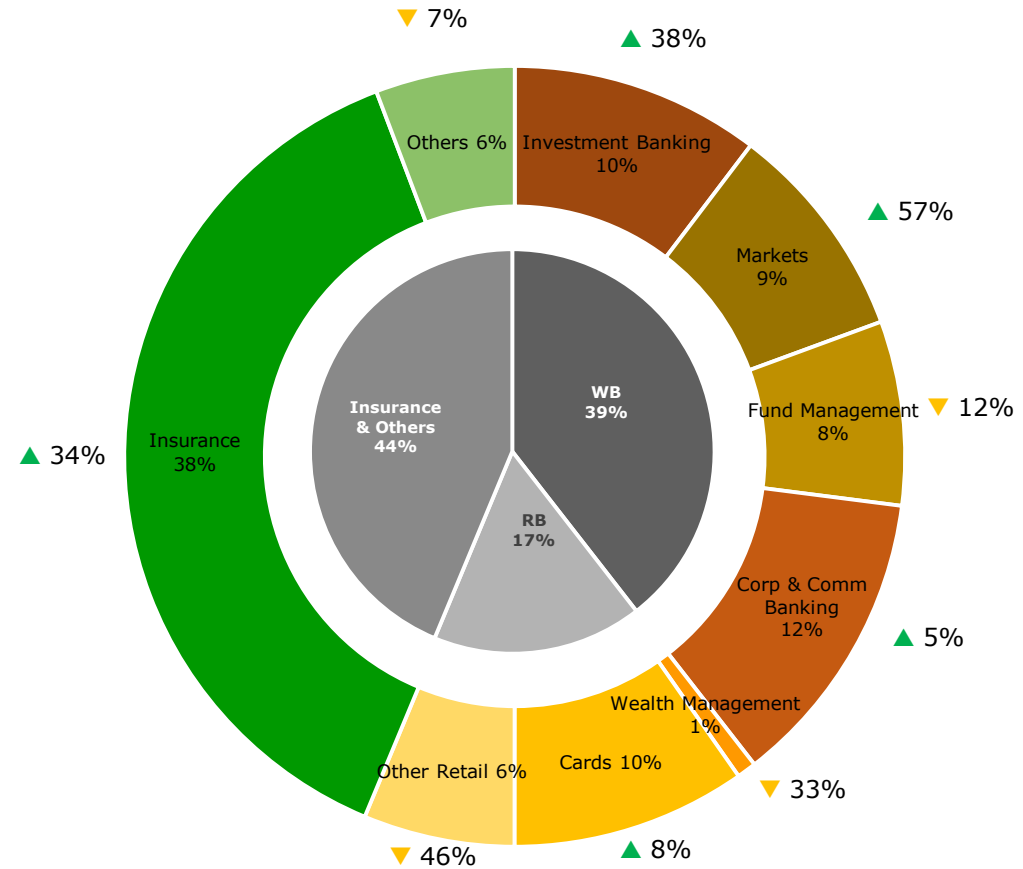
- **Wholesale** – Asset repricing and lower funding cost
- **Retail** – Improved margins in mortgages & cards
- **Retail Mix** – Higher yield auto financing book tapering off with increased mortgage composition

# Higher NoII from lower general insurance claims and higher trading income

Non-interest income (RM'mil)



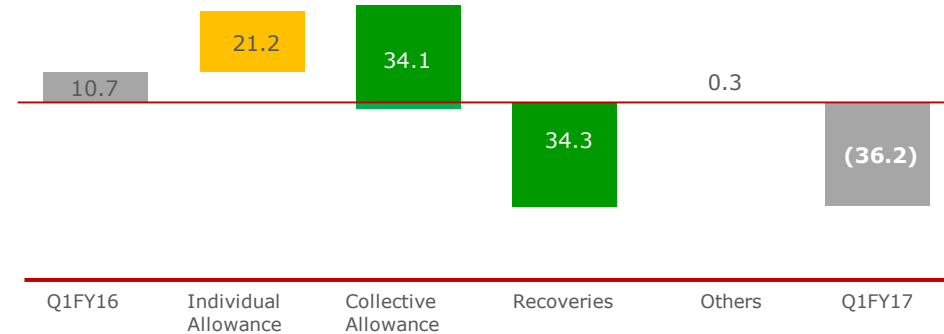
Non-interest income by lines of business



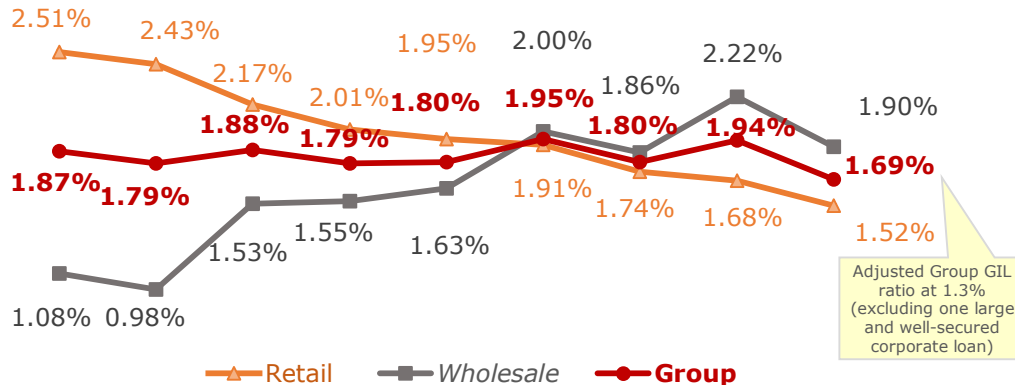
# Allowances remain low & recoveries stronger

- Credit costs tracking below industry average since FY14, benefiting from earlier portfolio de-risking and rebalancing strategy
- Higher bad debt recoveries from corporate segment on proactive collection activities

Allowances (RM' mil)

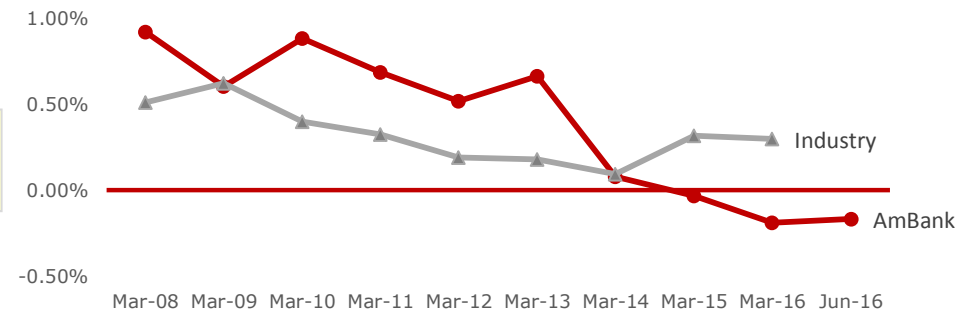


Gross impaired loans ratios



Credit costs vs. industry<sup>1</sup>

AmBank Group	FY13	FY14	FY15	FY16	Q1FY16	Q1FY17
Credit cost	0.21%	0.08%	-0.04%	-0.19%	0.05	-0.17%
Credit cost (excluding recoveries)	0.90%	0.94%	0.69%	0.46%	0.16%	0.14%



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

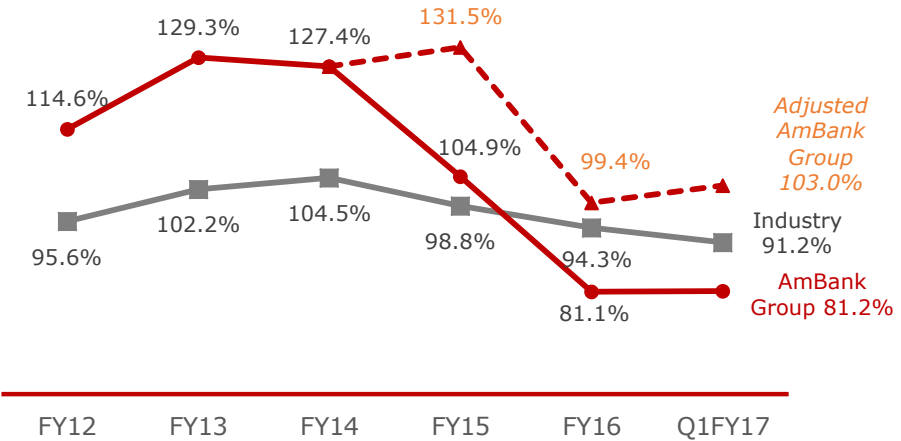
Q1FY15 Q2FY15 Q3FY15 Q4FY15 Q1FY16 Q2FY16 Q3FY16 Q4FY16 Q1FY17



# Current outlook require **active monitoring**

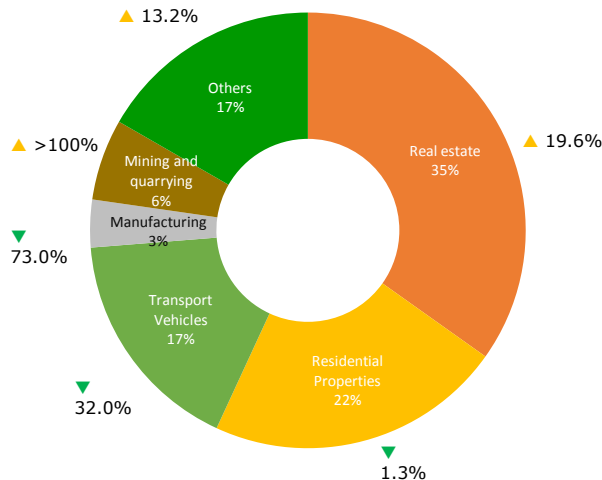
- Loan loss coverage stable with impairment charges being mitigated through collaterals
- More than 50% of impaired loans are made up of real-estate and residential properties, which are generally well-secured
- Exposures to O&G sector are closely monitored, although majority of the exposures (circa 95%) are internally assessed as moderate risks or better

**Loan loss coverage vs. industry**

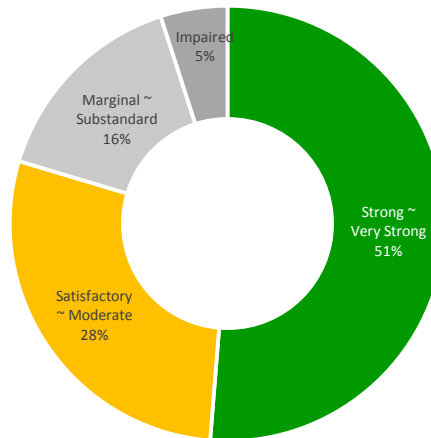


\* Adjusted AmBank Group LLC excludes single large and well-secured impaired corporate loan

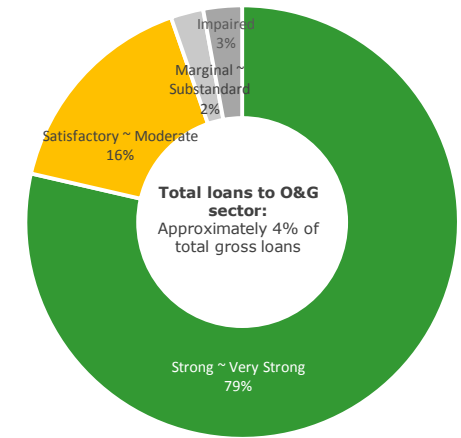
**Impaired loans by sectors and YoY movement**



**Exposure to real estate sector by internal risk grades**



**Exposure to oil & gas sector by internal risk grades\***



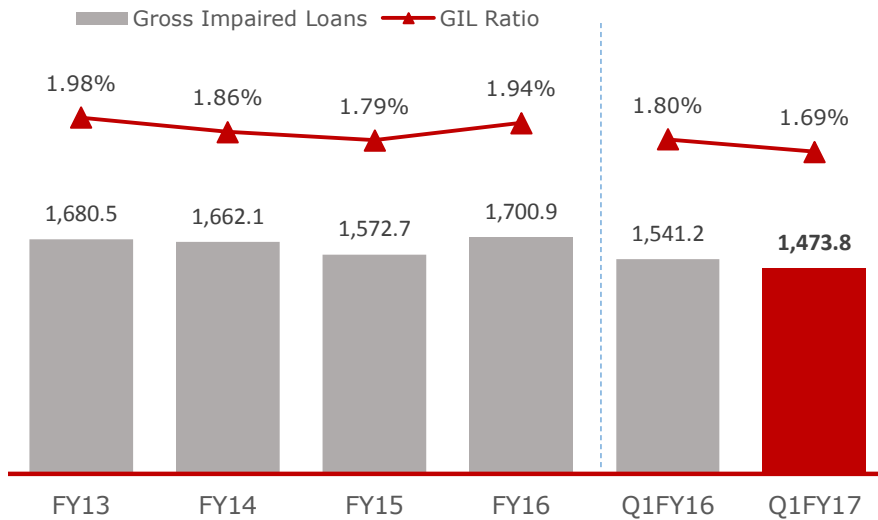
**Total loans to O&G sector:**  
Approximately 4% of total gross loans

