



# **INVESTOR PRESENTATION**

## **9MFY18 RESULTS**

**28 FEB 2018**



**AmBank Group**

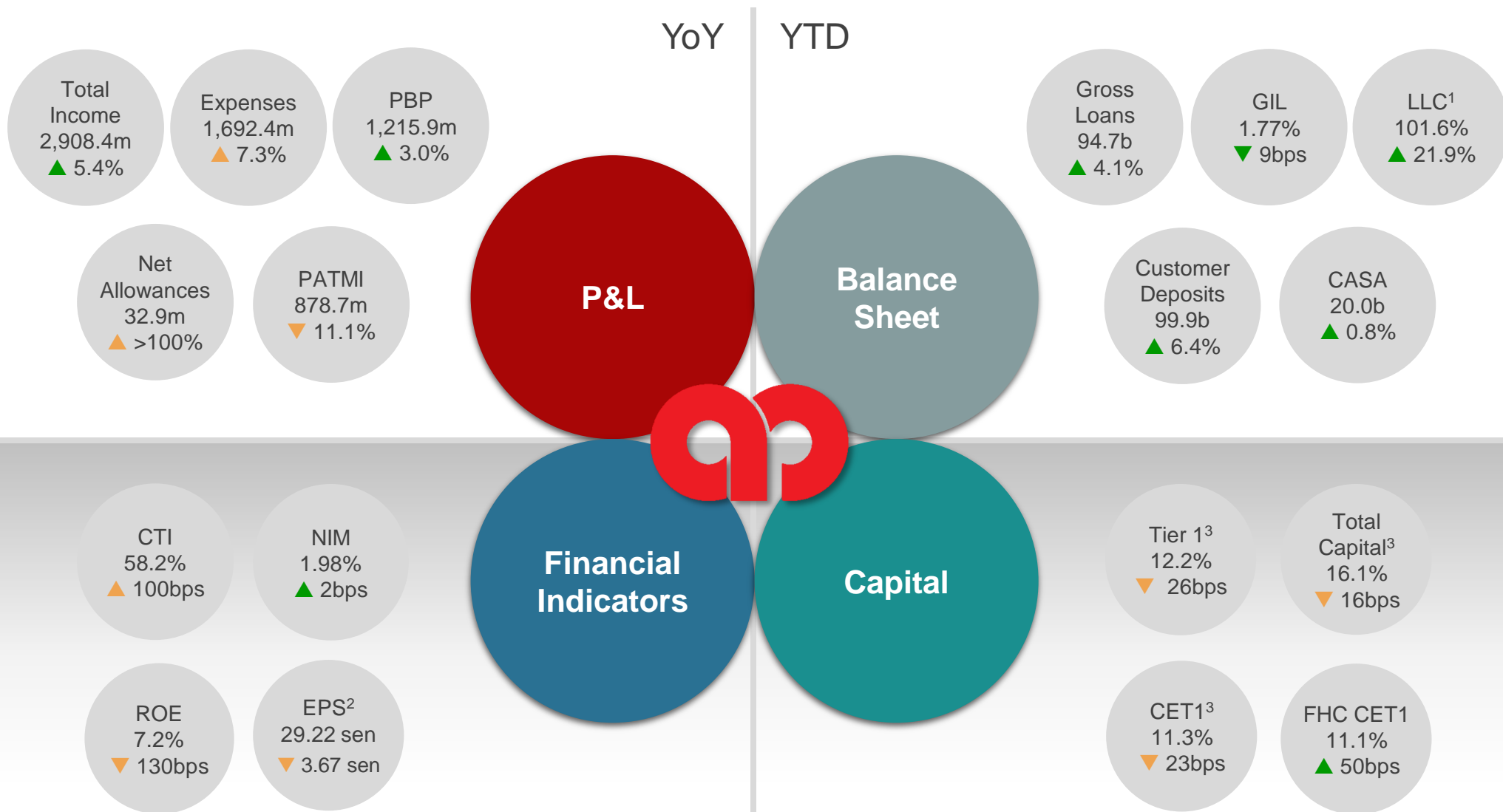
# **GCEO PRESENTATION**

- 3 9MFY18 Performance Highlights
- 4 2018 Market Outlook
- 5 Top 4 Aspirations
- 6 9MFY18 Business Heartbeat

# 9MFY18 Performance Highlights

Financial  
Overview

Note: All amounts in RM



AmBank Group

1. Includes regulatory reserve  
2. Basic Earnings Per Share

3. After deducting proposed dividends, based on aggregated banking entities

**GDP growth:**  
**5.5%**

1



**Inflation:**  
**2.5% - 2.8%**

2



**Export growth:**  
**9.5%**

3



**Ringgit outlook:**  
**Stronger**

4



**Loans growth:**  
**Circa 5%**

5



**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 & Merchants
- Transaction Banking
- Markets
- Wealth Management

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

- Corporate Loans
- Debt Capital Markets
- Funds Management

**To be Top 4**

- Best employer in Malaysia



## RETAIL BANKING

### Deposits

Deposits balances grew 17.7% YTD driven by Priority, Payroll and SME segments

### AmOnline

Launched the All-New AmOnline in Aug'17. This provides AmBank customers with an easy, simple & fast option to bank

### Cards & Merchants

Rolled out AmBank Merchant Portal (MP), a B2B platform developed to enrich merchants experience and businesses, enabling them to manage their business more efficiently

### Auto Finance

Launched auto finance instant approval with Mobile Application Terminal (MAT). This is the first mobile application for instant auto finance approval in Malaysia. It aims to provide greater customer experience, paperless application processing and higher quality approved loans

## GENERAL INSURANCE

### Be The No.1 Motor Insurer

No. 2 with circa 14% market share

### New Product Launch

Dec'17 saw the launch of AmGeneral Insurance's All Risks 365, an innovative product aimed at the property and business sector

### Digitalisation

- Launched "OneUp" in Jan'18, a mobile application to support agency's renewals and retentions
- Launched Kurnia.com 2.0 with full suite of proposition (Kurnia.com & APS) with buy now, get quote, Omni-channel, claims notification, express renewal and policy management functionalities

## WHOLESALE BANKING

### Investment Banking

Sustained Top 3 position in Bloomberg League Table for Malaysia Bonds, Sukuk & MYR Loan in 2017

### Transaction Banking

Developing a Digital Banking Solution for SME segment

### Fund Management

Malaysia's largest bond ETF Provider (ABF Malaysia)

## BUSINESS BANKING

### Geographical Reach

Expansion of Enterprise Business (EB) and Commercial Business (CB) Centers to reach out to SME and Commercial segments – 16 EB centers and 29 CB centers as of Dec'17

### SME Branding Initiatives

- Launched the AmBank BizCLUB – a platform that aims to help SMEs scale their business
- AmBank has launched several initiatives through this community platform. Within the BizCLUB, we have launched a series of knowledge sharing events which are open to all businesses

## LIFE INSURANCE

### Making progress

- Registered Annual Premium Equivalent growth of 23% YoY
- Total new business premium market share of 3.1% (Up 1 rank to 9<sup>th</sup> place)<sup>1</sup>

Note 1: Based on ISM insurance report for period Jan – Sep 2017

# GCFO Presentation

8-18 Financial Performance  
19 Guidance & Expectations

# Driving top line growth

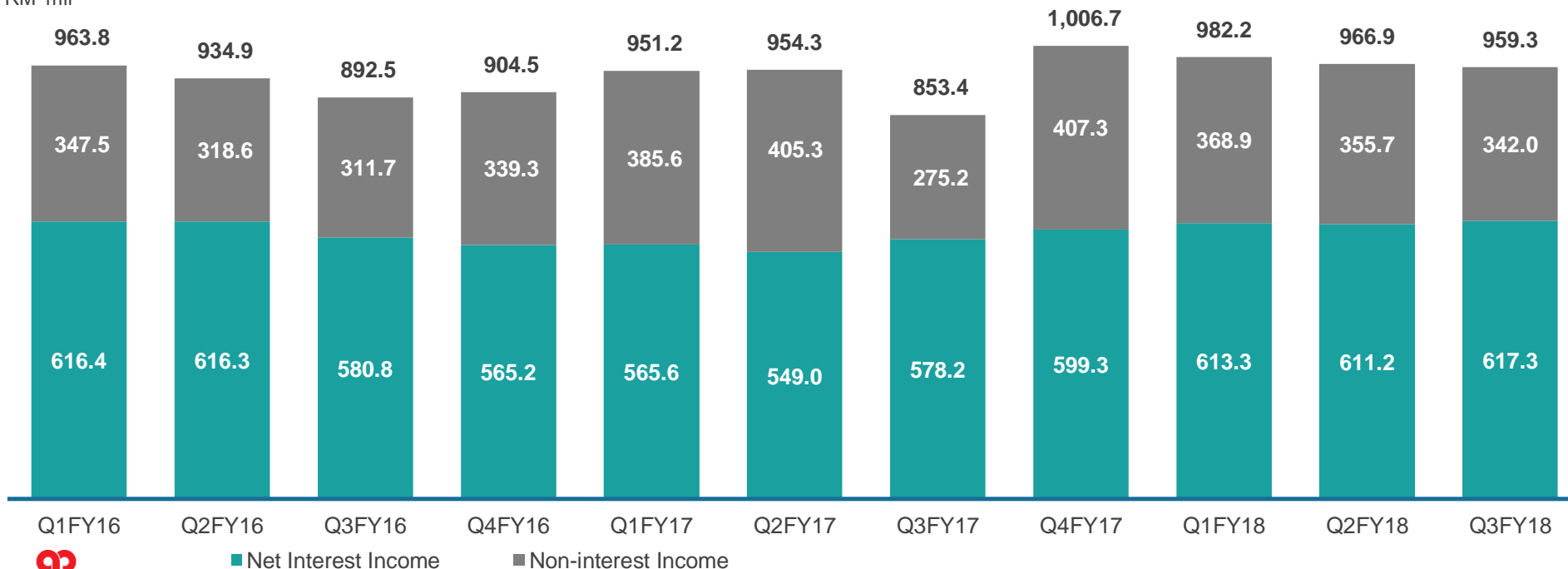
Income

Business Segments (RM' mil)	9MFY17		9MFY18		YoY Change	
Retail Banking	1,019.0		1,094.5		▲ 7%	
Wholesale Banking	982.5		1,012.5		▲ 3%	
Business Banking	160.4		190.5		▲ 19%	
Group Funding & Others	159.1		189.3		▲ 19%	
<b>Total Income – Banking</b>	<b>2,321.0</b>		<b>2,486.8</b>		<b>▲ 7%</b>	
General Insurance	410.2	437.9	434.8	421.6	▲ 6%	▼ 4%
Life Insurance	27.7		(13.2)		▼ >100%	
<b>Total Income</b>	<b>2,758.9</b>		<b>2,908.4</b>		<b>▲ 5%</b>	

## Income

	Banking	Group
QoQ	▲ 1%	▼ 1%
YoY	▲ 7%	▲ 5%

RM' mil



AmBank Group

# Moderate PBP growth

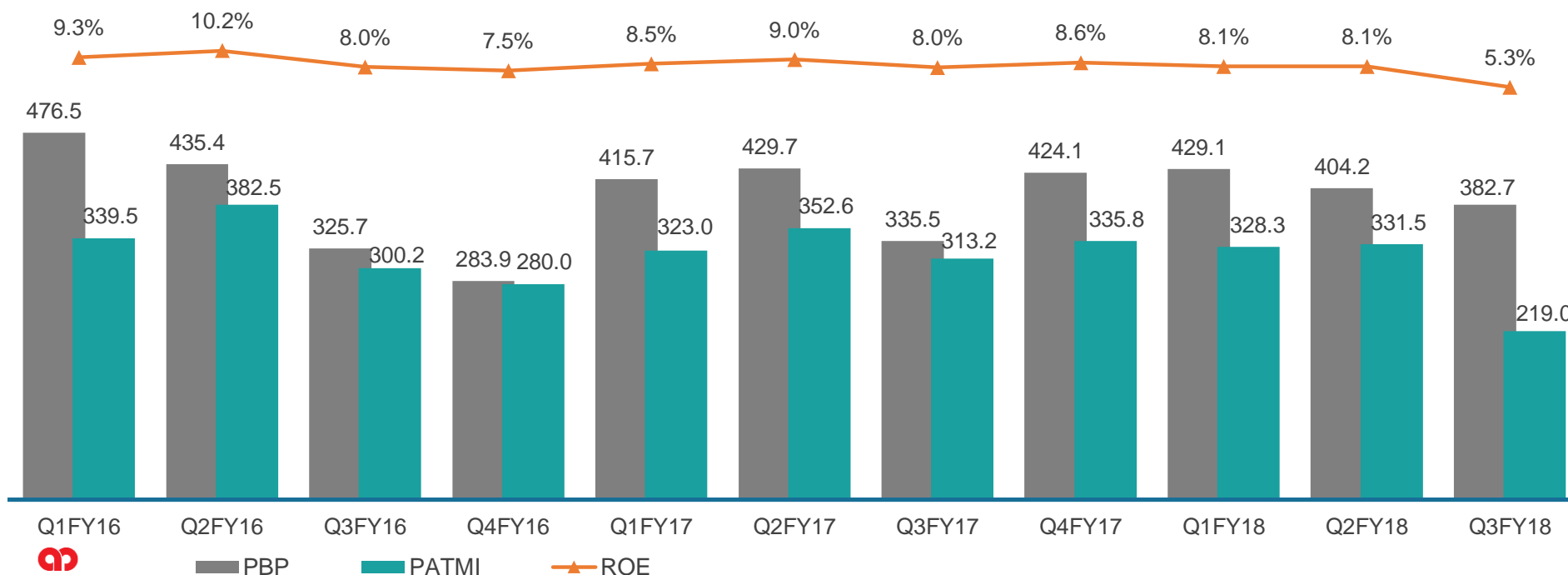
PBP & PATMI

Business Segments (RM' mil)	9MFY17		9MFY18		YoY Change	
Retail Banking	326.6		343.1		▲ 5%	
Wholesale Banking	607.8		628.4		▲ 3%	
Business Banking	142.1		130.6		▼ 8%	
Group Funding & Others	(83.2)		(49.6)		▲ 40%	
PBP – Banking	993.3		1,052.5		▲ 6%	
General Insurance	160.0	187.7	176.6	163.4	▲ 10%	▼ 13%
Life Insurance	27.7		(13.2)		▼ >100%	
PBP	1,181.0		1,215.9		▲ 3%	