Note\* Updated on 26 Aug 2016

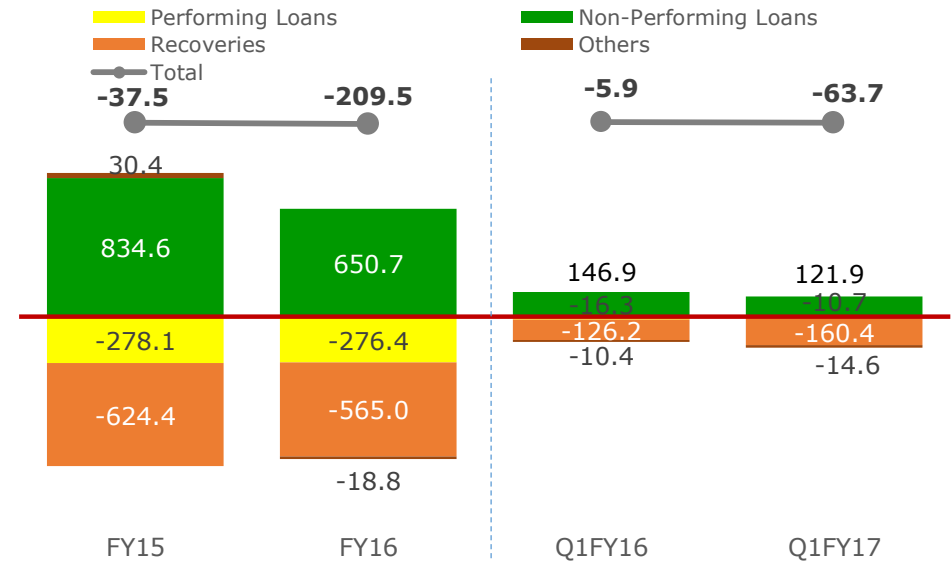


# Reflecting proactive collection

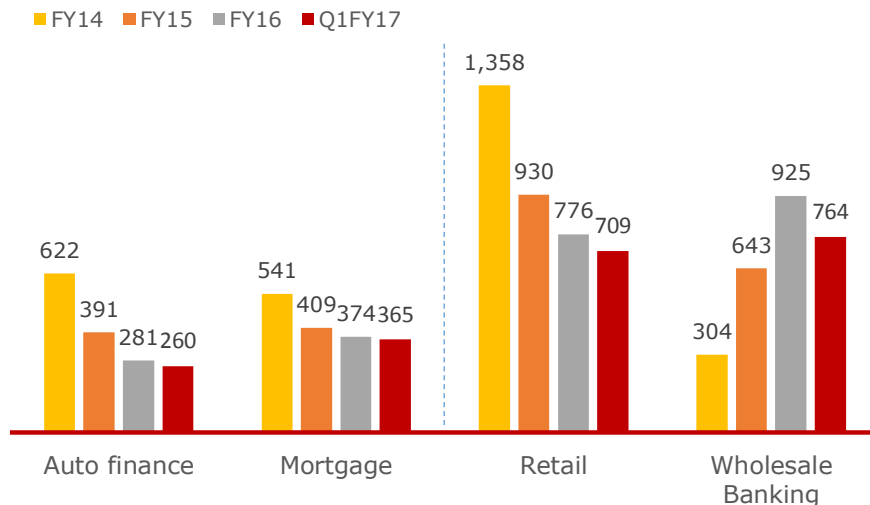
## Impaired loans (RM' mil)



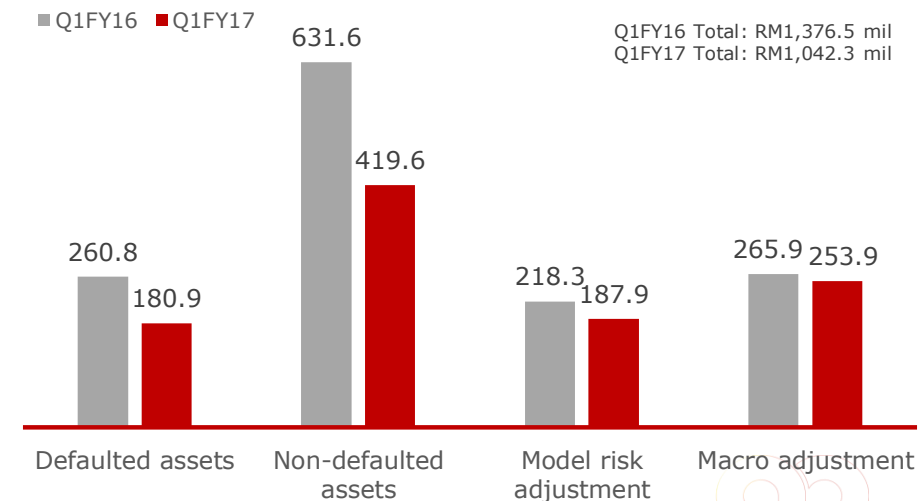
## Provision charges/(Writebacks) (RM' mil)



## Impaired loans – key segments (RM' mil)



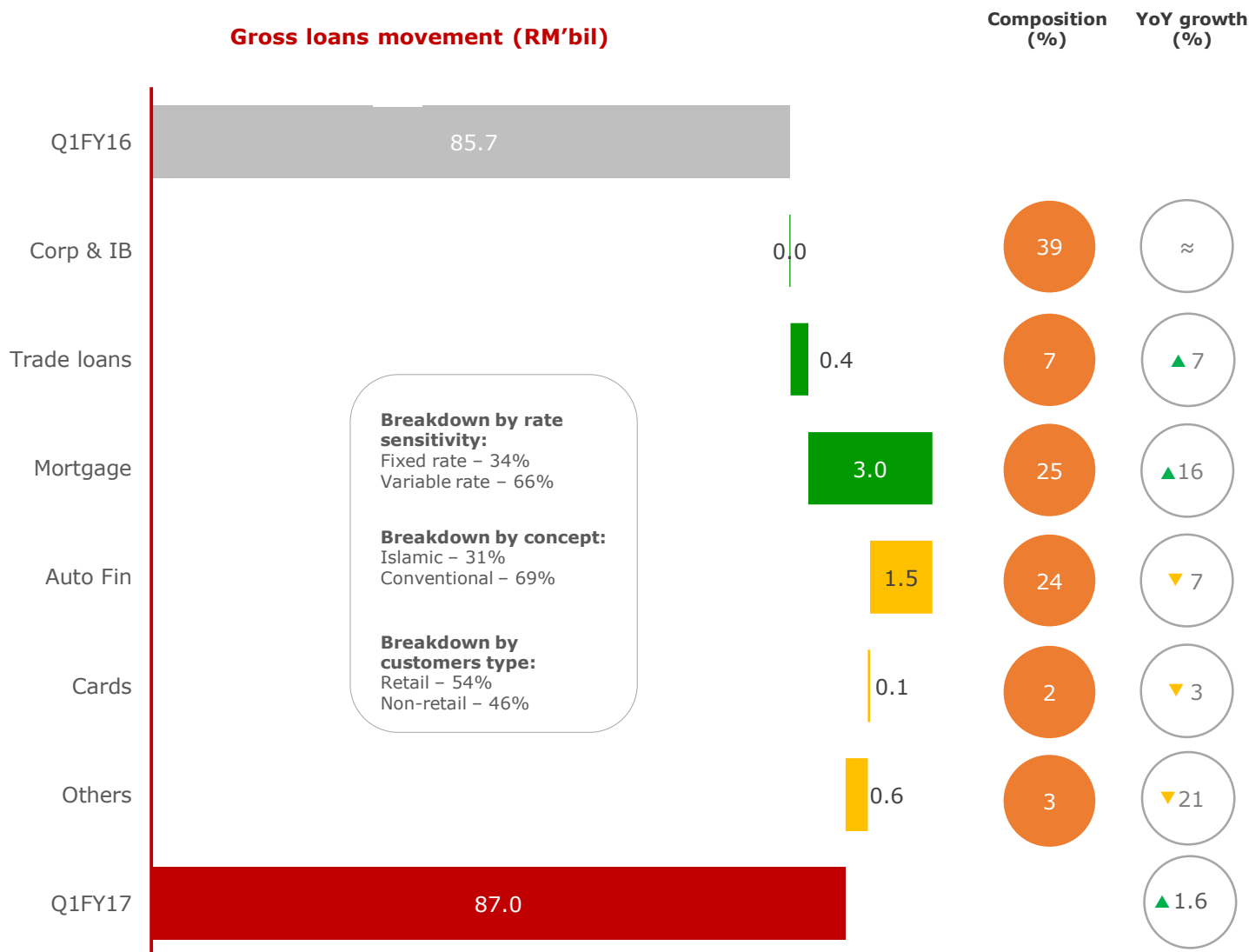
## Collective allowance balance (RM' mil)



# Mortgage & Trade, driving loans growth

Loans Growth

## Gross loans movement (RM'bil)



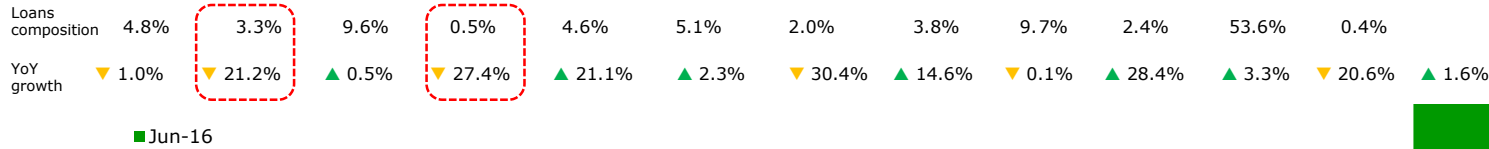
- Trade loans– Benefitting from higher utilisation
- *Mortgage* - Robust growth of 16% yoy, focus on relationships with key developers & secondary
- *Auto* – Gross loans declined on weaker vehicle sales and redemption of older loans
- *Cards* – Impacted by higher repayments and lower utilisation



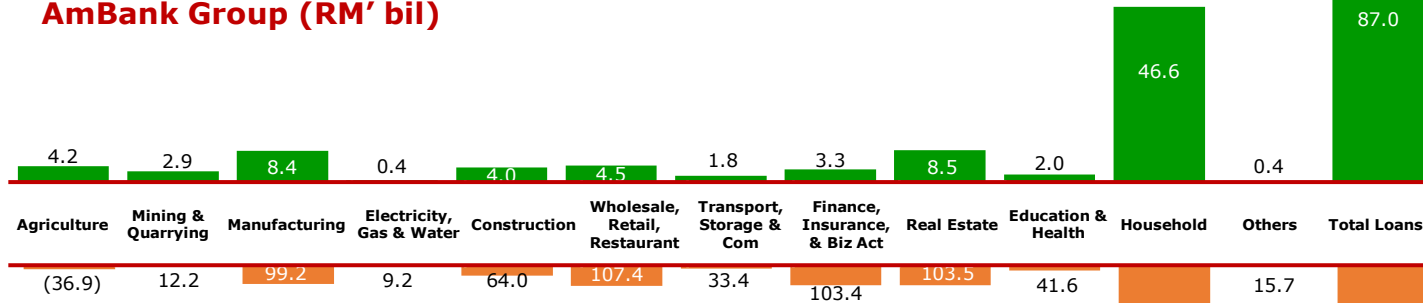
# Loans by sector vs. industry

Loans vs Industry

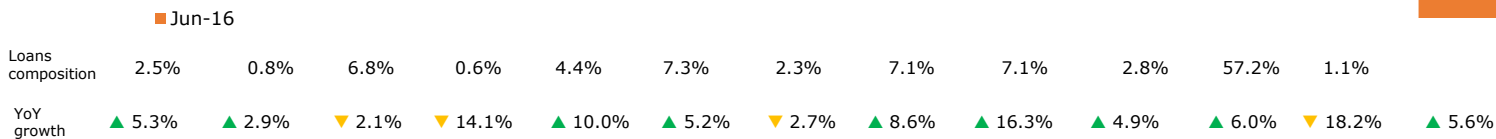
## Loans by Sector



## AmBank Group (RM' bil)



## Industry (RM' bil)



Loans by purpose	Jun'16 RM' bil	YoY growth	Composition
Purchase of transport vehicles	21.5	-7.6%	24.7%
Working capital	25.5	+11.9%	29.3%
Purchase of resi property	19.2	+18.0%	22.1%
Purchase of non-resi property	7.1	-9.5%	8.2%
Other purpose	4.6	-8.8%	5.2%
Purchase of securities	2.4	-17.6%	2.8%
Construction	2.7	-13.6%	3.1%
Personal use	1.7	+2.0%	1.9%
Credit card	1.3	-9.8%	1.5%
Purchase of fixed assets	1.0	-22.3%	1.1%
Consumer durables	-	-	-
<b>Total</b>	<b>87.0</b>	<b>1.6%</b>	<b>100.0%</b>

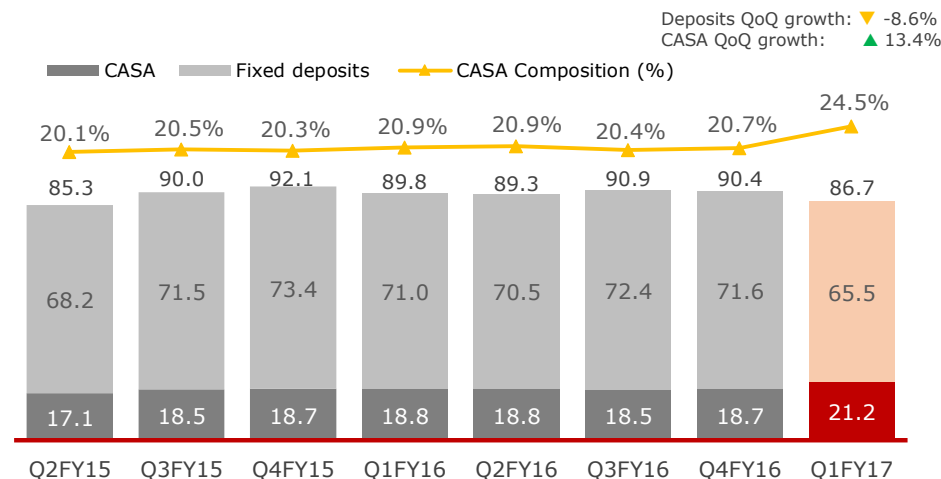
Loans by purpose	Jun 16 RM' bil	YoY growth	Composition
Purchase of transport vehicles	168.2	-0.0%	11.5%
Working capital	347.2	+5.7%	23.7%
Purchase of resi property	457.4	+10.3%	31.2%
Purchase of non-resi property	203.3	+7.0%	13.9%
Other purpose	64.0	-0.9%	4.4%
Purchase of securities	70.6	-6.6%	4.8%
Construction	44.3	+11.5%	3.0%
Personal use	64.8	+5.7%	4.4%
Credit card	35.3	+1.7%	2.4%
Purchase of fixed assets	9.9	-5.0%	0.7%
Consumer durables	0.1	-5.8%	0.0%
<b>Total</b>	<b>1,465.2</b>	<b>+5.6%</b>	<b>100.0%</b>