## PBP

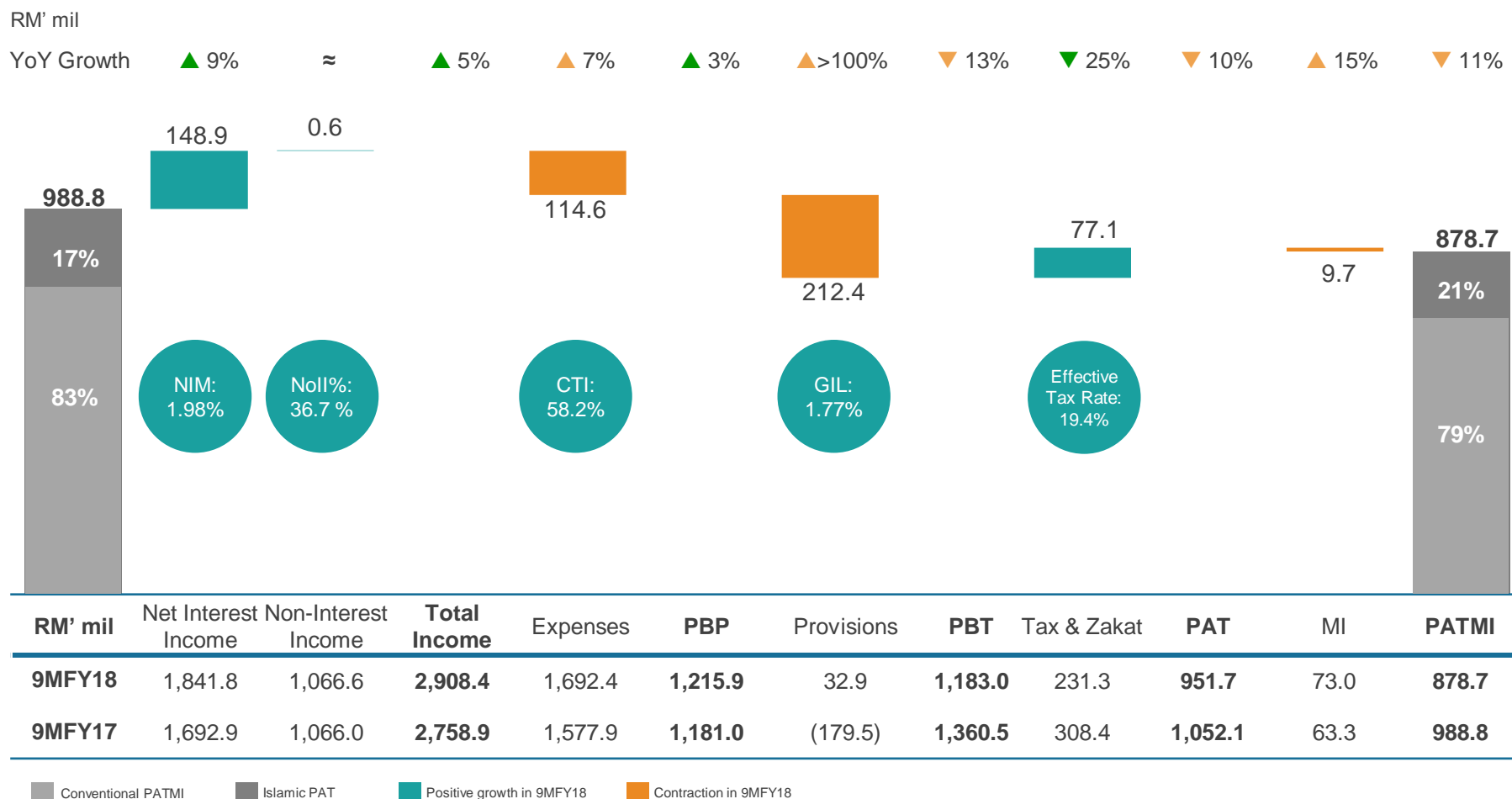
	Banking	Group
QoQ	▼ 2%	▼ 5%
YoY	▲ 6%	▲ 3%

RM' mil



# Good NII growth with provisions normalising as expected

Group P&L

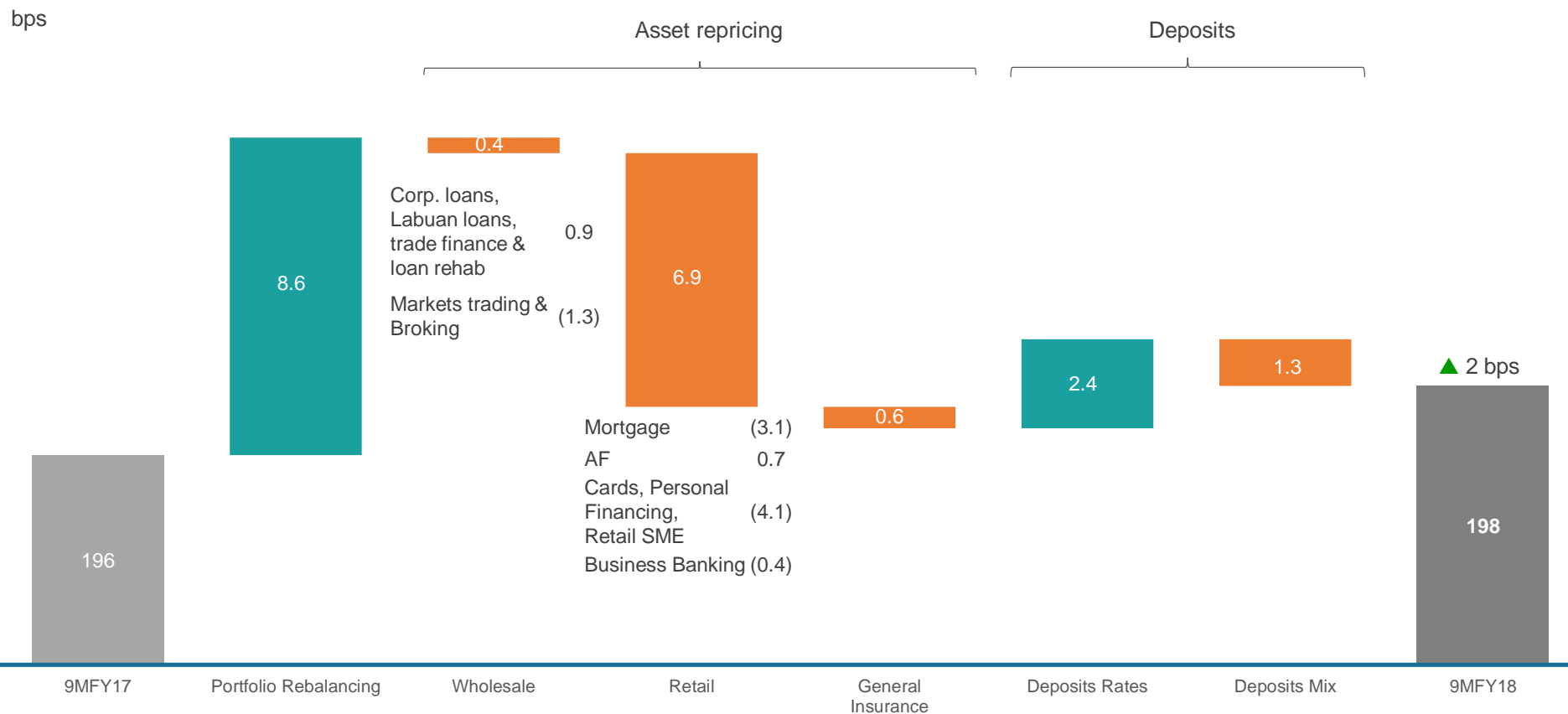


# Managing NIM through portfolio diversification and funding mix

NIM

Continued focus on growing faster in higher margin products

## Net Interest Margin (NIM) Movement



AmBank Group

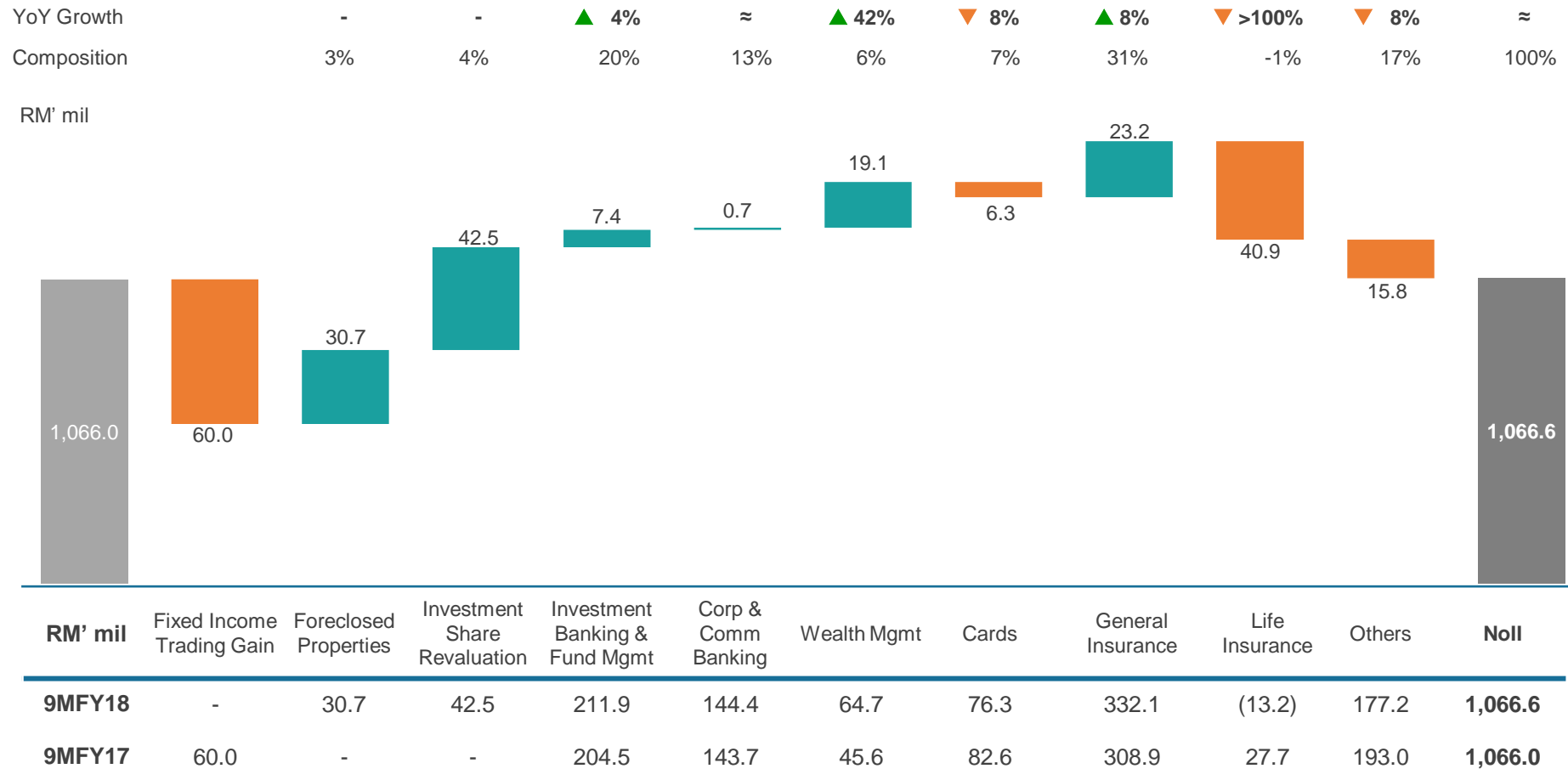
Positive growth in 9MFY18

Contraction in 9MFY18

# Flat Noll, with one-off largely offsetting and progress made in driving wealth management

Noll

Growth in strategic focus areas, negated by non repeat of a large transaction and adverse actuarial valuation in Life



AmBank Group

Positive growth in 9MFY18

Contraction in 9MFY18

# Investments in new capabilities and compliance infrastructure driving cost higher

Expenses

Business Segments (RM' mil)	9MFY17	9MFY18	YoY Change
Retail Banking	692.4	751.4	▲ 9%
Wholesale Banking	374.6	384.1	▲ 3%
Business Banking	18.4	59.9	▲ >100%
Group Funding & Others	242.3	238.9	▼ 1%
<b>Expenses – Banking</b>	<b>1,327.7</b>	<b>1,434.3</b>	<b>▲ 8%</b>
Insurance (General, life, takaful)	250.2	258.1	▲ 3%
<b>Expenses</b>	<b>1,577.9</b>	<b>1,692.4</b>	<b>▲ 7%</b>

## Expenses

	Banking	Group
QoQ	▲ 4%	▲ 2%
YoY	▲ 8%	▲ 7%

## Expense Growth Driver (RM' mil)



AmBank Group

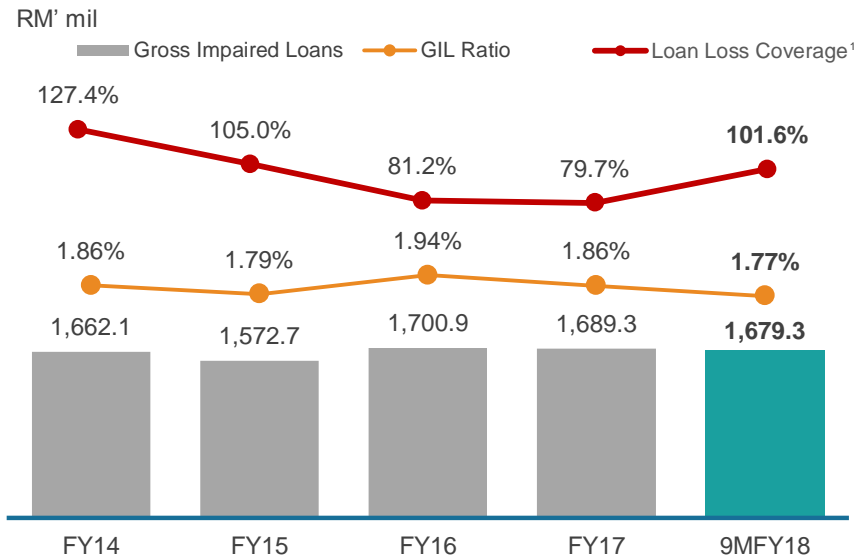
Positive P&L impact in 9MFY18

Negative P&L impact in 9MFY18

1. Excluding personnel cost relating to compliance projects captured under "compliance & governance"

# Improved loan loss cover

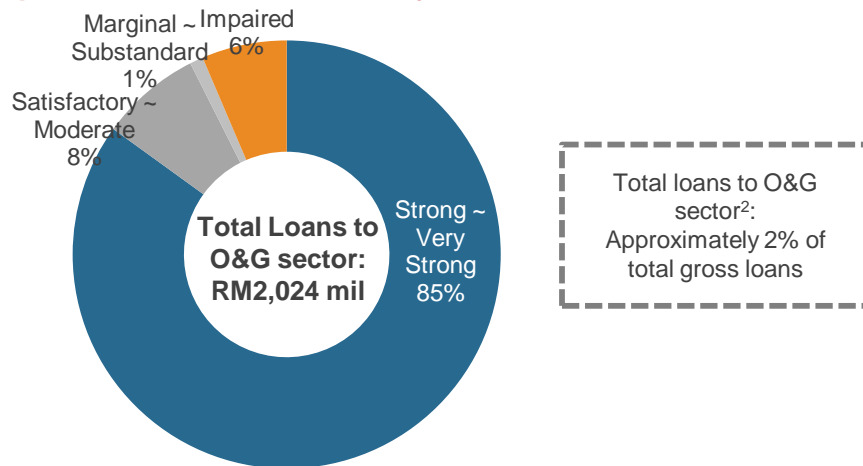
## Gross Impaired Loans (RM' mil), GIL and LLC Ratios (%)



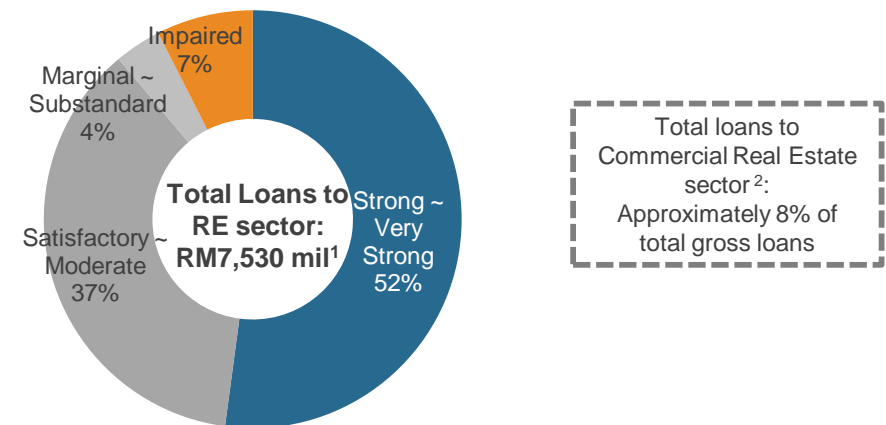
## GIL Ratio (%) QoQ Breakdown

GIL Ratio	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18
Group	1.69%	1.64%	1.54%	1.86%	1.88%	1.88%	1.77%
Retail Banking	1.52%	1.53%	1.44%	1.33%	1.42%	1.32%	1.27%
Wholesale Banking (including Business Banking)	1.89%	1.75%	1.64%	2.46%	2.41%	2.55%	2.40%

## Exposure to Oil & Gas Sector by Internal Risk Grades



## Exposure to Commercial Real Estate Sector by Internal Risk Grades



# Credit cost normalising

YTD net provisions of RM32.9mil [9MFY17: (RM179.5mil)], higher due to lower recoveries of RM124.6mil, incremental individual allowances of RM114.6mil offset by release of collective allowance of RM59.7mil

## Net Provisions / (Writebacks)<sup>1</sup>

RM' mil

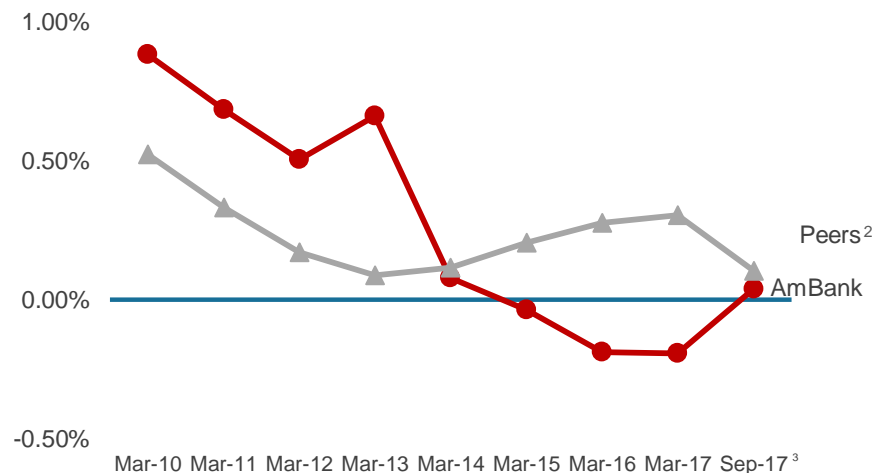
Total provisions by category	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18
Performing Loans	(10.7)	14.4	(36.4)	(178.7)	(41.5)	(47.1)	(2.3)
Non Performing Loans	121.9	86.3	123.8	381.9	142.1	137.7	179.4
Recoveries	(160.4)	(138.4)	(170.4)	(212.3)	(119.7)	(127.6)	(97.4)
Other Provisions <sup>1</sup>	(14.5)	(4.7)	9.6	(7.5)	(0.9)	9.0	1.2
<b>Total net provisions / (writeback)</b>	<b>(63.7)</b>	<b>(42.4)</b>	<b>(73.4)</b>	<b>(16.6)</b>	<b>(20.0)</b>	<b>(28.0)</b>	<b>80.9</b>

Total provisions by Divisions	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18
Wholesale Banking	(81.0)	(30.8)	(6.8)	144.8	0.4	(7.8)	50.0
Business Banking	(2.1)	4.1	(6.0)	12.5	9.3	7.5	15.7
Retail Banking	11.4	(26.7)	17.9	(24.6)	12.8	6.2	22.5
Opt Segments	8.0	10.5	(76.7)	(149.5)	(42.8)	(33.3)	(10.5)
AmGen	(0.0)	0.5	(1.8)	0.2	0.3	(0.6)	3.2
<b>Total net provisions / (writeback)</b>	<b>(63.7)</b>	<b>(42.4)</b>	<b>(73.4)</b>	<b>(16.6)</b>	<b>(20.0)</b>	<b>(28.0)</b>	<b>80.9</b>

1. Includes provision for contingencies, securities, foreclosed property, trade and sundry debtors

## Credit Costs vs. Peers<sup>2</sup>

AmBank Group	FY14	FY15	FY16	FY17	9MFY17 <sup>3</sup>	9MFY18 <sup>3</sup>
Credit cost	0.08%	-0.04%	-0.19%	-0.19%	-0.23%	0.04%
Credit cost (excluding recoveries)	0.94%	0.69%	0.46%	0.57%	0.47%	0.53%



2. Based on an average of our seven peer domestic banks as at 30 Sept 2017

3. Annualised



# Good loans growth in targeted segments

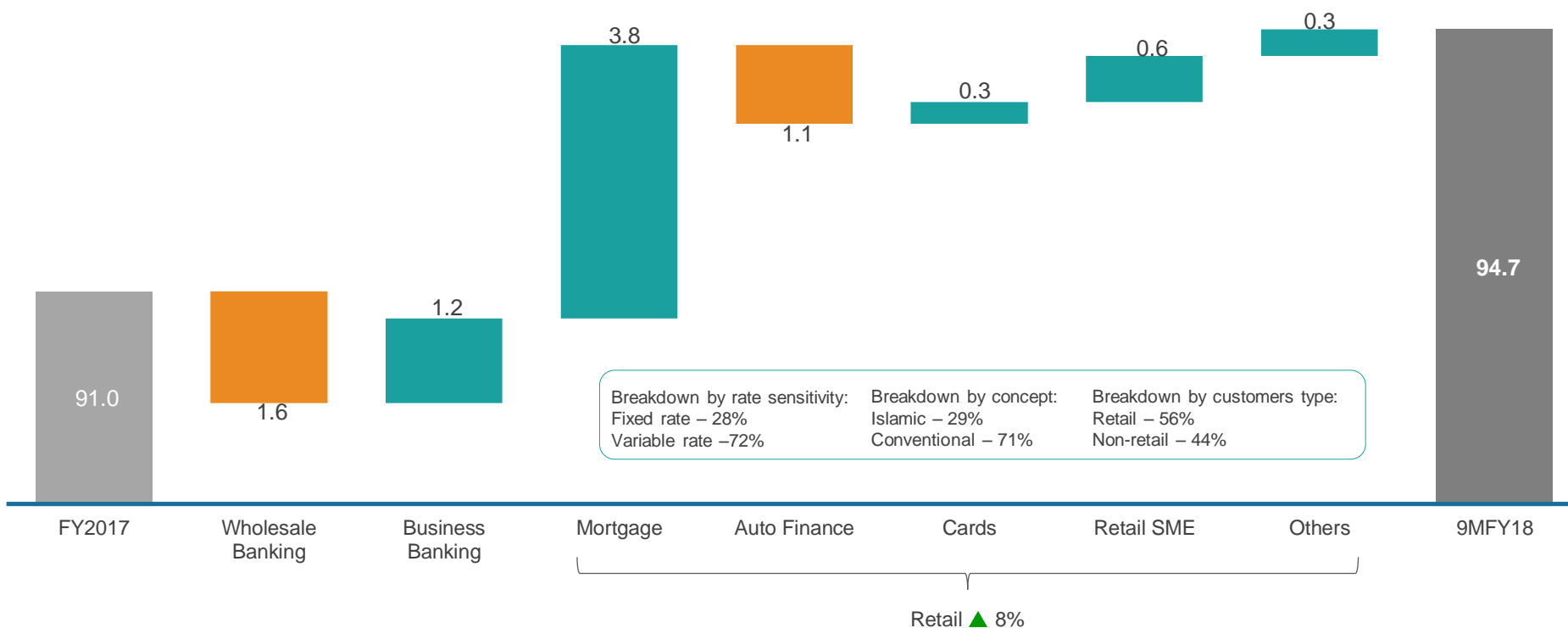
Loans

## Gross Loans Movement (RM' bil)

ROA:  
0.93%

LD  
Ratio<sup>1</sup>:  
84.4%

YTD Growth	▼ 4%	▲ 20%	▲ 15%	▼ 6%	▲ 18%	▲ 76%	▲ 37%	▲ 4%
Composition	37%	7%	31%	20%	2%	2%	1%	100%