Source : BNM, financial statement

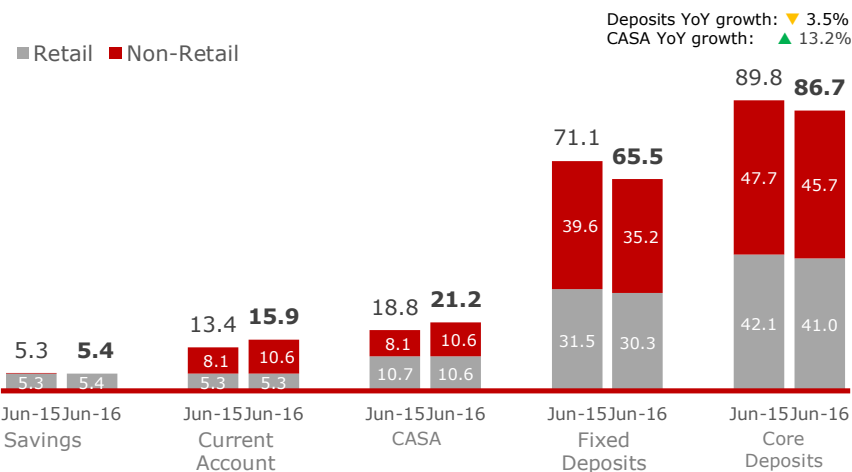
# Higher CASA from cash management

- Deposits contracted YoY, broadly in line with the system's liquidity movement<sup>1</sup>
- CASA sustained through cash management offerings

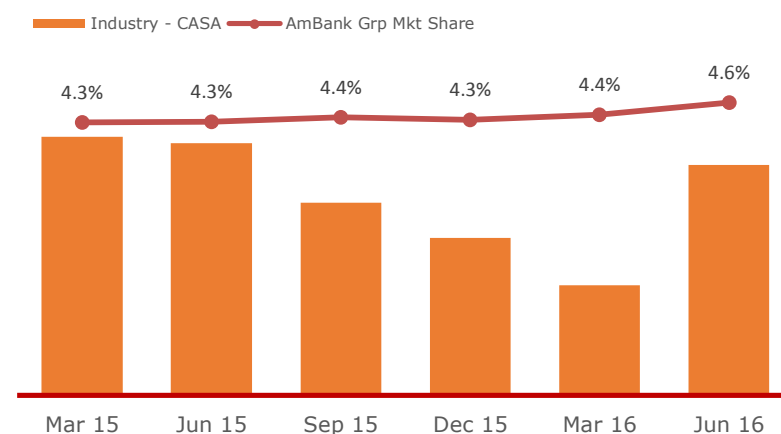
## Deposit and CASA balance (RM' bil)



## Deposits by type of customers (RM' bil)



## CASA market share and industry CASA balance<sup>1</sup> (RM' bil)



Note:1. System liquidity as at May 2016

1. Source: BNM Monthly Statistics



# Deposits movement is broadly **in line** with the system

## AmBank Group (RM' bil)

YoY growth

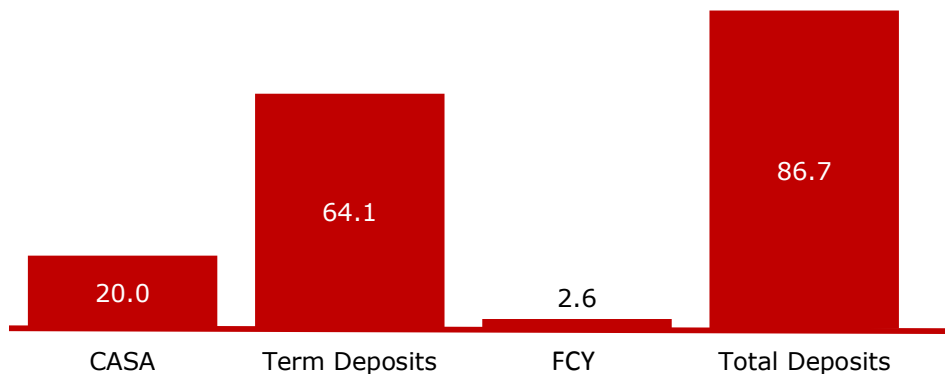
■ AmBank

▲ 12.4%

▼ 7.9%

▲ 7.2%

▼ 3.5%



## Industry (RM' bil)

YoY growth

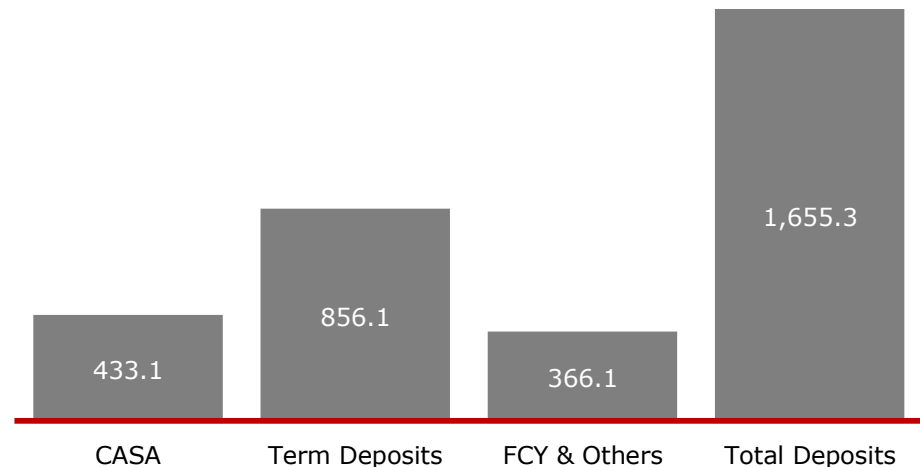
■ Industry

▼ 0.4%

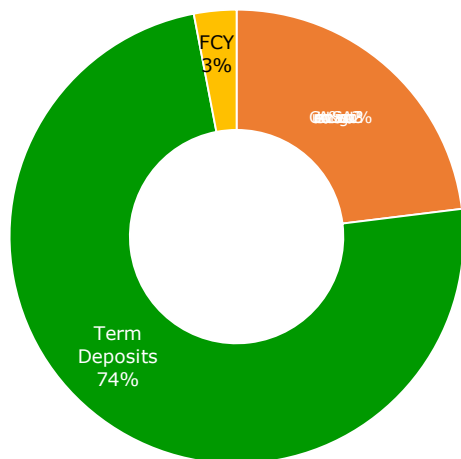
▼ 3.1%

▲ 4.7%

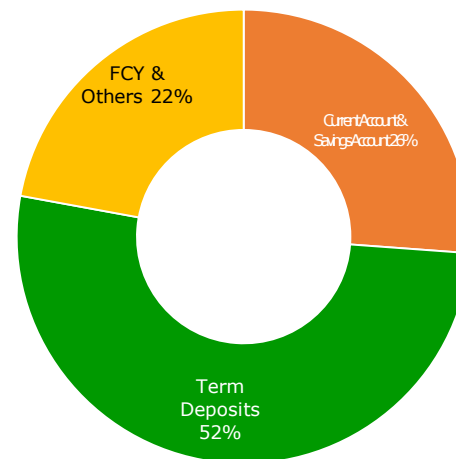
▼ 0.8%



### Core Deposits Composition (AmBank Group)

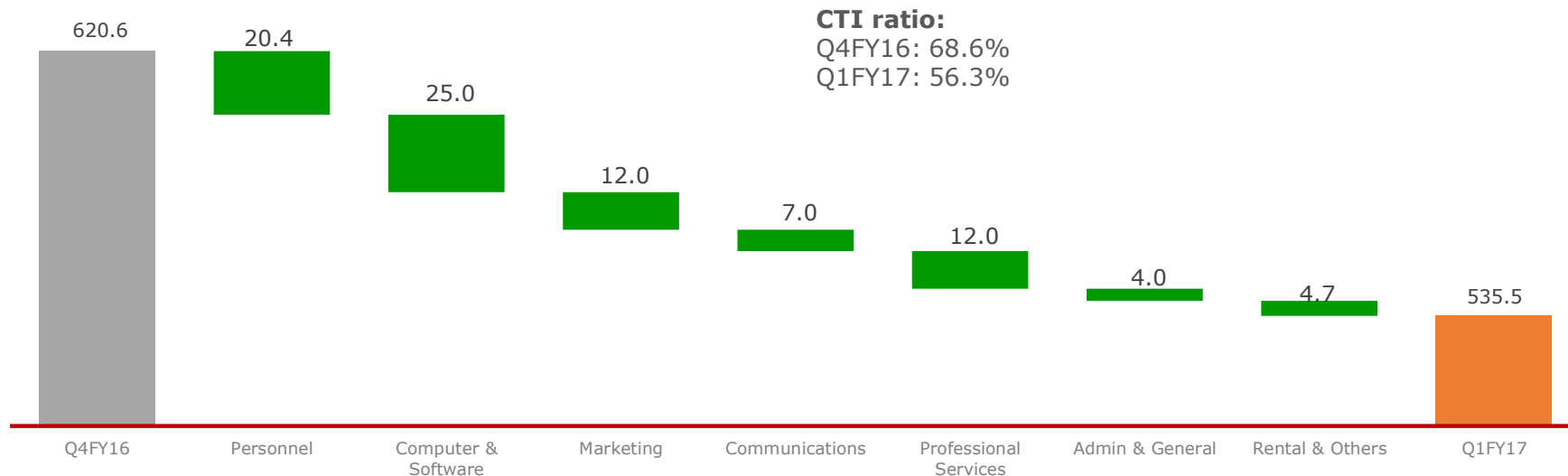


### Core Deposits Composition (Industry)

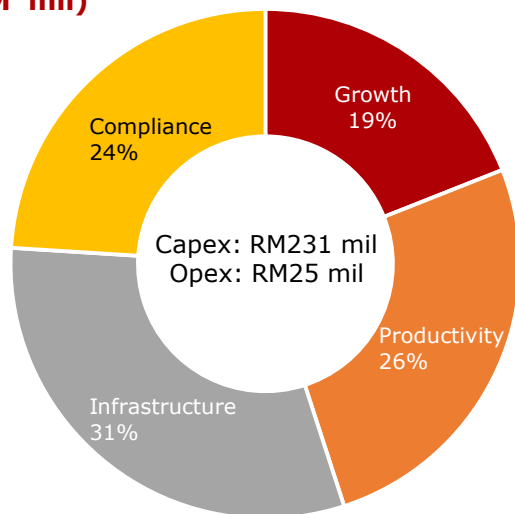


# Managing expenses to create **head-room** for growth initiatives

## Expense growth driver (RM' mil)



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



- Slowing income growth continues to weigh down on CTI ratio despite active cost management
- Higher expenses on YoY basis reflect wage costs and investments and regulatory & compliance related expenses in our cost base
- This quarter we have captured benefits in OPEX initiatives

# Diversified funding structure, prudent liquidity management

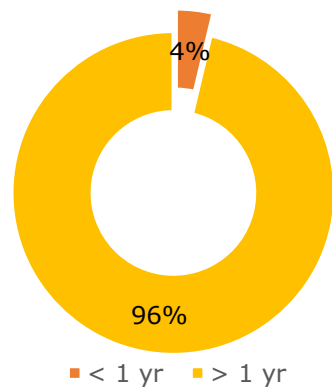
- Conservative stance on liquidity management with LCRs >100% for all banking entities
- Higher composition of stable medium term funding vis-à-vis industry, creates stability though weighs on cost of funds

## Funding composition vs. industry

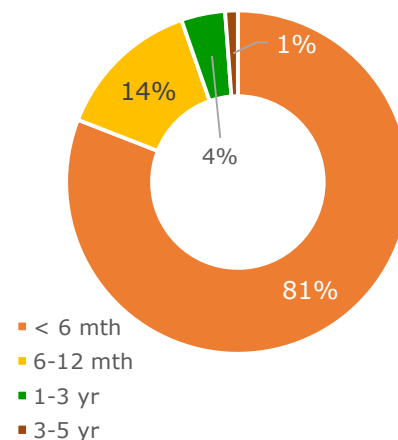
	FY10	FY13	FY15	FY16	Q1FY17	Industry Ave
Equity & debt capital	15%	14%	15%	16%	16%	15%
Customer deposits	77%	75%	74%	73%	72%	73%
Term funding & loans with recourse >1year	2%	7%	8%	8%	9%	6%
Term funding & loans with recourse <1year	1%	1%	1%	2%	1%	
Deposits from banks & FIs	5%	3%	2%	1%	2%	6%