■ Positive growth in 9MFY18

■ Contraction in 9MFY18

1. Includes stable funding sources

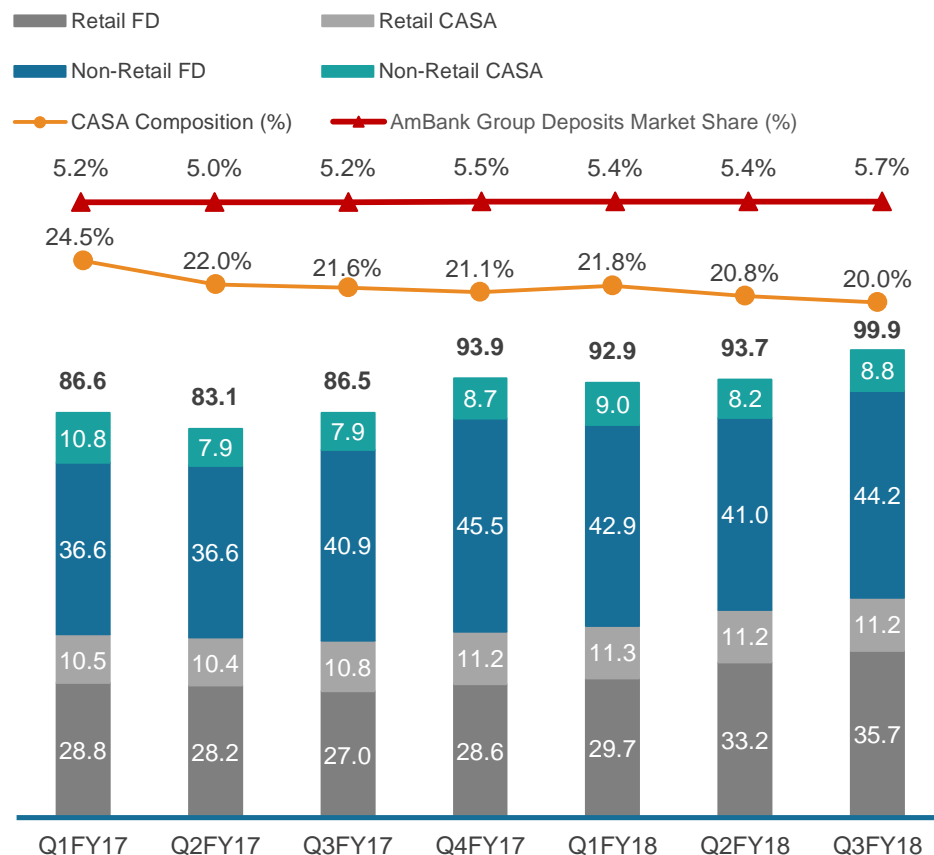


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# Continued growth in deposits, strengthening liquidity positions

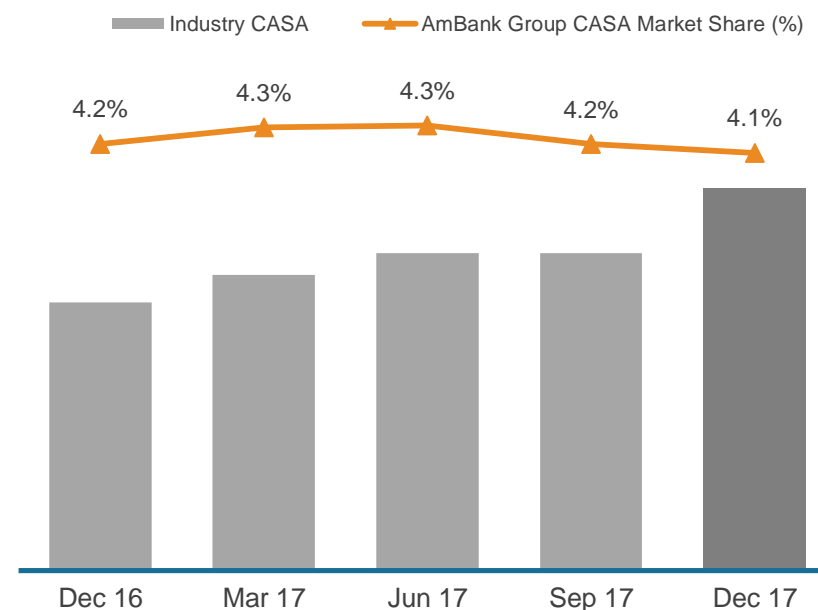
Deposits

## Deposits (RM' bil) and CASA Composition (%)



1. Non-Retail consists of Wholesale Banking, Business Banking and Operating Segment
2. Prior periods were restated due to reclassification of structured deposits

## CASA Market Share (%) and Industry CASA Balance<sup>3</sup> (RM' bil)



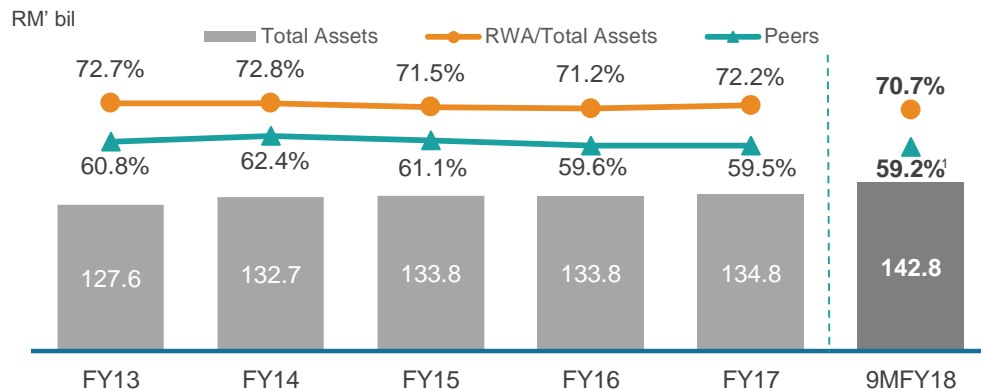
YTD Growth	CASA	Deposits
AmBank Group	▲ 0.8%	▲ 6.4%
Industry <sup>3</sup>	▲ 7.0%	▲ 2.2%

3. Based on BNM data as at 31 Dec 2017

# Capital levels adequate

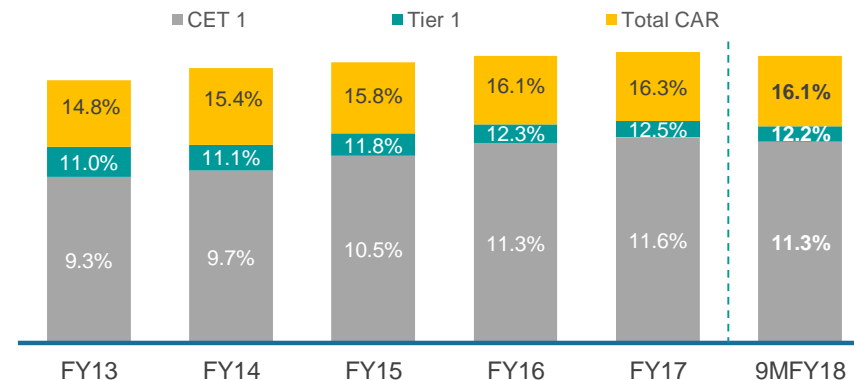
Capital

## RWA/Total Assets

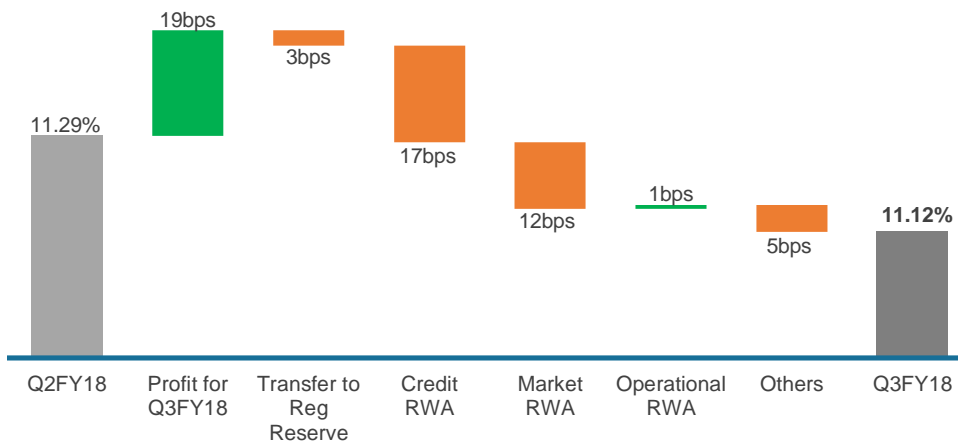


1. Based on an average of our seven peer domestic banks as at 30 Sept 2017

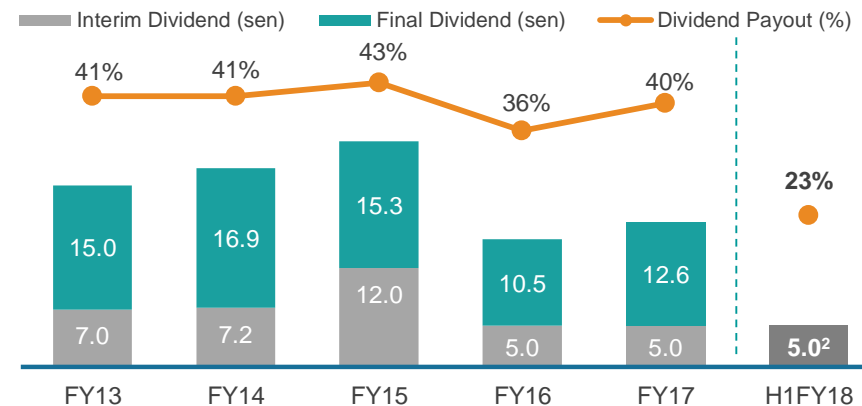
## Capital Adequacy Ratios (after dividends)



## Financial Holding Company Indicative Ratio



## Dividend Payout



2. Proposed interim dividend



AmBank Group

	ROE	CTI	DIVIDEND	FHC CET 1
<b>9MFY18 :</b>	<b>7.2%</b>	<b>58.2%</b>	<b>23%<sup>1</sup> payout</b>	<b>11.1%</b>
<b>FY18 Guidance :</b>	<b>Circa 7%</b>	<b>≤ 58%</b>	<b>TBC</b>	<b>10.5% ± 1%</b>

1.Interim dividend in H1FY18

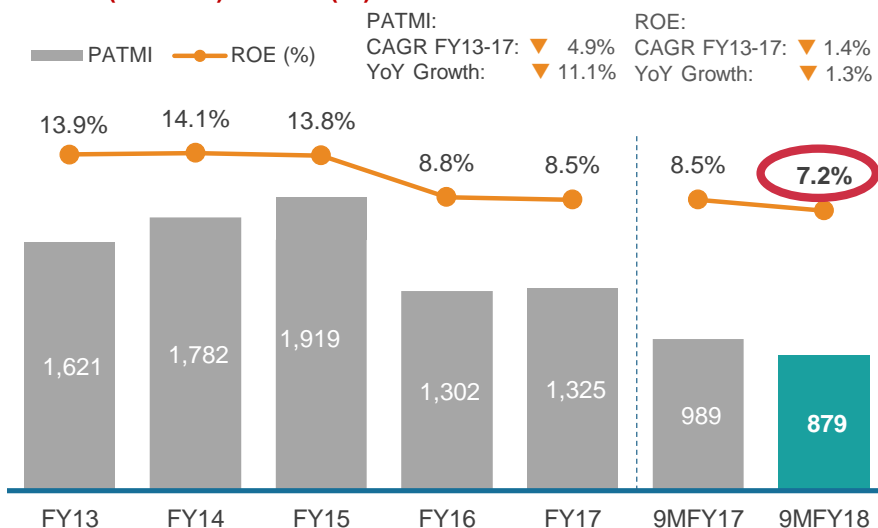


# **Group Performance**

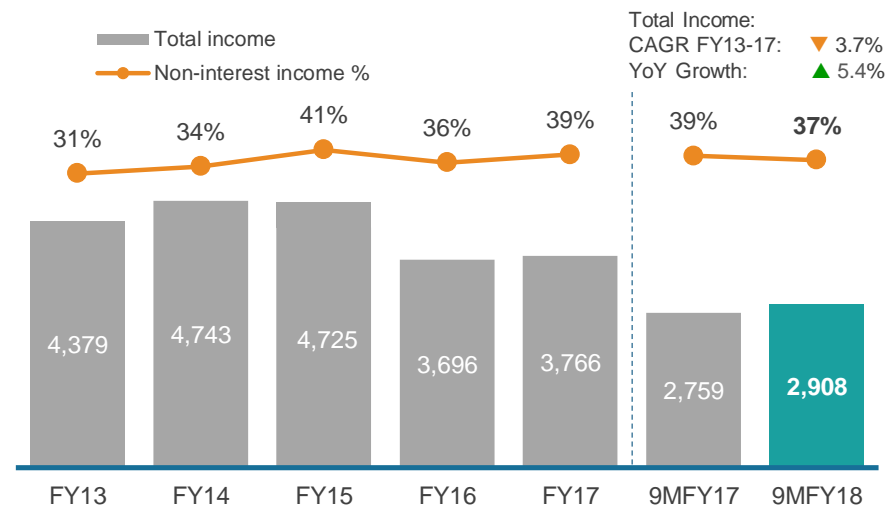
# Yearly performance

9MFY18 Results

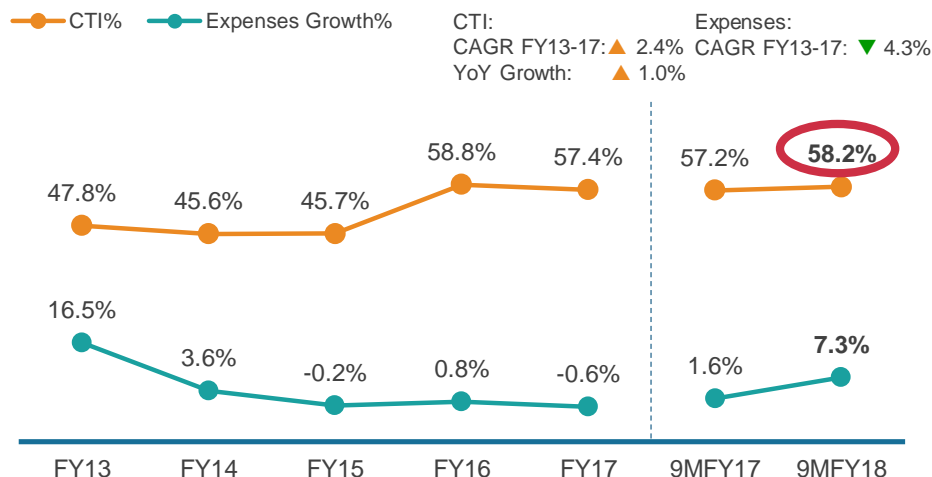
## PATMI (RM' mil) & ROE (%)



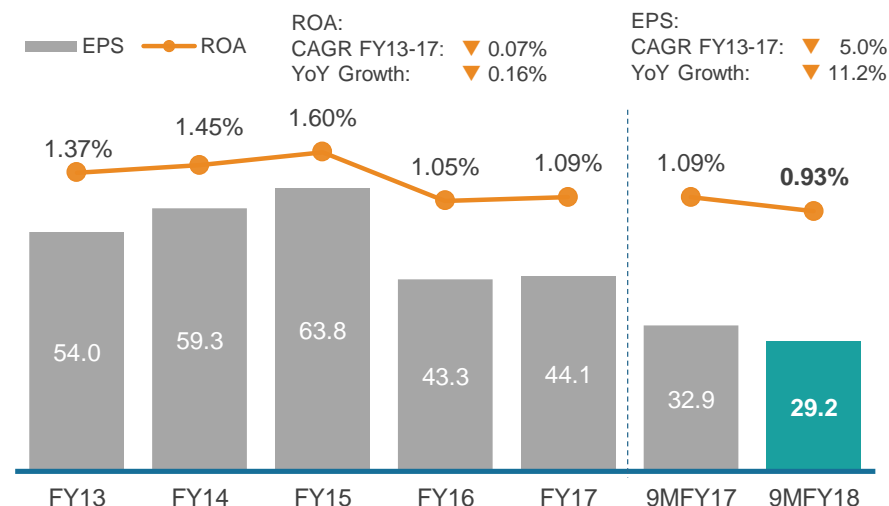
## Total Income (RM' mil) and Non-interest Income (%)



## Cost to Income Ratio and Expenses Growth (%)



## ROA (%) and EPS (Basic)



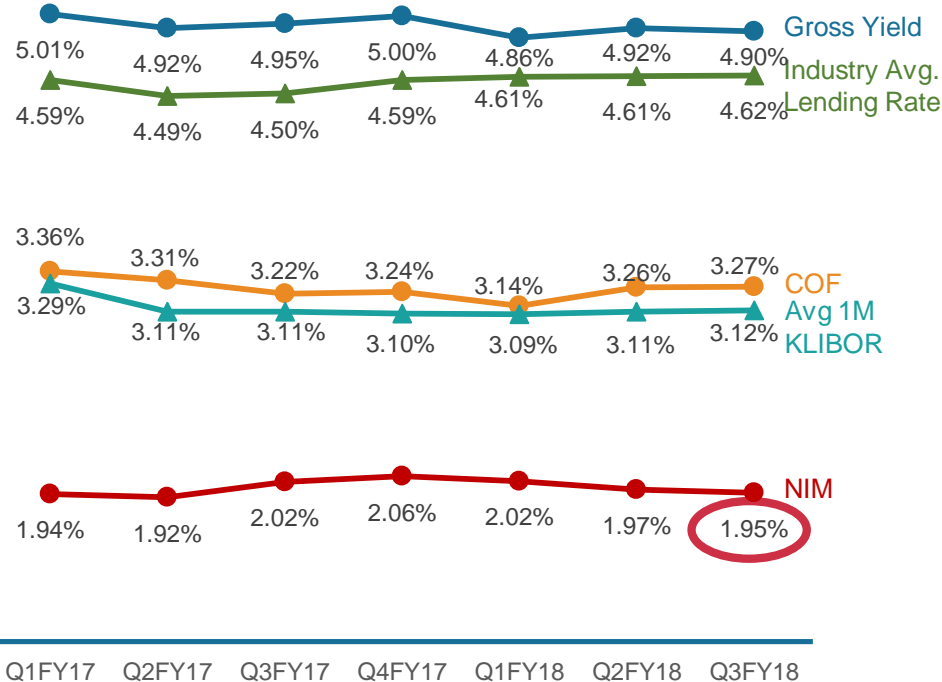
AmBank Group

# Net interest margin trends

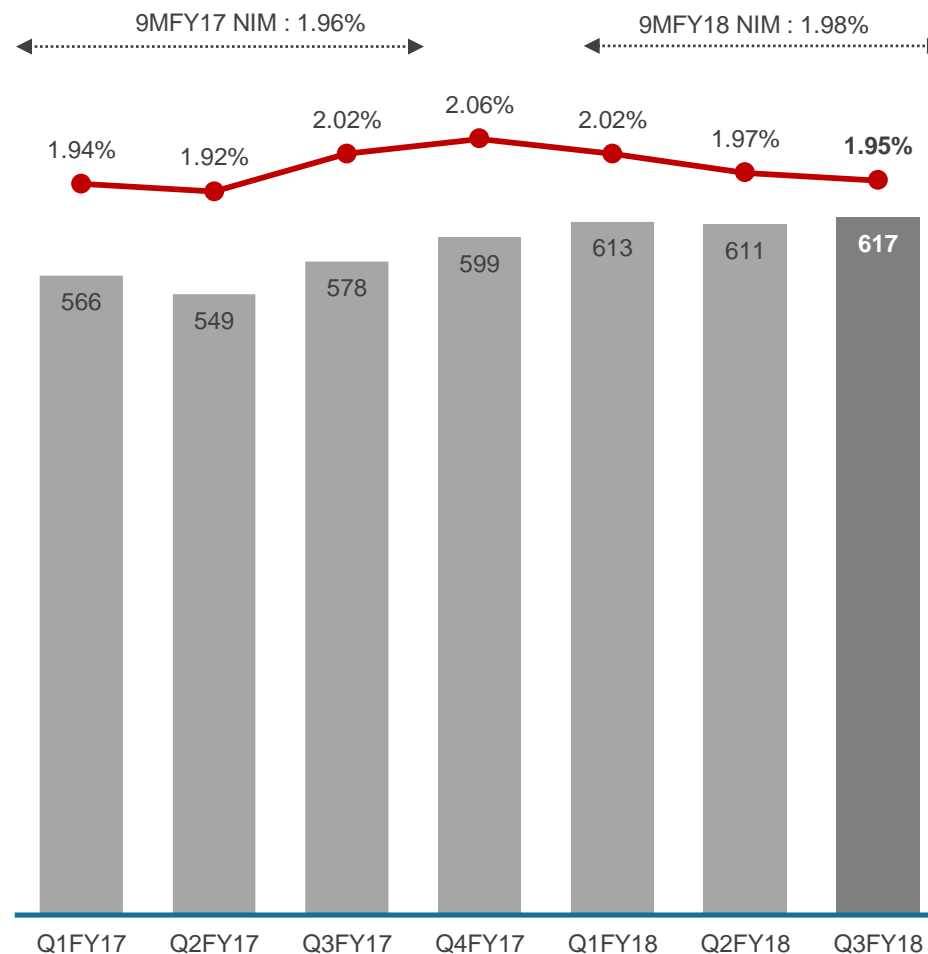
NIM

## NIM YoY Trend vs. Industry

YTD	9MFY17	9MFY18	YoY Change
Gross Yield	4.95%	4.89%	▼ 6 bps
COF	3.29%	3.22%	▼ 7 bps
NIM	1.96%	1.98%	▲ 2 bps



## Quarterly Net Interest Income (RM' mil) & NIM Movement



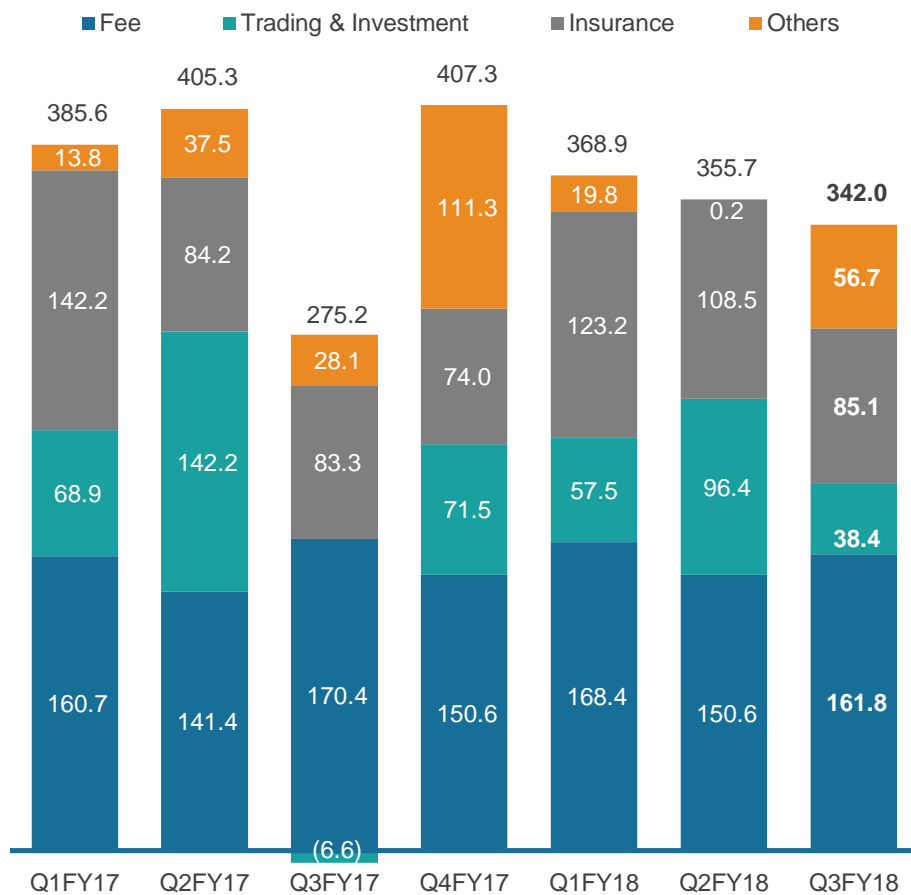
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# Non-interest income mix