## Funding maturity profiles

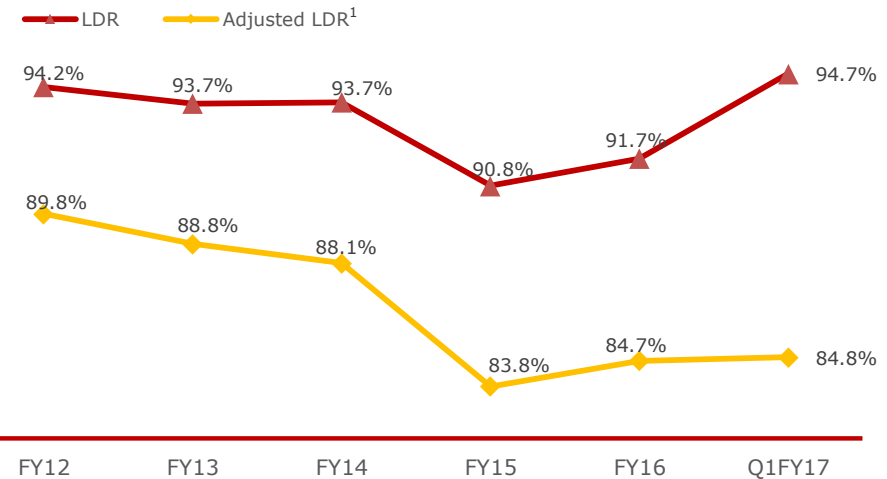
Term funding & Debt capital



Deposits from customers and Banks & FIs



## Loan-to-deposit ratio

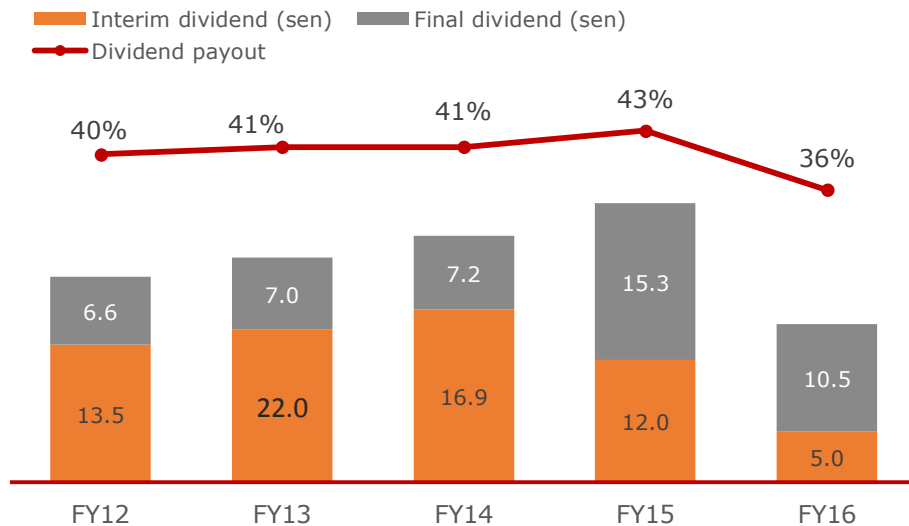


1. Includes stable funding sources

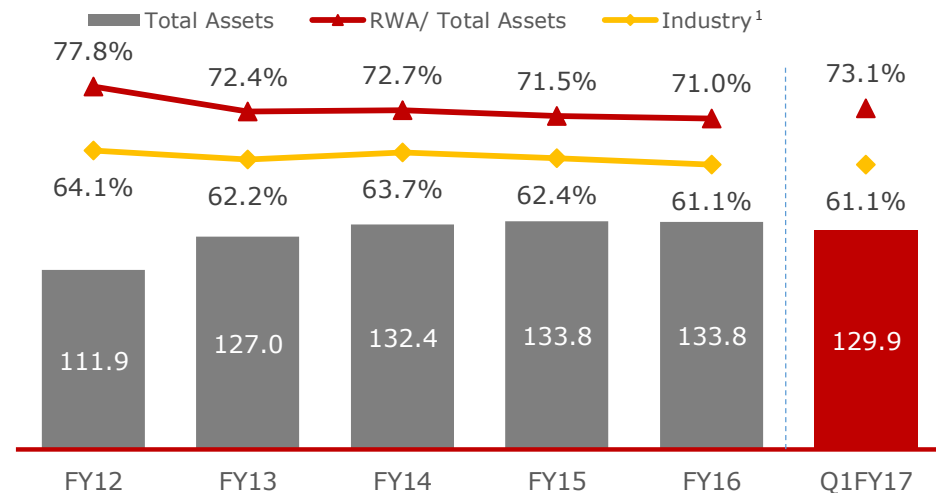
# Adequate capital levels

- Whilst capital ratios remain adequate, the Group is reviewing the optimal capital structure and efficiency of RWA (Basel III FHC @ FY2020)
- Basel III FHC indicative ratio as at 30 June 2016 (no requirements until FY2020) – CET 1: 10.5%
- Double leverage ratio: 1.13x; Leverage ratio: 10.3%; Total leverage ratio: 8.1%

## Dividend payout

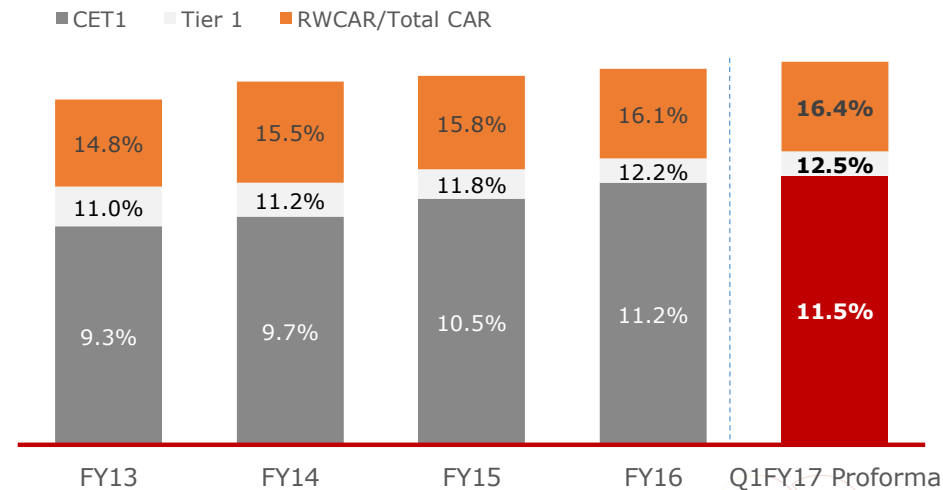


## RWA / Total Assets



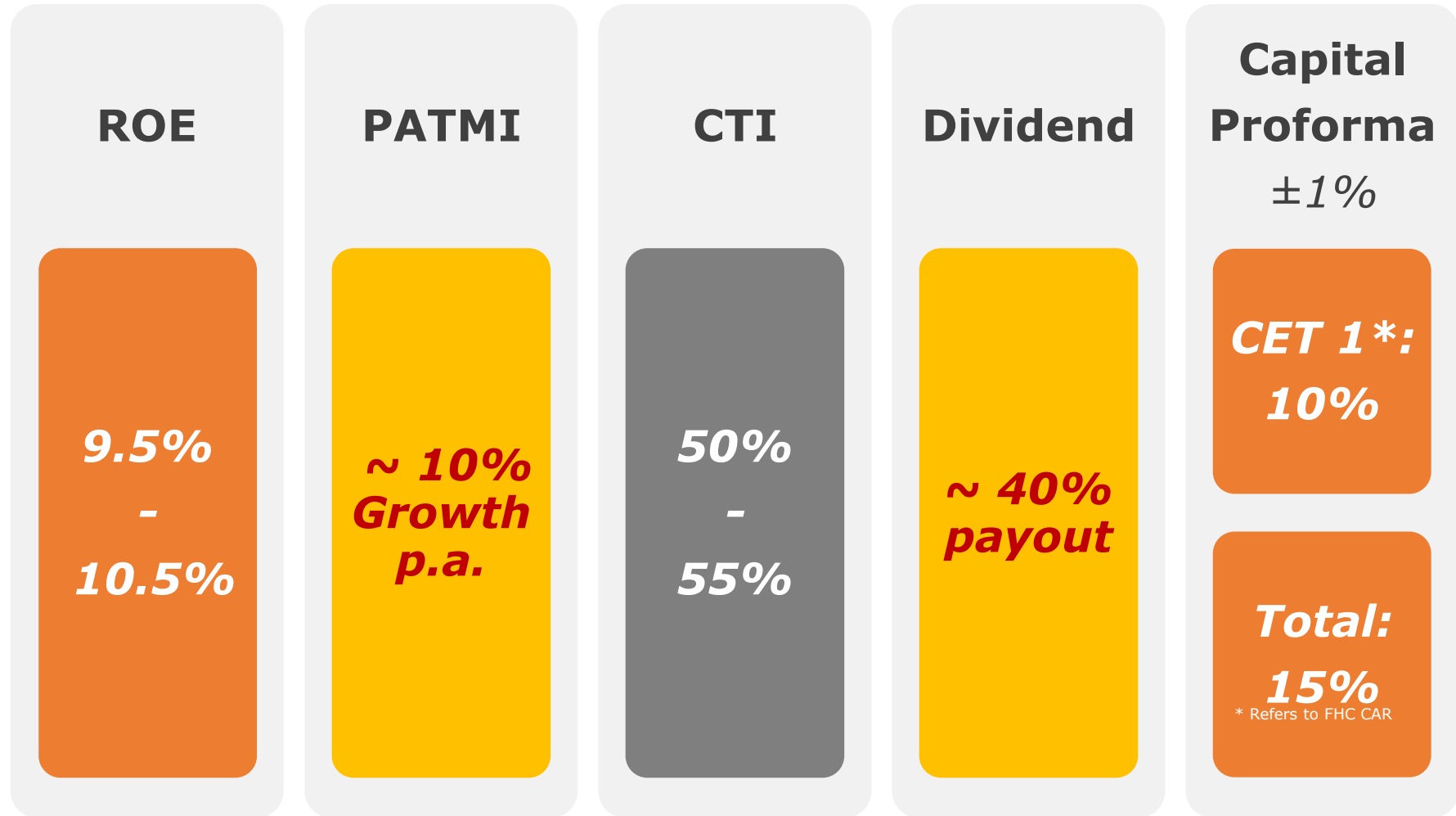
1. An average of eight peer domestic banks  
2. Latest industry data available as at Mar-16 only

## Capital adequacy ratios<sup>1</sup>



1. Based on Aggregated Banking Entities and after proposed dividend  
2. Proforma capital ratios include Q1FY17 unappropriated profits of AmBank (M) Bhd, AmIslamic & AmInvestment

# Performance Guidance for **FY2017 - FY2018**



\*Based on projected 2016 GDP growth of 4.2%

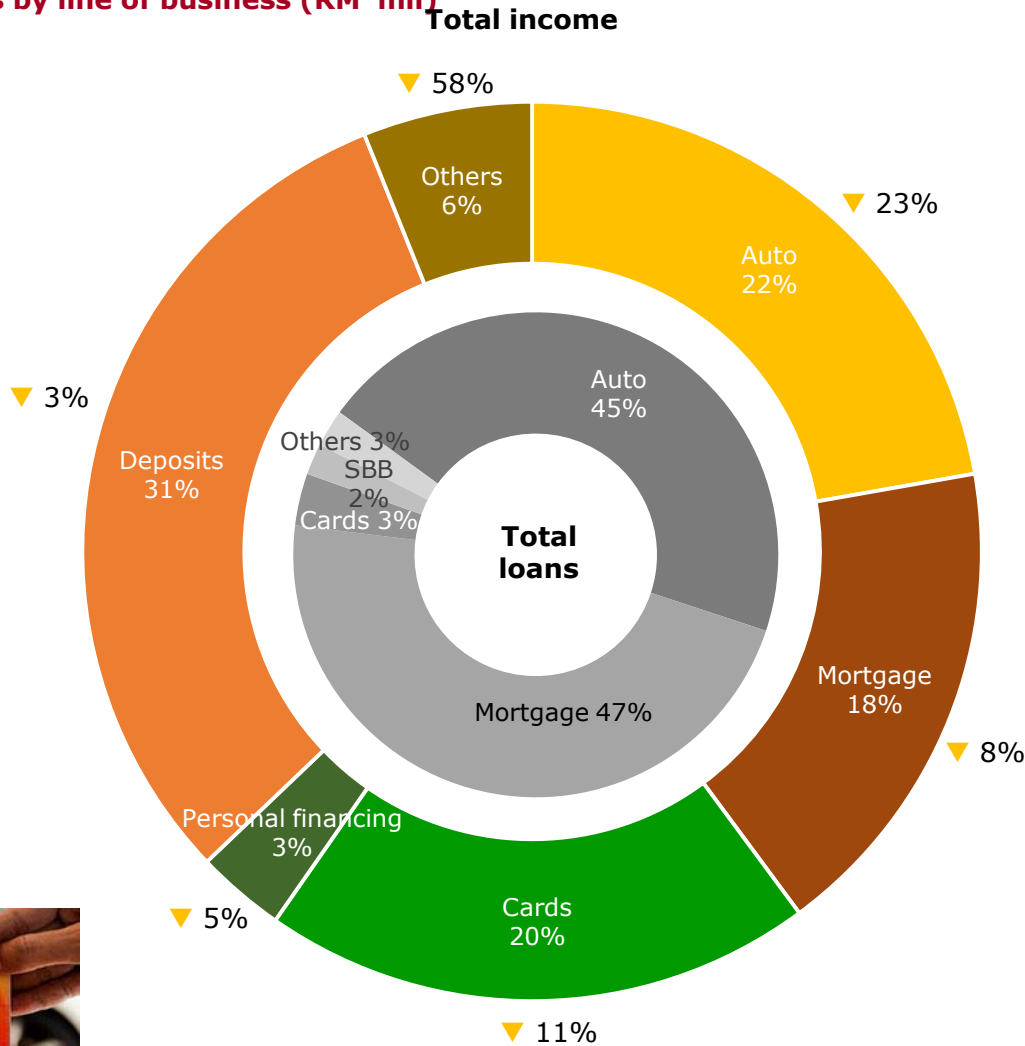


# Divisional Performance and Business Insights



# Retail banking overview

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

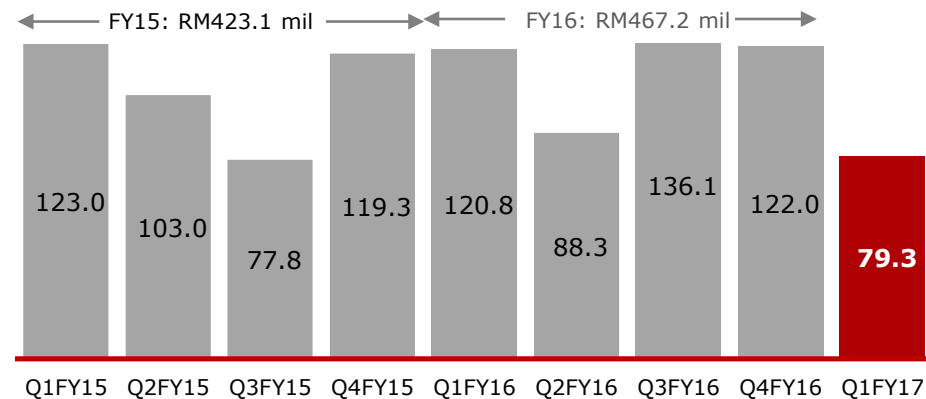


# Retail Banking impacted by lower net interest income

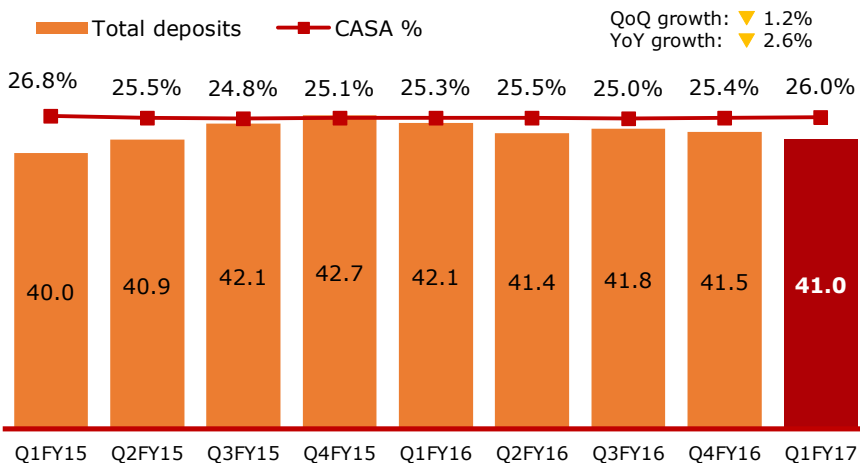
- PAT decline of 34.3% YoY mainly due to lower net interest income
- Total income declined 16.7% due to NIM compression as competition on retail deposits intensified
- Gross impaired loans lower by 43bps reflecting an improvement in asset quality given the portfolio de-risking & rebalancing and proactive collection activities
- Total loans were stable given robust mortgage loans growth of 16.1% whilst auto finance loans declined 6.7%, in part due to lower national car sales
- CASA ratio higher at 26.0% reflecting stable CASA and 2.8% decline in total deposits

## QoQ PAT (RM' mil)

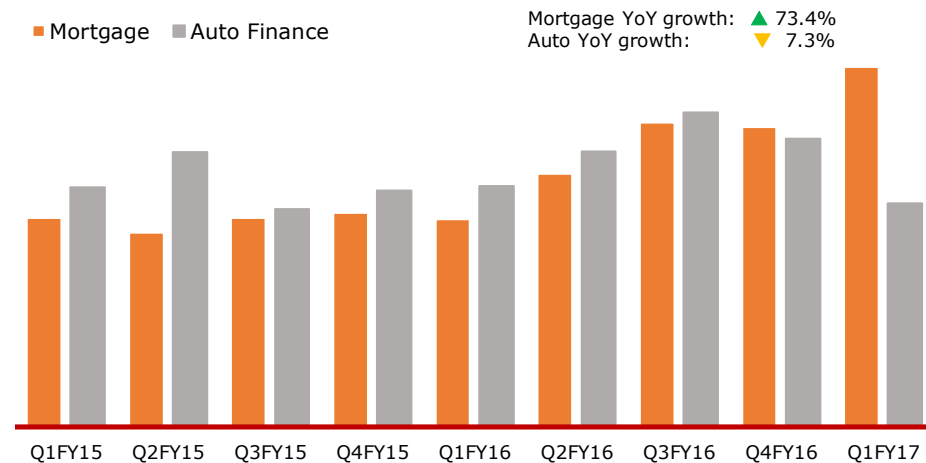
QoQ growth: ▼ 35.0%  
YoY growth: ▼ 34.3%



## QoQ deposit balance (RM'bil)



## Mortgage and auto finance disbursement QoQ (RM' bil)



# Retail Banking

## Income Statement (RM'mil)

YoY growth ▼ 16.7% ▲ 8.2% ▼ 43.3% ▼ 74.0% ▼ 34.7% ▼ 34.8% ▼ 34.3%



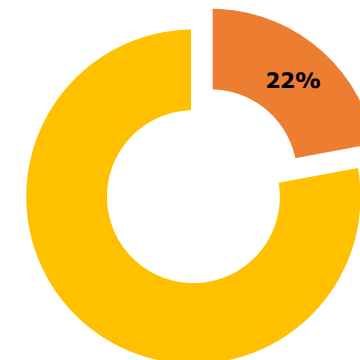
RM' mil	Total Income	Expenses	PBP	Provisions/ Allowances	PBT	Tax & Zakat	PAT
Q1FY17	348.2	233.2	115.0	11.5	103.5	24.2	79.3
Q1FY16	418.3	215.6	202.7	44.2	158.6	37.7	120.9

## Balance Sheet (RM'mil/%)

		Q1FY16	Q1FY17	Q1FY17 vs Q1FY16
Gross Loans / Financing		45,845.5	46,764.7	▲ +2.0%
Gross Impaired Loans		892.1	709.1	▼ -20.5%
Customer Deposits		42,149.4	40,962.6	▼ -2.8%
CASA Deposits		10,674.0	10,648.9	▼ -0.2%
ROA		1.05%	0.68%	▼ -0.37%
CTI		51.5%	67.0%	▲ +15.4%
Allowance Coverage		72.1%	65.6%	▼ -6.5%

■ Q1FY17 PAT ■ Q1FY17 PAT ■ Positive growth in Q1FY17 ■ Contraction in Q1FY17

Q1FY17 PAT (composition to Group)



# Retail Banking – Distribution channels

## Nationwide Branch Network



Population Density:   
 <100 persons per km<sup>2</sup>   
 101-1,000 persons per km<sup>2</sup>   
 1,001-1,500 persons per km<sup>2</sup>   
 >1,501 persons per km<sup>2</sup>

Note(s):  
 Brunei: AmCapital (B) Sdn Bhd

	Branches	ATM	RO
Perlis	1	4	
Kedah	6	29	1
Pulau Pinang	14	49	1
Perak	18	47	1
Selangor	38	235	2
Kuala Lumpur	23	126	3
Putrajaya	1	3	
Negeri Sembilan	7	38	
Melaka	6	39	1
Johor	21	89	1
Pahang	9	32	1
Terengganu	4	20	
Kelantan	2	22	
Sabah	9	37	1
Labuan	1	2	
Sarawak	15	51	1
	<b>175</b>	<b>823</b>	<b>13</b>

## Other Customer Touch Points

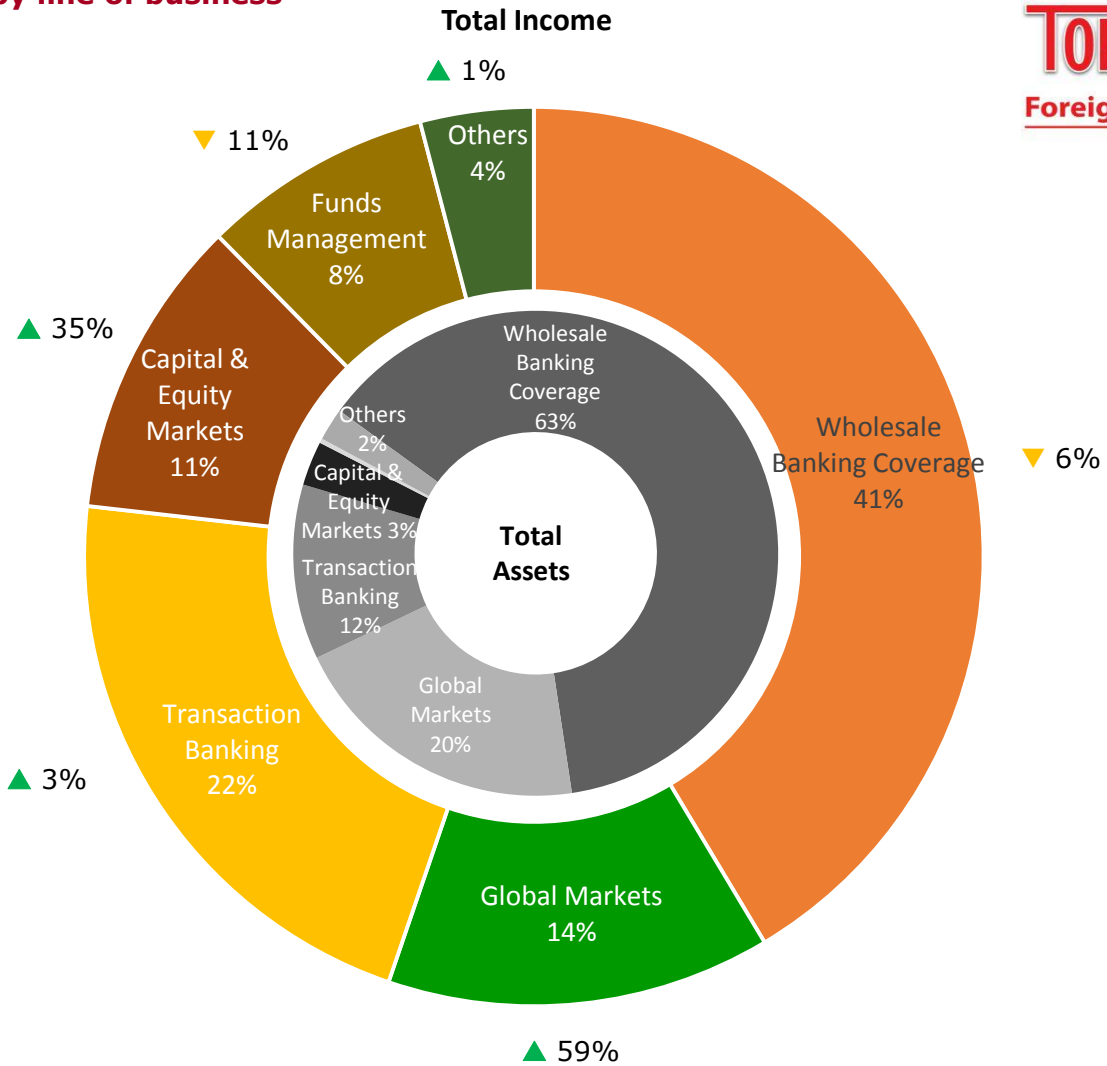
AmBank Islamic branches	Weekend Banking Branches	ATMs @ 7-Eleven	Electronic Banking Centres	Internet & Mobile Banking	AmGeneral	AmMetlife	AmInvestment	AmCard Services
3	75	350	183	AmOnline AmGenie	33 branches	15 branches 48 agencies	13	25

RO: Regional Offices

# Wholesale banking overview

Wholesale

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



**TOP RATE DEPOSIT**  
Foreign Currency Fixed Deposit



**FX Solutions? Give us a call.**  
AmBank Group and ANZ's combined markets expertise opens up a whole new world of possibilities.

ALSO OFFERING: **FX TRANSACTIONS**  
 FX HEDGING **MYR** **USD** **SGD** **HKD** **JPY**  
 CREDIT LINE HEDGING **USD** **SGD** **HKD** **JPY**  
 ISLAMIC FX HEDGING **MYR** **USD** **SGD** **HKD** **JPY**  
 COMMODITIES **USD** **SGD** **HKD** **JPY**  
 HEDGING **EUR** **USD** **SGD** **HKD** **JPY**

Our strategic partnership with ANZ allows customers to benefit from our combined network and in-depth markets expertise in the fast changing Asia-Pacific landscape. We have built strong relationships so you can leverage on our strength as Malaysia's preferred banking group with regional capacity and international connectivity. Call your Market Advisor to find out more.

FX SOLUTIONS: **FX HEDGING & TRANSFER** **FX**  
 FX & Hedging • Interest Rate Hedging • Commodity Hedging • Islamic FX Hedging Solutions

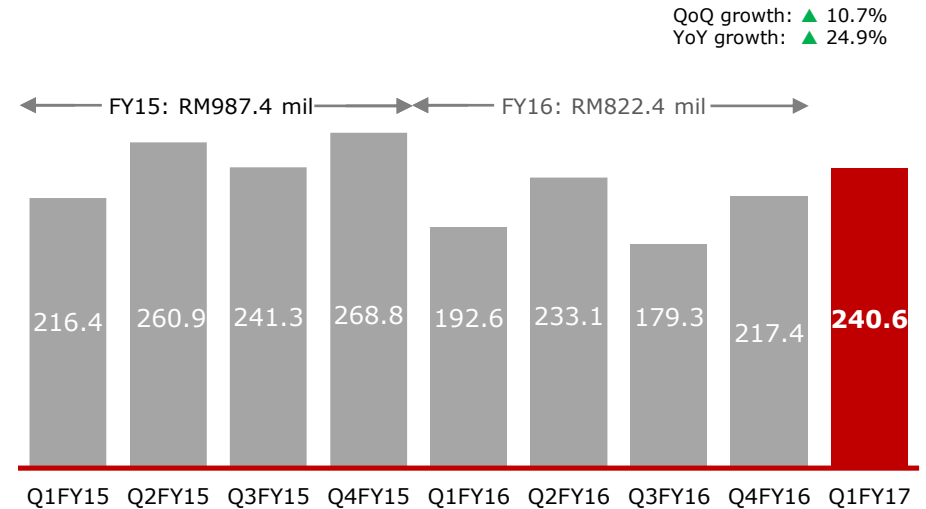
ambankgroup.com **AmBank Group**



# Wholesale Banking reflecting higher fixed income

- YoY PAT increased 24.9% on higher fixed income trading
- Total income up 5.0%:
  - Global Markets – benefitted from active trading of local bond market, tactical USD trading and active forex hedging
  - Capital & Equity Market – higher DCM, underwriting and management fees from infra and FI sectors
  - WB Coverage – lower net interest income from NIM compression
  - Transaction Banking – benefitted from higher trade utilisation
  - Funds Management – decline in AUM driven by weaker market
- Loans increased 1.1% while deposits declined 2.4% on outflows of higher cost corporate term deposits

## QoQ PAT (RM' mil)

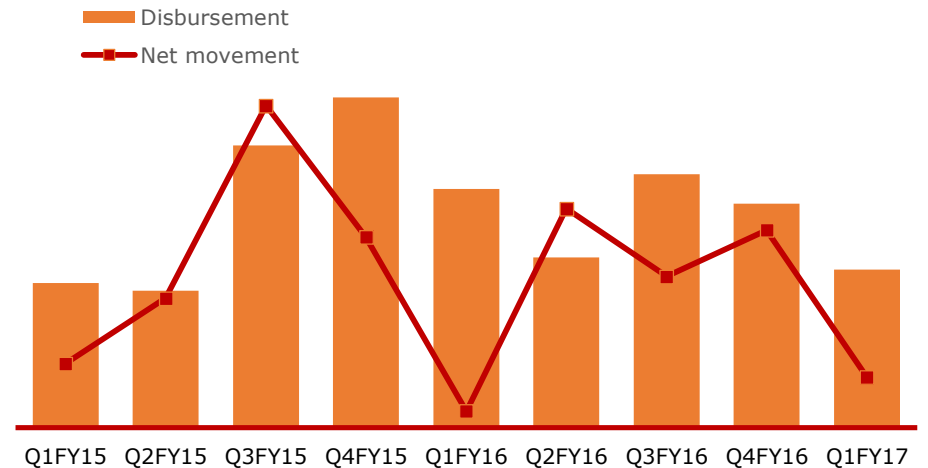


## League table

	Market Share As At 30 Jun 16 (%)	Rank
DCM	17.6%	3 ↑
Syndicated Loans	19.7%	2 ↔
MYR Islamic Bonds	18.2%	4 ↔
FUM <sup>1</sup>	9.7%	4 ↔

1. FUM data consists of unit trust funds only

## Net loan disbursement (RM) movement



1. Net movement equals to disbursement less repayment

# Wholesale Banking

## Income Statement (RM'mil)

YoY growth    ▲ 5.0%    ▲ 7.5%    ▲ 3.6%    ▼ >100%    ▲ 23.0%    ▲ 16.8%    ▲ 24.9%