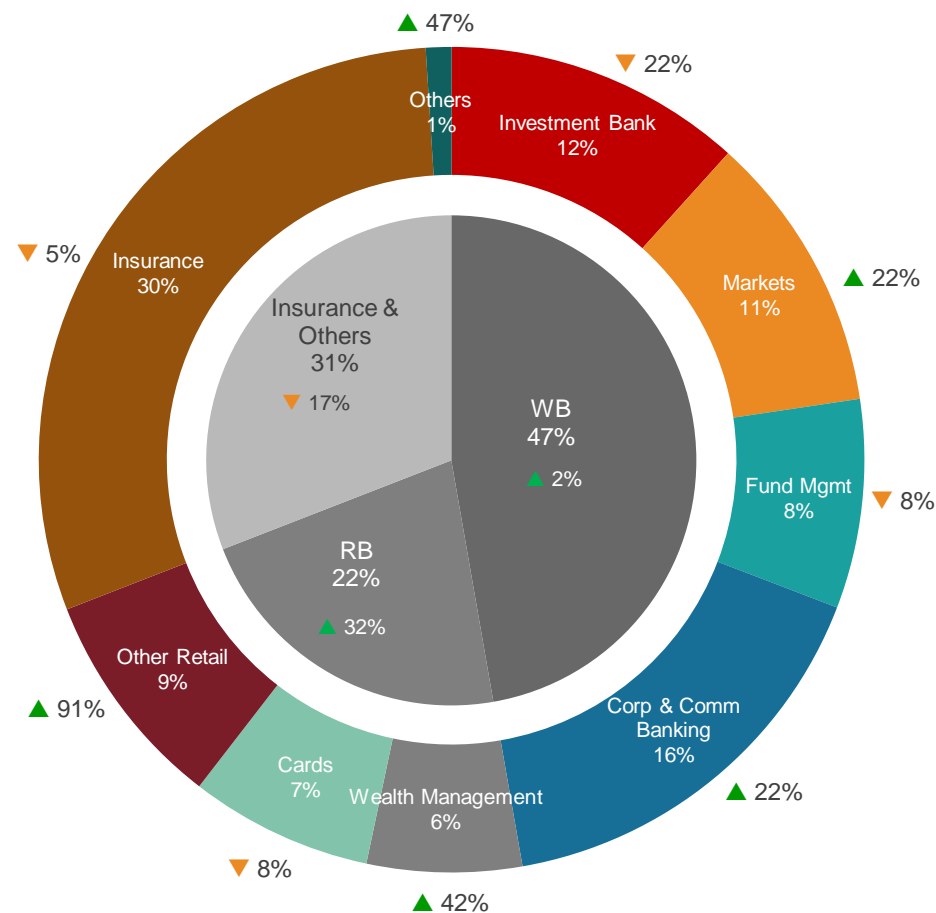
Non-Int Income

Non-interest Income (RM' mil)

QoQ Growth: ▼ 4%  
YoY Growth: ≈



Non-interest Income by Lines of Business (YoY)



AmBank Group

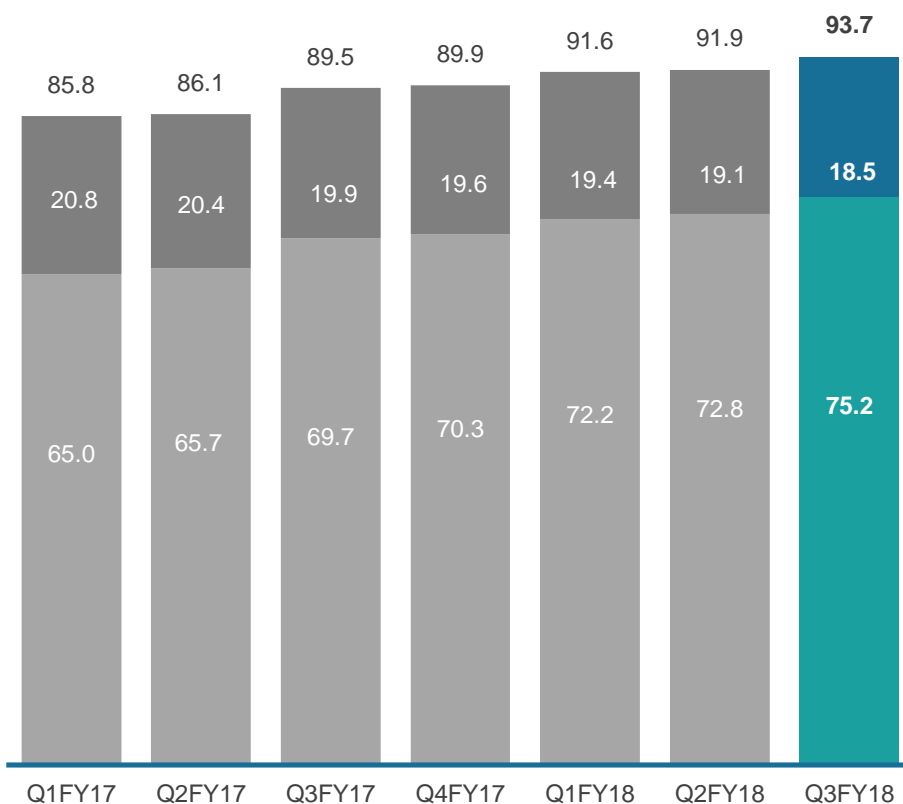
# Quarterly loans and deposit trends

9MFY18 Results

## Net Lending (RM' bil)

QoQ Growth: ▲ 1.9% YTD Growth: ▲ 4.2%  
QoQ Growth (excl.AF): ▲ 3.1% YTD Growth (excl.AF): ▲ 7.0%

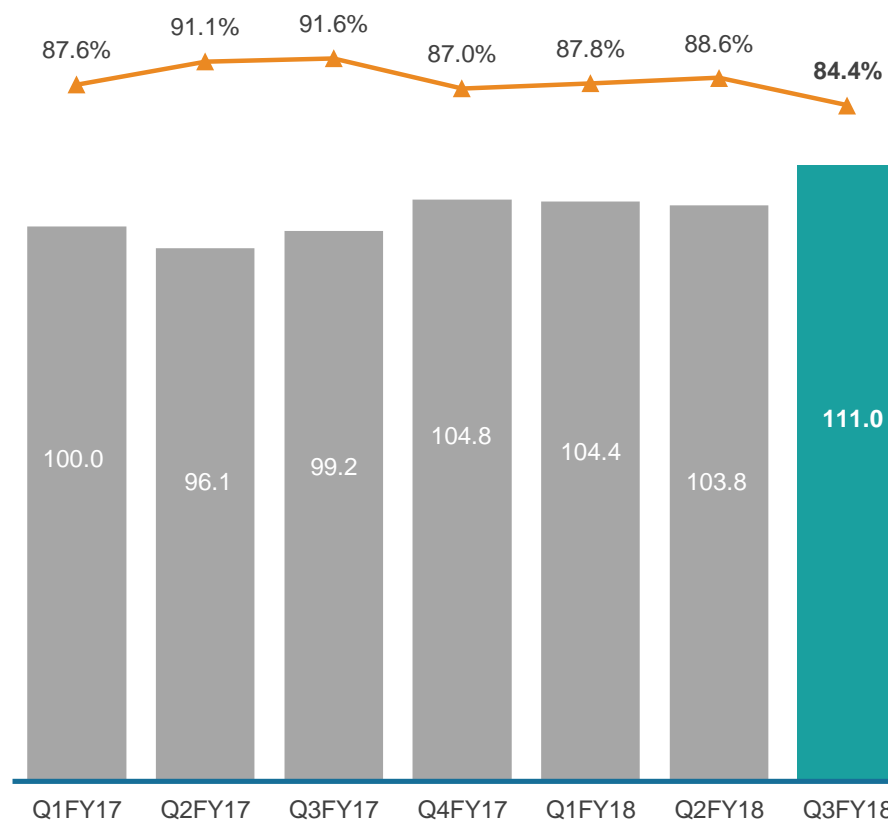
■ Loans excluding Auto Finance ■ Auto Finance



## Customer Deposits (RM' bil) and LDR (%)

QoQ Growth: ▲ 7.0% YTD Growth: ▲ 5.9%

■ Customer Deposits — Adjusted LDR



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1. Includes stable funding sources

## Impaired Loans – Key Segments

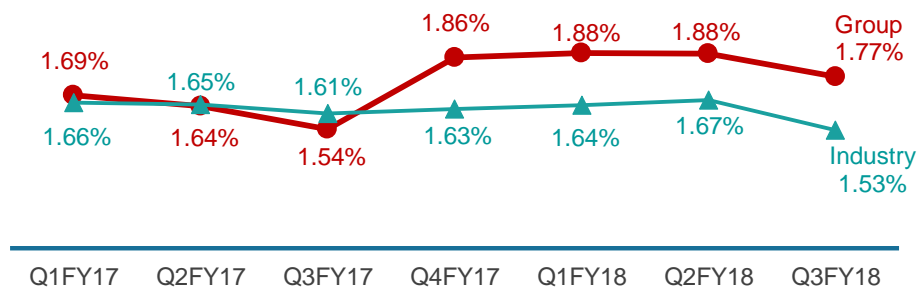
FY16 FY17 9MFY18



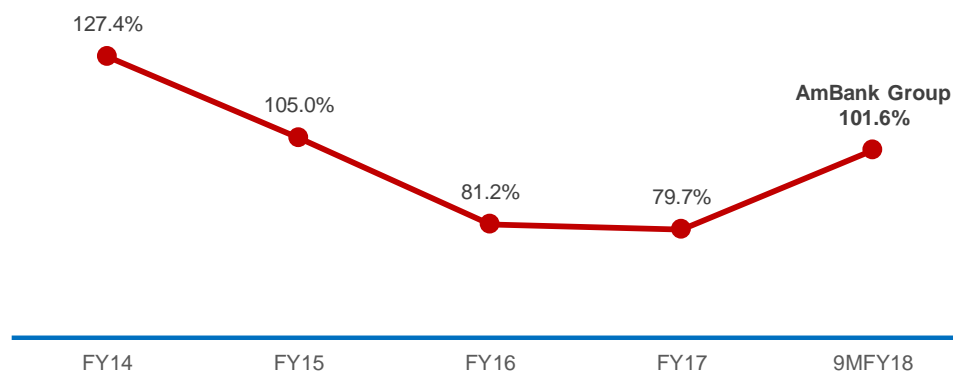
## Impaired Loans by Sectors and YTD Movement

Sector	Dec-17 RM' mil	YTD Growth	Composition
Real Estate	601	▼ 15.0%	35.8%
Residential Properties	325	▲ 2.7%	19.4%
Transport Vehicles	208	▲ 2.8%	12.4%
Mining and quarrying	130	▼ 15.4%	7.8%
Manufacturing	83	▼ 12.9%	4.9%
Construction	35	▲ >100.0%	2.1%
Others	297	▲ 49.9%	17.6%
<b>Total</b>	<b>1,679</b>	<b>▼ 0.6%</b>	<b>100.0%</b>

## Gross Impaired Loans (RM' mil)



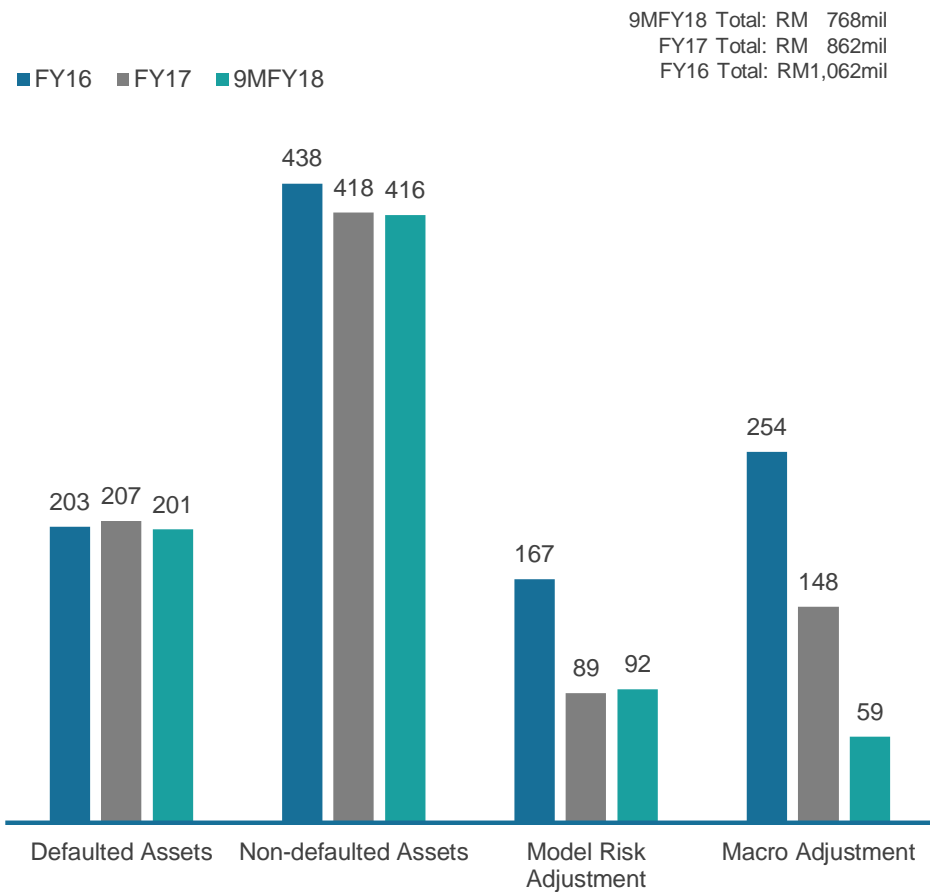
## Loan Loss Coverage<sup>1</sup>



1. Includes regulatory reserve



## Collective Allowance Balance (RM' mil)



## Allowances (RM' mil)



# Loans by sector & by purpose vs. industry

Loans

## Loans by Sector

### AmBank Group (RM' bil)



## Industry (RM' bil)

Source : BNM, financial statements



AmBank Group

# Diversified and consistent funding structure, conservative liquidity management

Funding

- Sufficient holding of liquid assets with LCRs in excess of 100%.
- Healthy customer deposit composition which is higher vis-à-vis peers critical in helping the bank better manage its cost of funds.
- Deferment in the implementation of net stable funding ratio will alleviate the pressure on NIM.