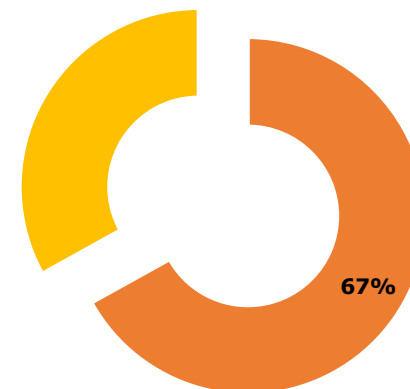
RM' mil	Total Income	Expenses	PBP	Provisions/ Allowances	PBT	Tax & Zakat	PAT
Q1FY17	361.7	132.2	229.5	-83.2	312.7	72.0	240.6
Q1FY16	344.6	123.0	221.6	-32.7	254.3	61.7	192.6

## Balance Sheet (RM'mil/%)

Q1FY17  
vs  
Q1FY16

		Q1FY16	Q1FY17	Q1FY17 vs Q1FY16
Gross Loans / Financing		39,778.0	40,212.7	▲ +1.1%
Gross Impaired Loans		1.90%	648.7	▲ +17.8%
Customer Deposits		49,405.0	48,203.3	▼ -2.4%
CASA Deposits		8,806.9	11,179.6	▲ +26.9%
ROA		1.55%	1.86%	▲ +0.31%
CTI		35.7%	36.6%	▲ +0.8%
Allowance Coverage		71.0%	37.4%	▼ -33.5%
Ave Assets Management		47,328.9	45,221.1	▼ -4.5%

Q1FY17 PAT  
(composition to Group)



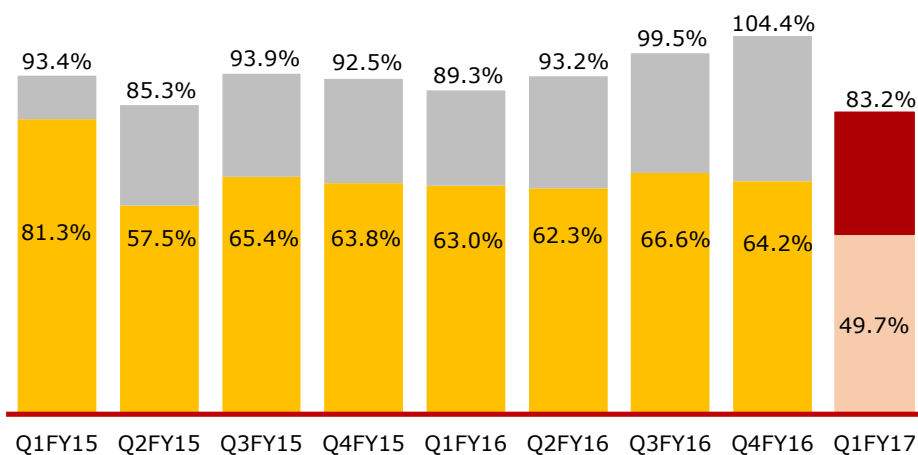
■ Q1FY16 PAT    ■ Q1FY17 PAT    ■ Positive growth in Q1FY17    ■ Contraction in Q1FY17

# General Insurance higher, reflecting lower claims experience

- YoY gross premium declined slightly by 0.4% to RM384 mil (Q1FY16: RM385.7 mil) notwithstanding lower industry vehicle sales
- PAT increased by 26.7% from improved claims experience
- Non-motor mix was marginally higher at 18.9% (Q1FY16: 18.3%) and more efforts are underway to increase contribution from non-motor products

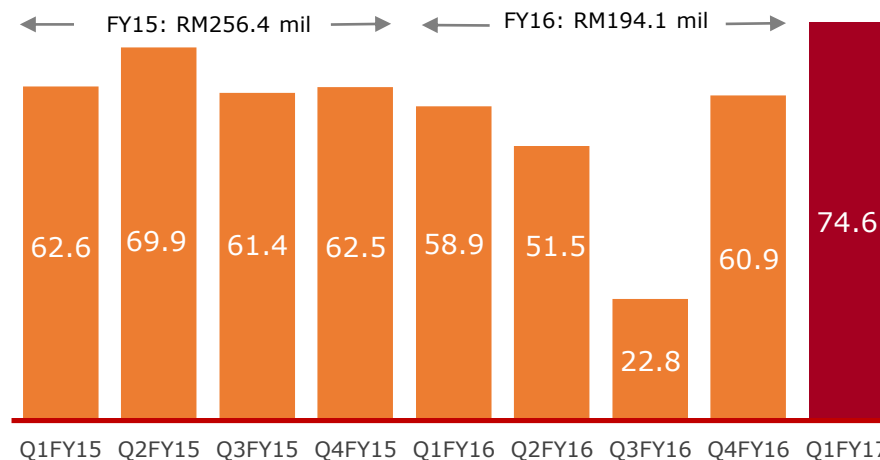
## Loss ratio and combined ratio

■ Loss Ratio ■ Combined Ratio



## QoQ PAT (RM' mil)

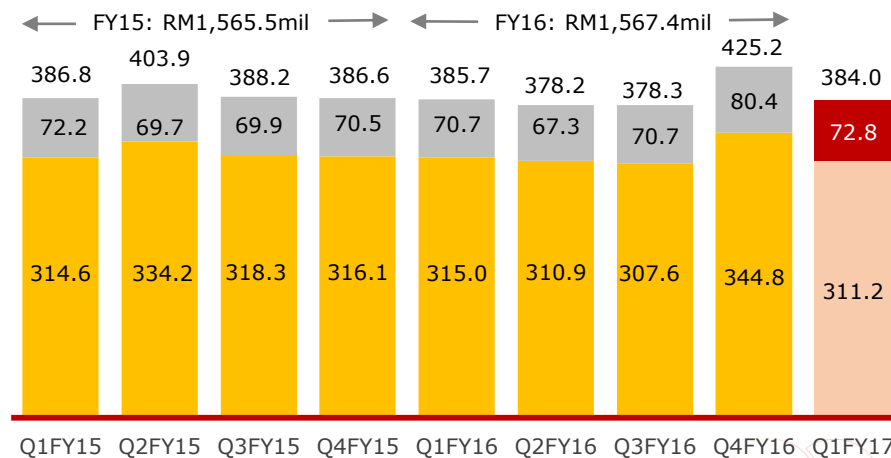
QoQ growth: ▲ 22.5%  
YoY growth: ▲ 26.7%



## QoQ premium growth (RM' mil)

QoQ growth: ▼ 9.7%  
YoY growth: ▼ 0.4%

■ Motor ■ Non-Motor



# Insurance and Group Funding & Others

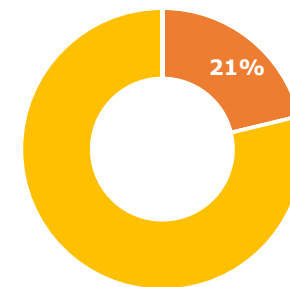
## Income Statement – Insurance (General & Life/Takaful) (RM'mil)

YoY growth ▲ 26.2% ▲ 23.2% ▲ 28.9% ▼ >100% ▲ 30.1% ▲ 11.4% ▲ 36.3%



RM' mil	Total Income	Expenses	PBP	Provisions/ Allowances	PBT	Tax & Zakat	PAT
<b>Q1FY17</b>	<b>179.9</b>	83.1	<b>96.7</b>	-0.0	<b>96.7</b>	20.4	<b>76.4</b>
<b>Q1FY16</b>	<b>142.5</b>	67.5	<b>75.0</b>	0.7	<b>74.3</b>	18.3	<b>56.0</b>

Q1FY17 PAT (composition to Group)



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

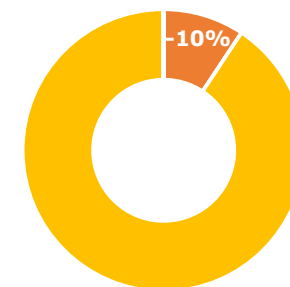
YoY growth ▲ 5.1% ▲ 7.0% ▼ 12.0% ▲ >100.0% ▼ >100.0% ▲ >100.0% ▼ >100.0% ▲ 25.0% ▼ >100.0%



RM' mil	Total Income	Expenses	PBP	Provisions/ Allowances	PBT	Tax & Zakat	PAT	MI	PATMI
<b>Q1FY17</b>	<b>61.4</b>	87.0	<b>-25.6</b>	8.0	<b>-33.6</b>	3.3	<b>-36.9</b>	36.4	<b>-73.3</b>
<b>Q1FY16</b>	<b>58.4</b>	81.2	<b>-22.8</b>	-18.0	<b>-4.8</b>	-3.9	<b>-0.9</b>	29.2	<b>-30.0</b>

■ Q1FY16 PAT ■ Q1FY17 PAT ■ Positive growth in Q1FY17 ■ Contraction in Q1FY17

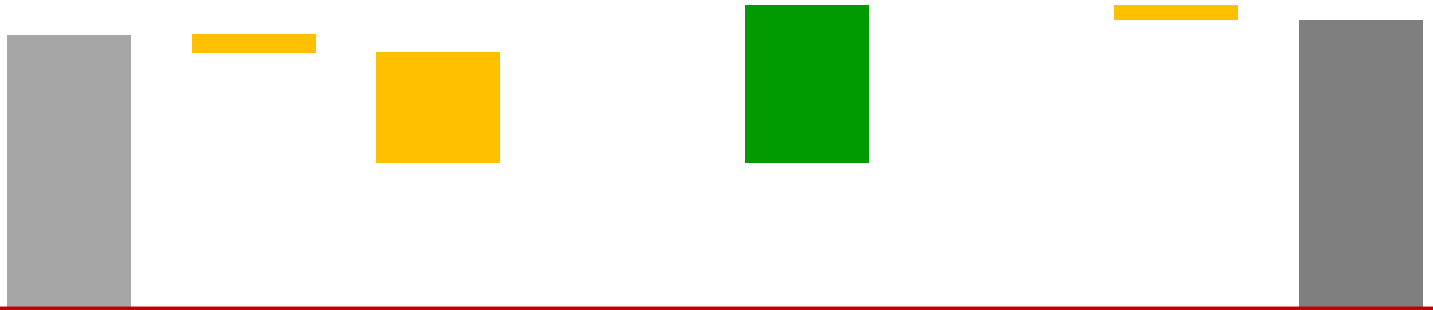
Q1FY17 PAT (composition to Group)



# Islamic Banking

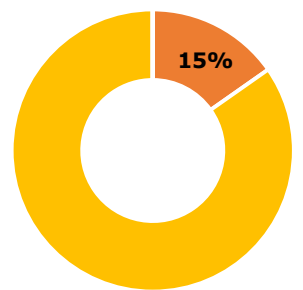
## Income Statement (RM'mil)

YoY growth ▼ 1.5% ▲ 16.8% ▼ 23.8% ▼ 84.5% ▲ 8.3% ▲ 19.6% ▲ 5.3%



RM' mil	Total Income	Expenses	PBP	Provisions/ Allowances	PBT	Tax & Zakat	PATZ
Q1FY17	219.8	143.1	76.7	5.4	71.3	16.4	54.9
Q1FY16	223.2	122.5	100.6	34.8	65.8	13.7	52.1

Q1FY17 PAT (composition to Group)

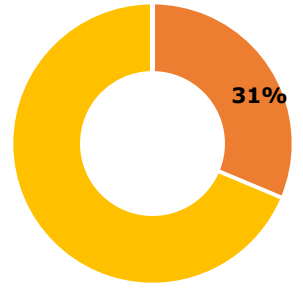


## Balance Sheet (RM'mil/%)

		Q1FY16	Q1FY17	Q1FY17 vs Q1FY16
Gross Financing		27,327.6	27,248.8	▼ -0.3%
Gross Impaired Financing	2.13%	628.5	581.0	▼ -7.6%
Customer Deposits		28,528.8	26,791.3	▼ -6.1%
CASA Deposits		5,854.3	8,429.2	▲ +44.0%
ROA		0.13%	0.14%	▲ +0.01%
CTI		54.9%	65.1%	▲ +10.2%
Allowance Coverage		83.6%	65.9%	▼ -17.7%

PATZ: profit after tax and zakat

Q1FY17 Gross Financing (composition to Group)



■ Q1FY16 PAT ■ Q1FY17 PAT ■ Positive growth in Q1FY17 ■ Contraction in Q1FY17



# Funding sources and maturity profile

## Funding diversity underpinned by

LDR<sup>1</sup> of 84.8%

CASA: RM21.2 billion

Fixed deposits: RM65.5 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<sup>2</sup>
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

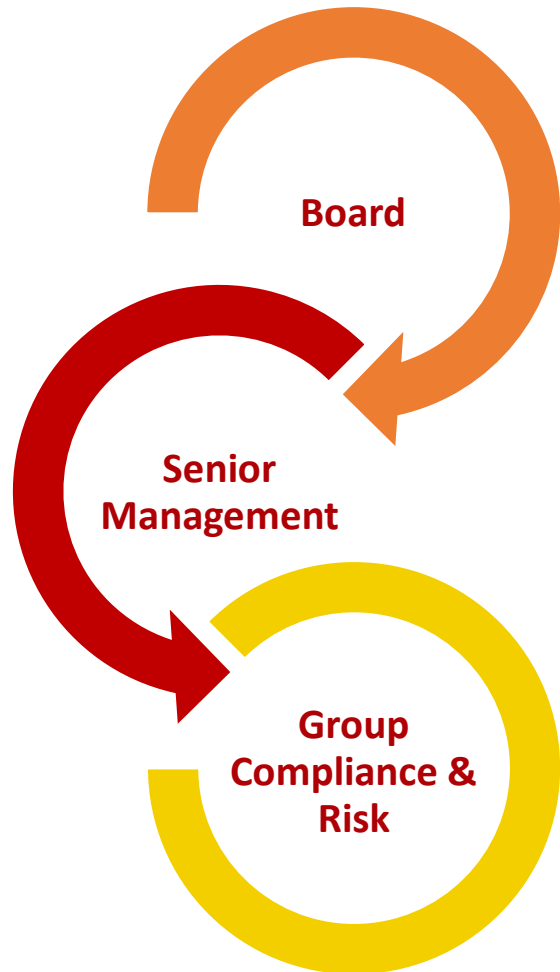
1. Includes stable funding sources

2. 1<sup>st</sup> senior notes issuance by a financial institution in Malaysia



# Strengthening fundamentals:

## Governance, Risk & Compliance





## 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

- Shayne Elliott, ANZ's CFO (resigned on 15 October 2015 and he assumed the role as ANZ's CEO starting 1 January 2016)
- Mark Whelan, Director and CEO Australia (resigned on 1 March 2016 and he assumed the role as ANZ's Group Executive, Institutional)
- Graham Hodges – Director (Deputy Chief Executive Officer, ANZ)
- Suzette Corr – Director (General Manager HR Institutional, ANZ)