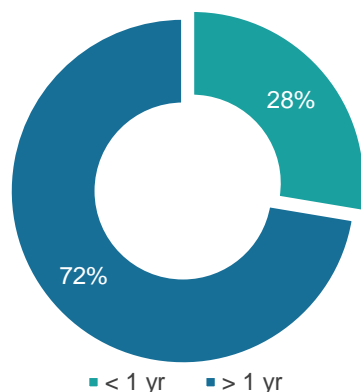
## Funding Composition vs. Peers

	FY13	FY15	FY16	FY17	9MFY18	Peers <sup>1</sup>
Equity & debt capital	14%	15%	16%	16%	15%	16%
Customer deposits	75%	74%	73%	74%	75%	73%
Term funding & loans with recourse >1year	7%	8%	9%	6%	5%	5%
Term funding & loans with recourse <1year	1%	1%	1%	3%	2%	
Deposits from banks & FIs	3%	2%	1%	1%	3%	6%

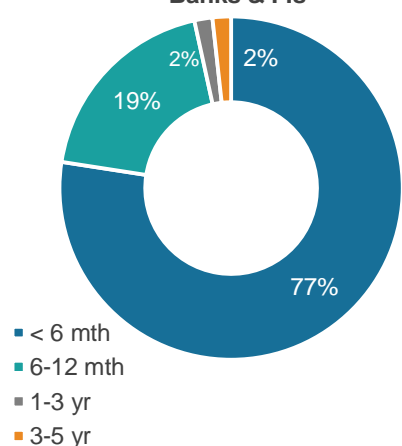
1. Based on an average of our seven peer domestic banks as at 30 Sept 2017

## Funding Maturity Profiles

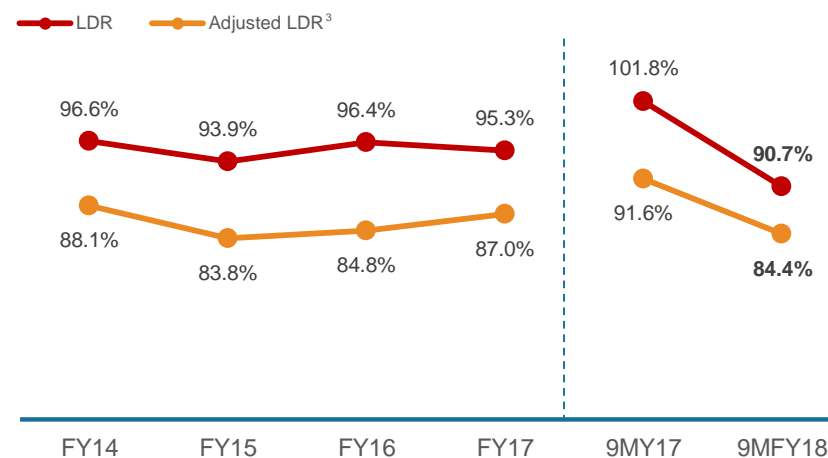
Term Funding and Debt Capital



Deposits from Customers and Banks & FIs



## Loan-to-deposit Ratio<sup>2</sup>

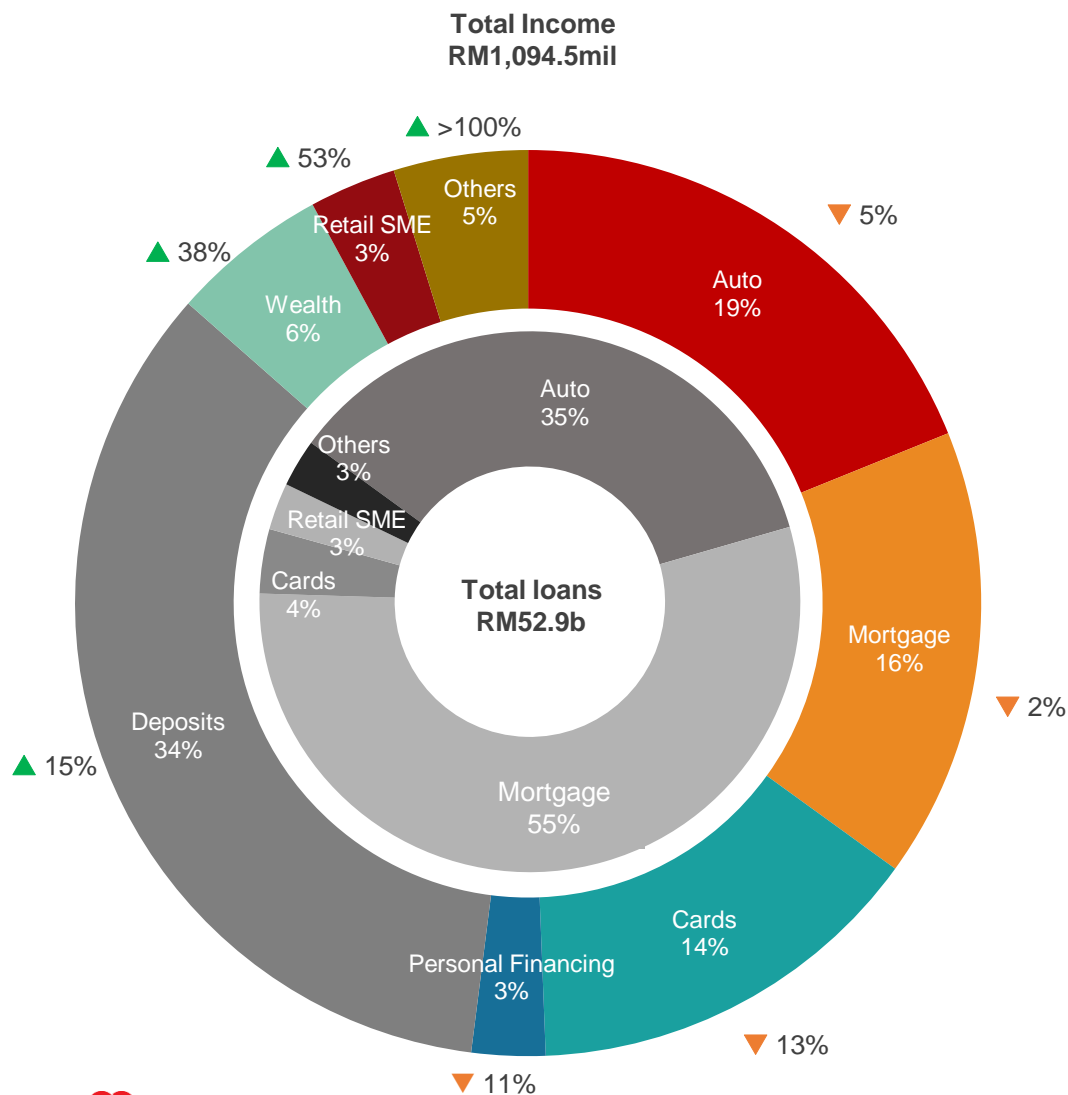


2. Prior periods were restated due to reclassification of structured deposits

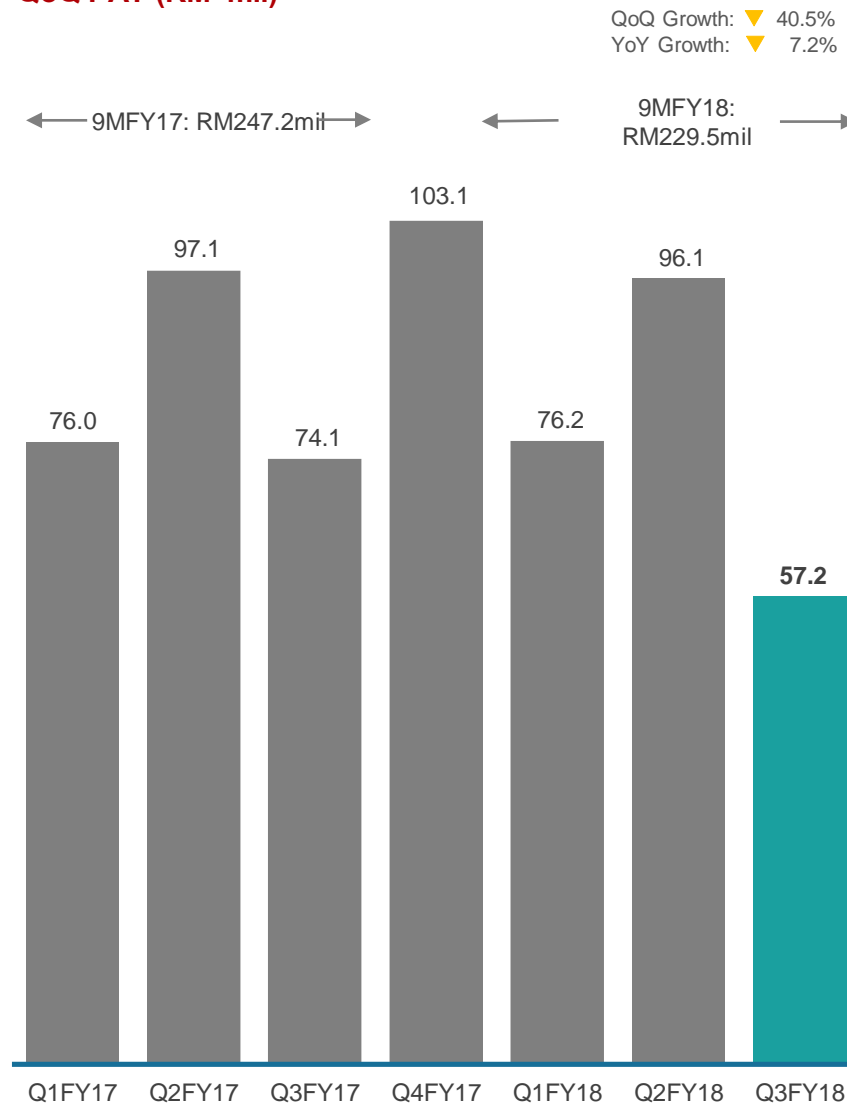
3. Includes stable funding sources

# **Divisional Performance and Economic & Banking Data**

## Total Income (YoY Movement) and Loans by Line of Business

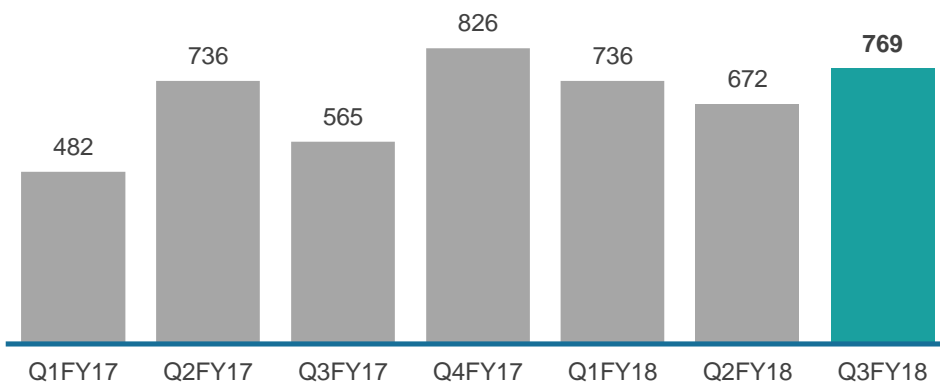


## QoQ PAT (RM' mil)



## Wealth Sales (RM' mil)

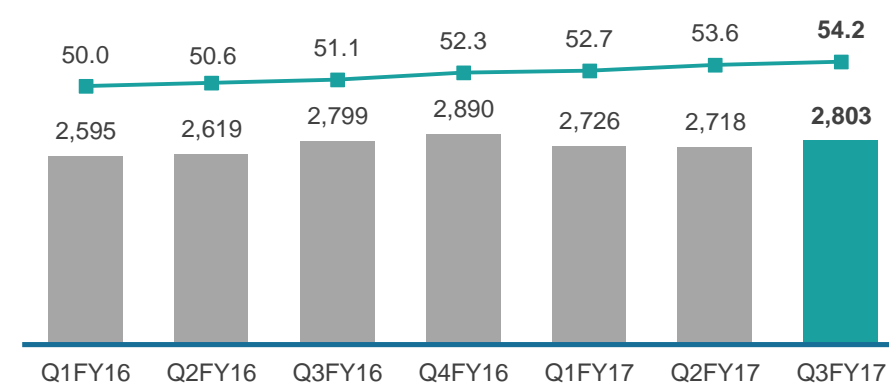
QoQ Growth: ▲ 14.6%  
YoY Growth: ▲ 22.1%