## Board representation – AmBank (M) Berhad, AmBank Islamic Berhad & AmInvestment Bank Berhad

- Kevin Corbally – Director (appointed 1 July 2016, Head of Credit and Capital Management, ANZ Institutional)

## Management representation

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



## 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 / 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



23.8%<sup>1</sup>

AmCorp 13%

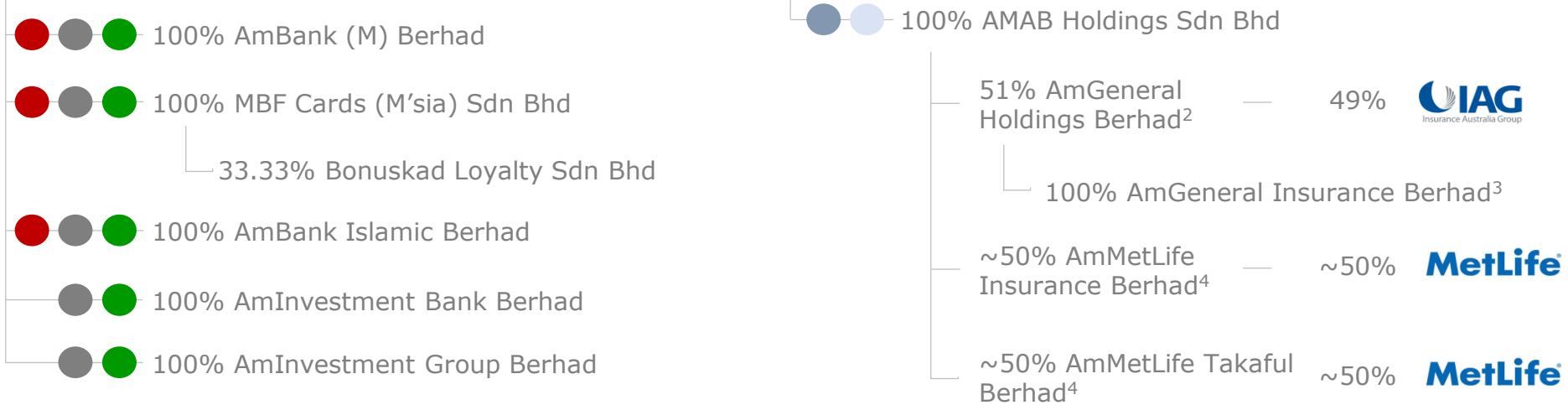
EPF 15.2%

Others 48%

As at 30 June 2016



## AMMB Holdings Berhad



### Foreign shareholding excluding ANZ

FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Q1FY17
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

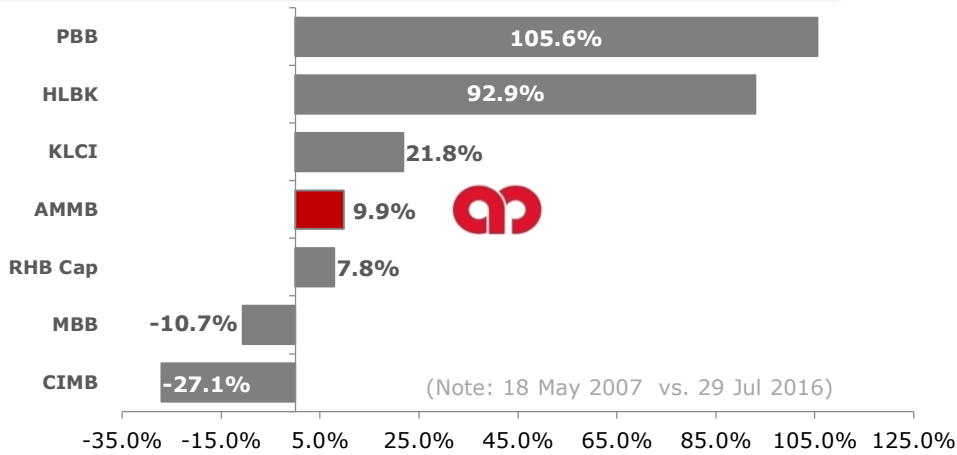
3. Formerly known as Kurnia Insurans (Malaysia) Berhad

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

## Banking Sector Share Price Movement



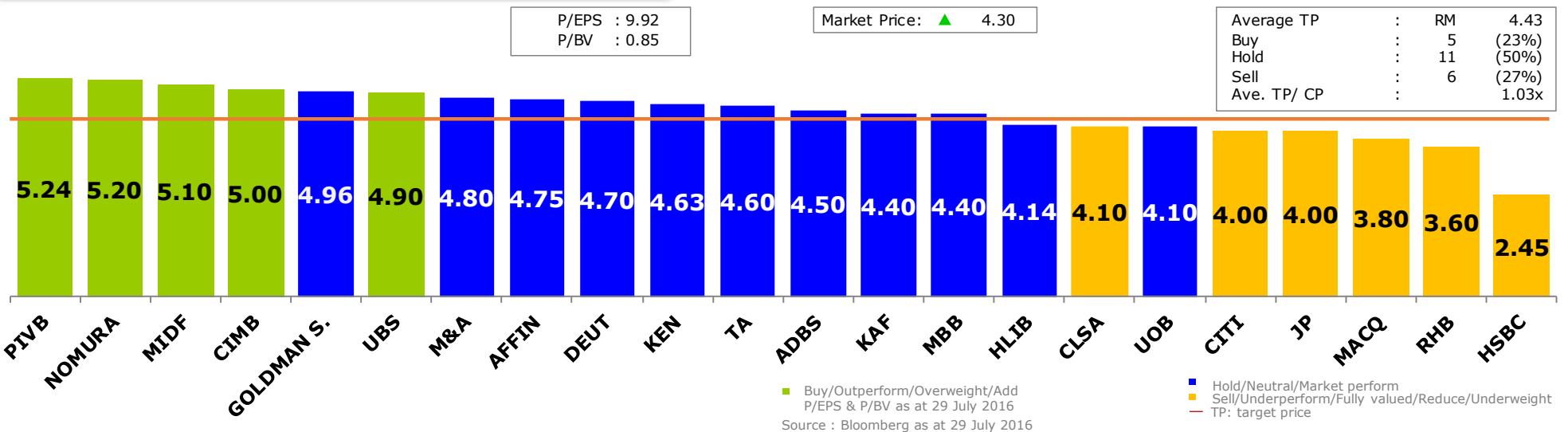
## Upgraded ratings

	Ratings	FY2007	June-16	
<b>AmBank (M)</b>	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
<b>AmInvestment</b>	RAM	LT: AA3, ST: P1 Outlook: Stable	LT: AA2, ST: P1 Outlook: Stable	▲+3
<b>AmBank Islamic</b>	RAM	LT: A2, ST: P1 Outlook: Stable	LT: AA2, ST: P1 Outlook: Stable	
<b>AMMB</b>	RAM	NA	LT: AA3, ST: P1 Outlook: Stable	▲+3

\* Maintained since 16 Jun 15

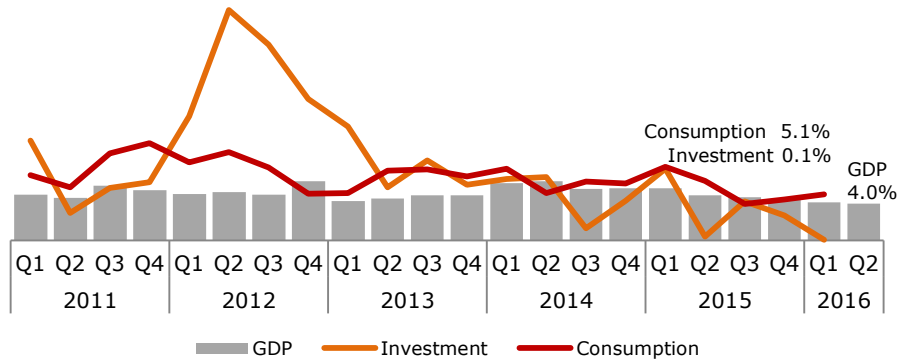
▲+1 Notches of ratings upgrades since 2007

## Target Price and Recommendations

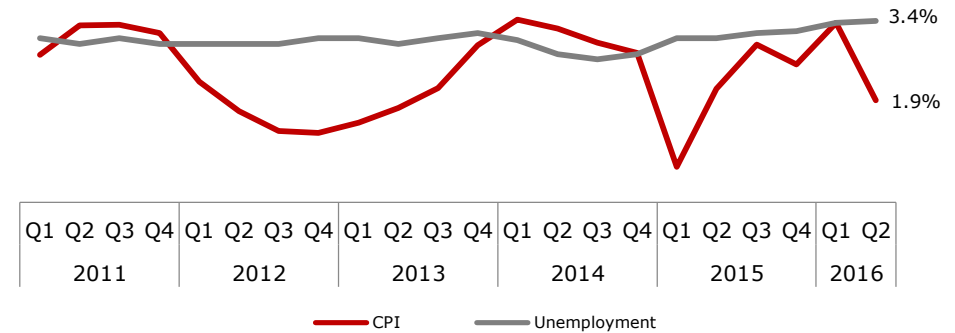


# Key economy indicators

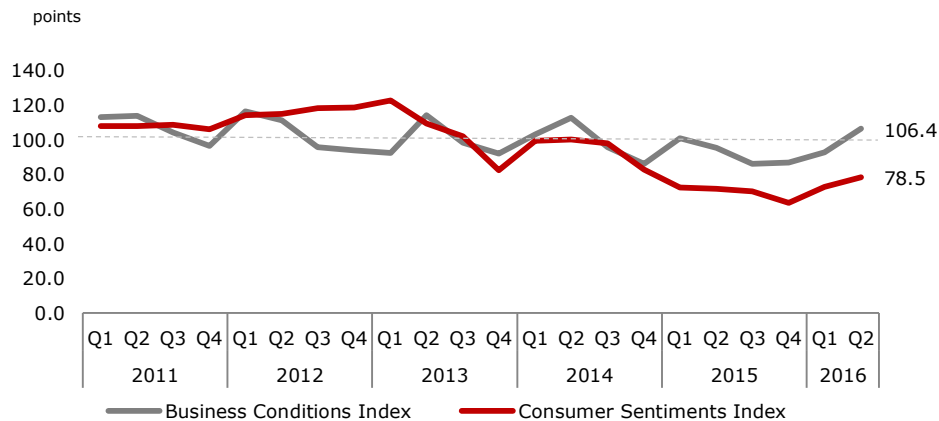
## GDP, consumption and investment growth



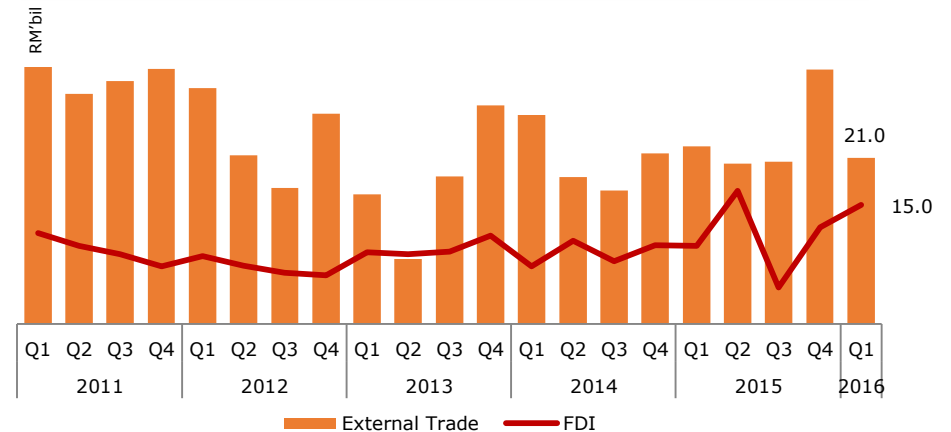
## CPI and unemployment rate



## Business conditions and consumer sentiments index



## FDI flow and trade balance

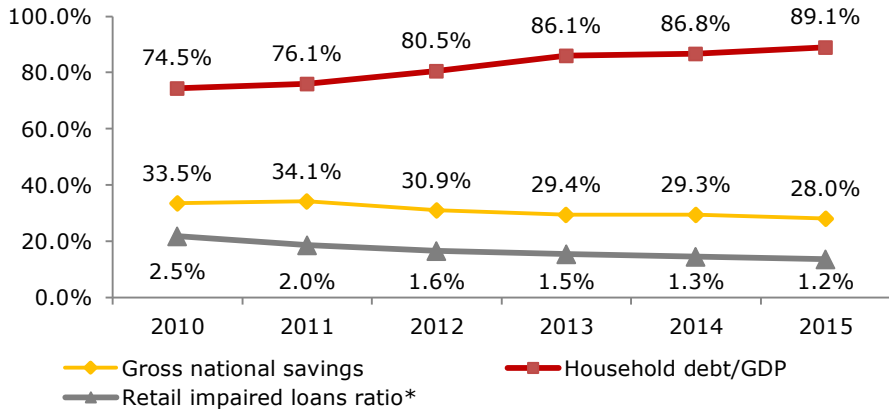


Source: BNM, MIER, Department of Statistics & Bloomberg



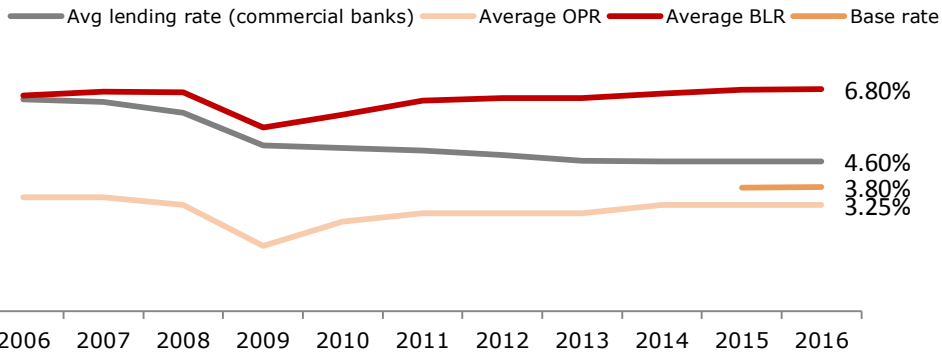
# Banking system data

## Household debt, national savings and retail impaired loan ratio



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

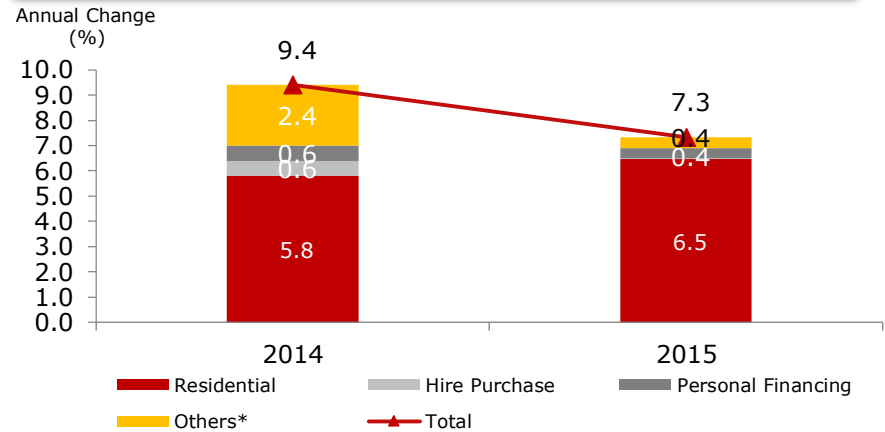
## Key interest rates



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

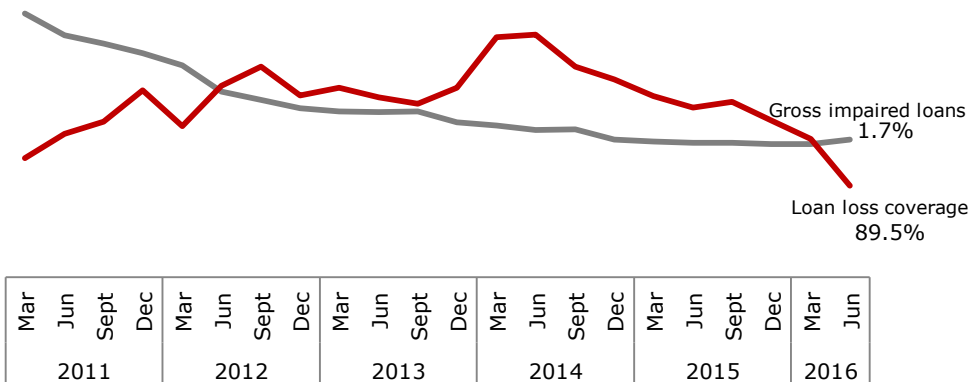
Source: BNM & Bloomberg

## Household debt movement



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

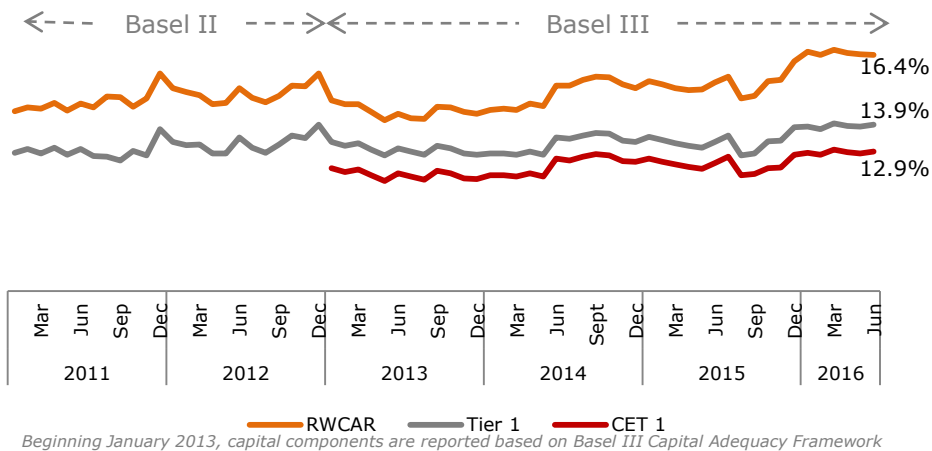
## Asset quality



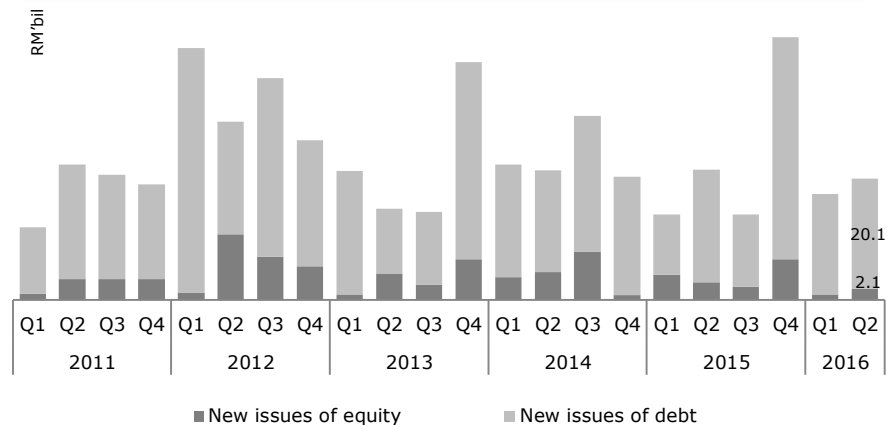
GIL LLC

# Banking system data

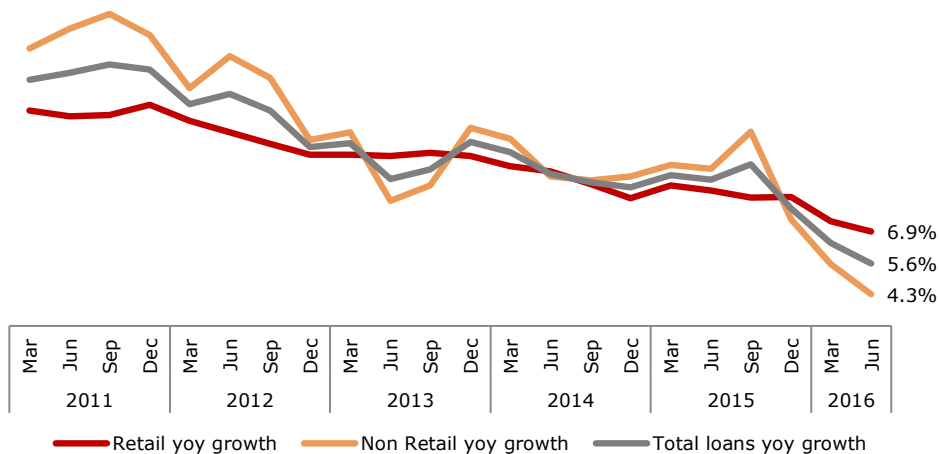
## Capital ratios



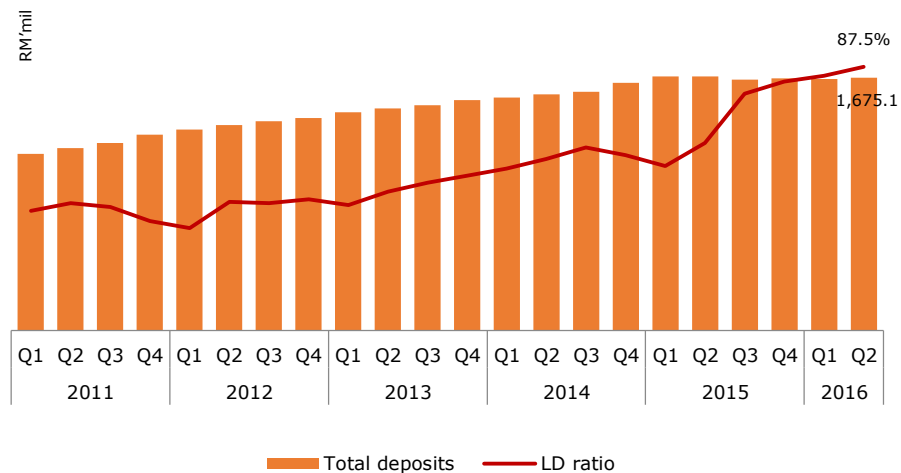
## Capital activities



## Loan growth



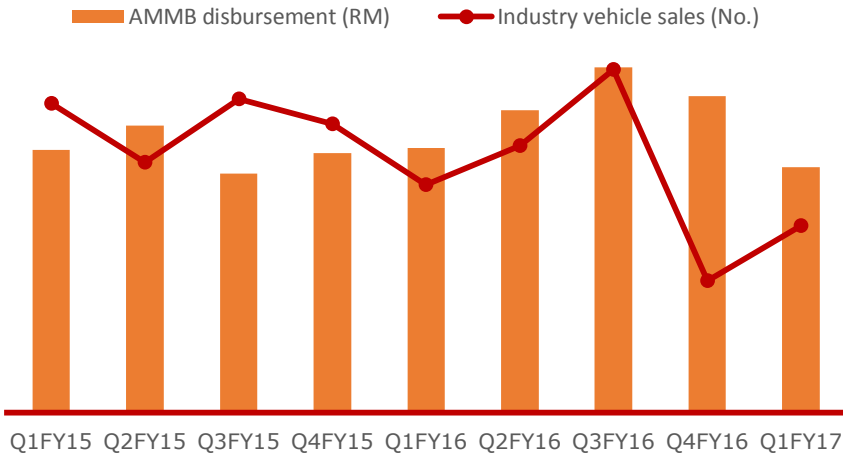
## Deposit growth



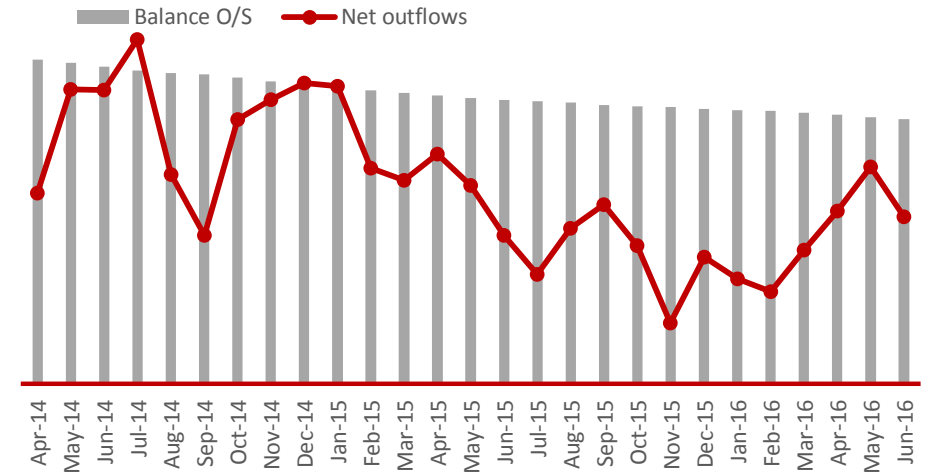
Source: BNM & Bloomberg

# Auto Finance

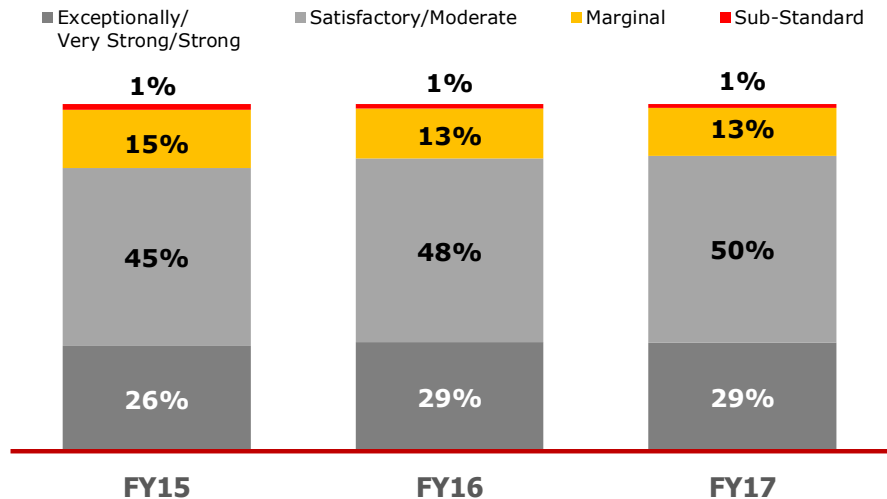
## Auto Finance loans vs industry vehicle sales



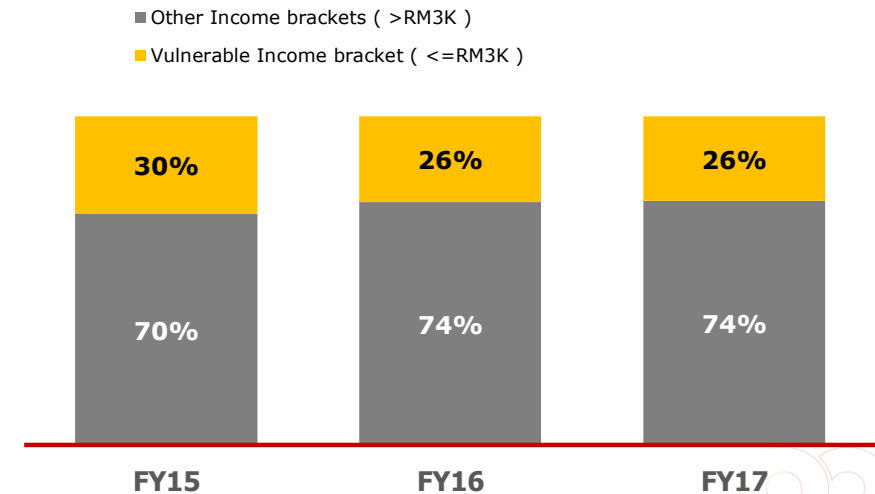
## Auto Finance monthly balance vs. net outflows



## Risk Grades (% of loans outstanding)



## Household Income Group (% of loans outstanding)



# Glossary / Disclaimer of warranty and limitation of liability

## Reported Performance

Reported performance refers to the financial performance as reported in the audited financial statements and disclosed to the market

## One Offs

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)

## Underlying Performance

Underlying performance refers to the financial performance adjusted for one off impacts as above

## Business Divisions

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

## Operating Segments

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

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