## Merchant Volume

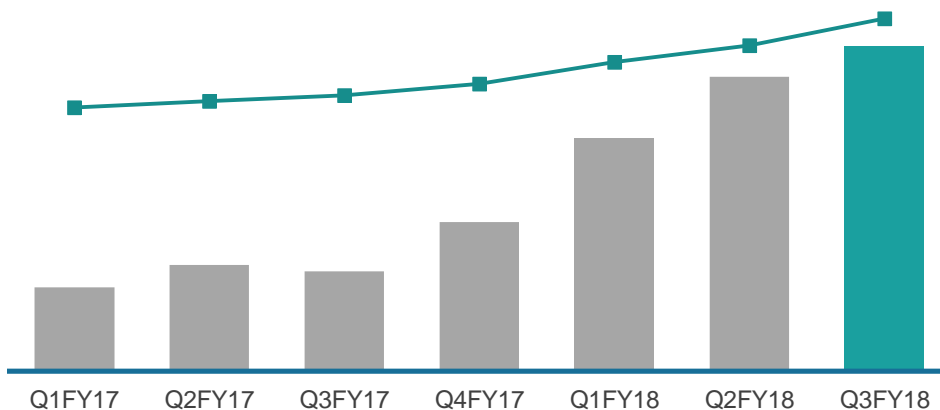
Merchant volume (RM'mil)  
Merchants in force ('000)

Merchant in force:  
QoQ Growth: ▲ 1.0%  
YoY Growth: ▲ 6.1%



## Credit Cards

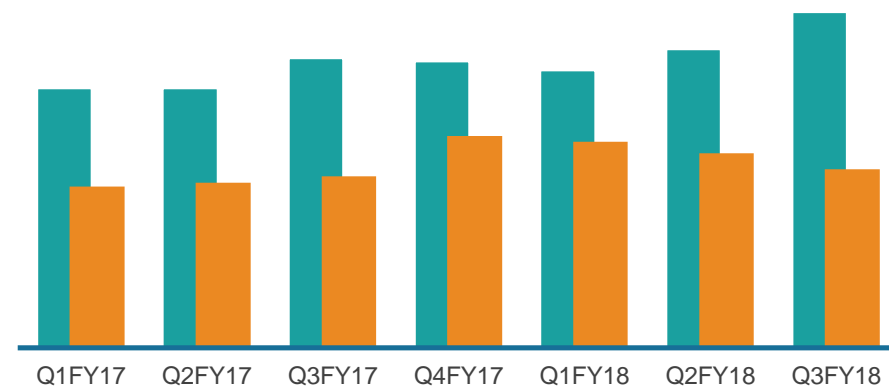
New cards issued Cards in circulation



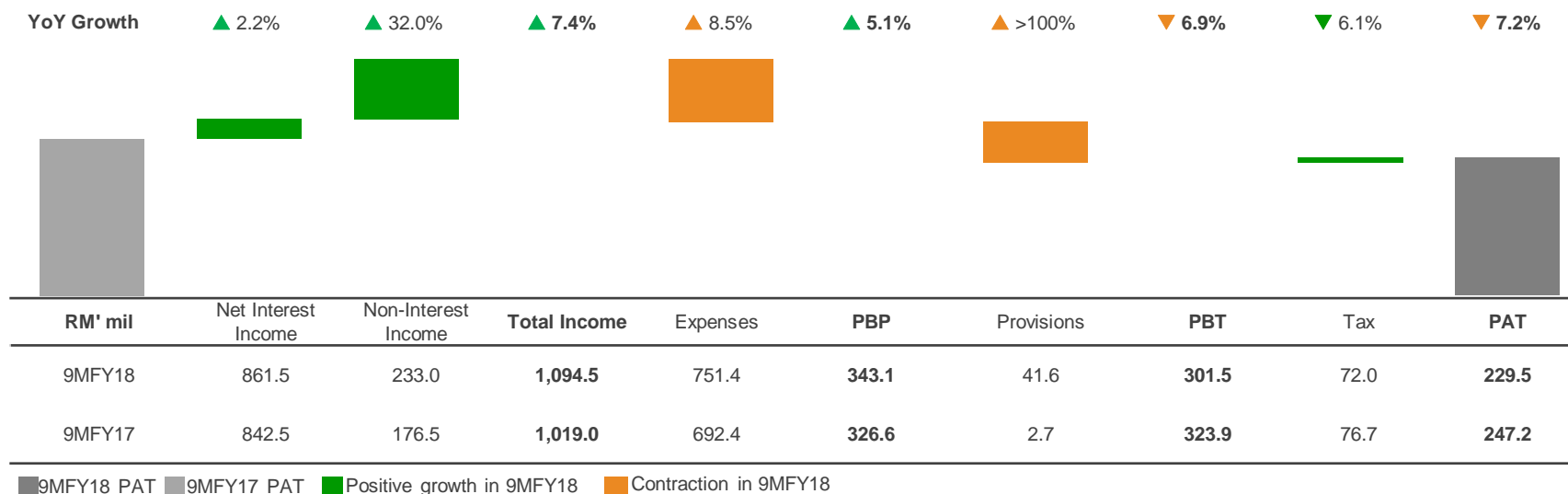
## Mortgage and Auto Finance Disbursement QoQ (RM' bil)

Mortgage Auto Finance

Mortgage YoY Growth: ▲ 12.8%  
Auto YoY Growth: ▲ 16.5%



## Income Statement (RM' mil)



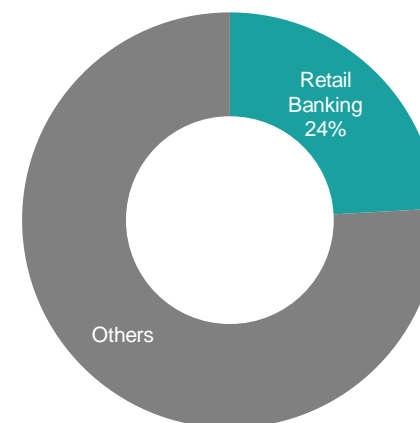
## Balance Sheet (RM' mil/%)

		FY17	9MFY18	9MFY18 VS FY17
Gross Loans / Financing		48,782.5	52,879.5	▲ +8.4%
Gross Impaired Loans	1.27%	649.1	672.6	▲ +3.6%
Customer Deposits		39,855.9	46,918.7	▲ +17.7%
CASA Deposits		11,168.2	11,251.7	▲ +0.7%

## Key Ratios

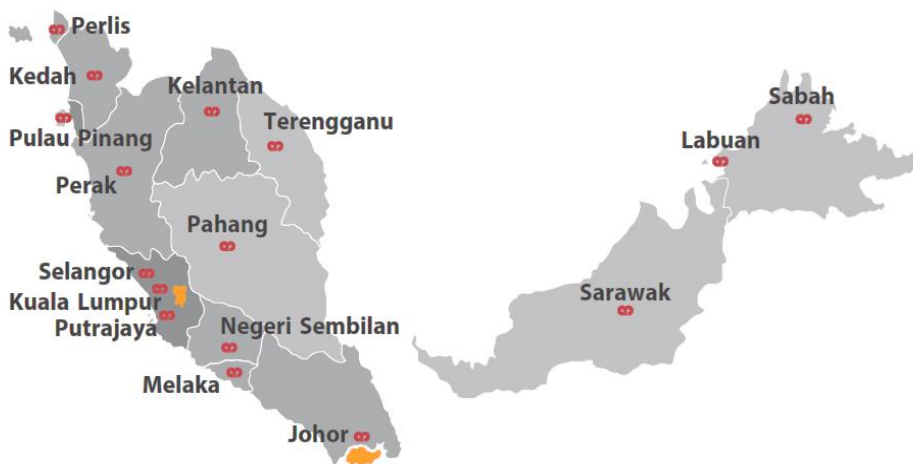
ROA		0.73%	0.59%	▼ -0.14%
CTI		67.9%	68.7%	▲ +0.7%
Allowance Coverage		76.6%	72.4%	▼ -4.2%

9MFY18 PAT  
(composition of Group)

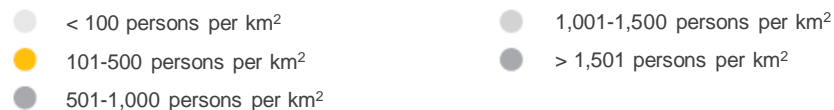


# Distribution Channels

Retail



## Population Density



	Branches	ATM	Regional Offices
Perlis	1	3	
Kedah	6	24	1
Pulau Pinang	14	51	1
Perak	18	45	1
Selangor	38	219	2
Kuala Lumpur	23	106	3
Putrajaya	1	3	
Negeri Sembilan	7	38	
Melaka	6	34	1
Johor	21	82	1
Pahang	9	29	1
Terengganu	4	16	
Kelantan	2	16	
Sabah	9	40	1
Labuan	1	3	
Sarawak	15	57	1
	<b>175</b>	<b>766</b>	<b>13</b>

## Other Customer Touch Points

SME branches	AmBank Islamic branches	Weekend banking branches	ATMs @ 7-Eleven	Electronic banking centres	Internet & mobile banking	AmGeneral	AmMetlife	AmInvestment Bank	AmCard Services MBC <sup>1</sup>
175	3	29	265	183	AmOnline	29 branches 4 counters	15 branches 38 agencies	6 retail broking 7 branches	25



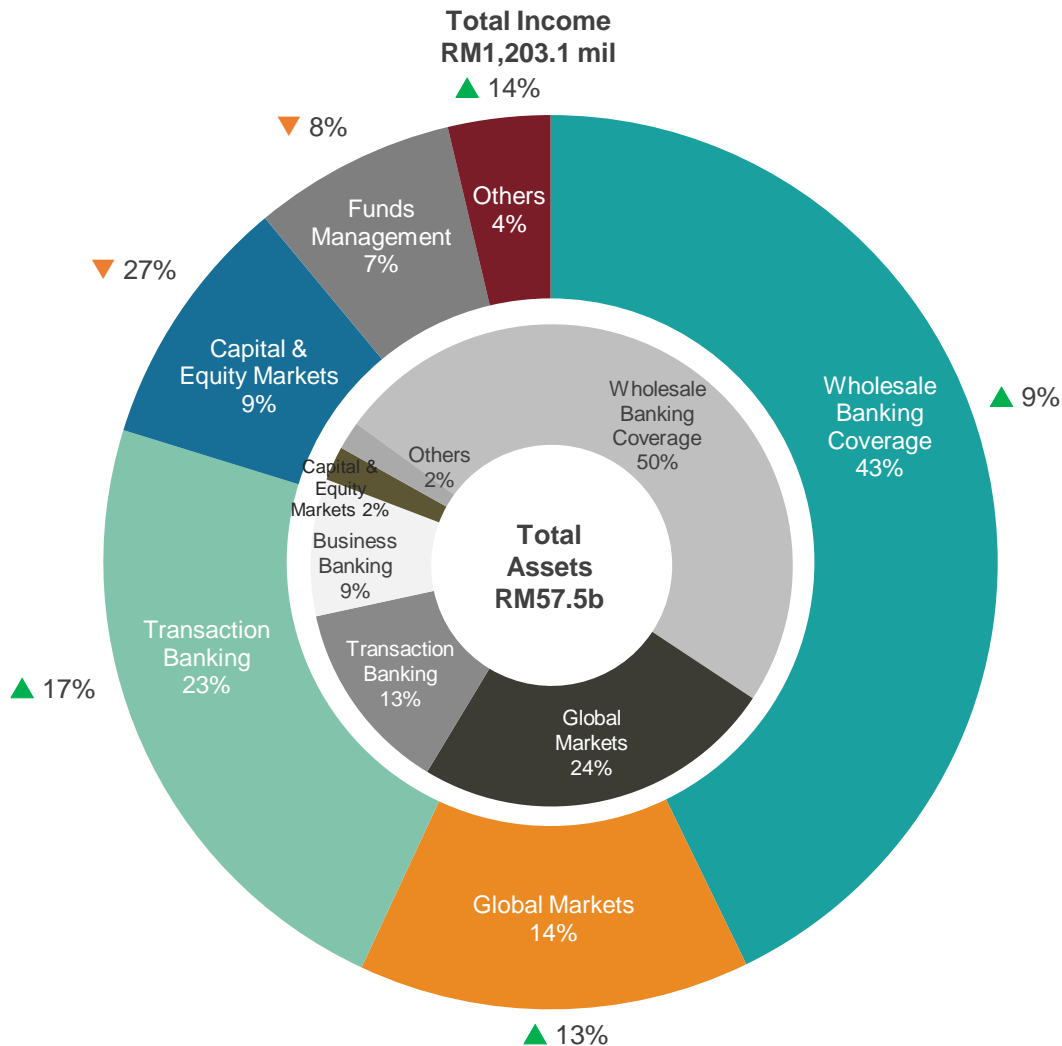
AmBank Group

1. MBC – Merchant Business Centres

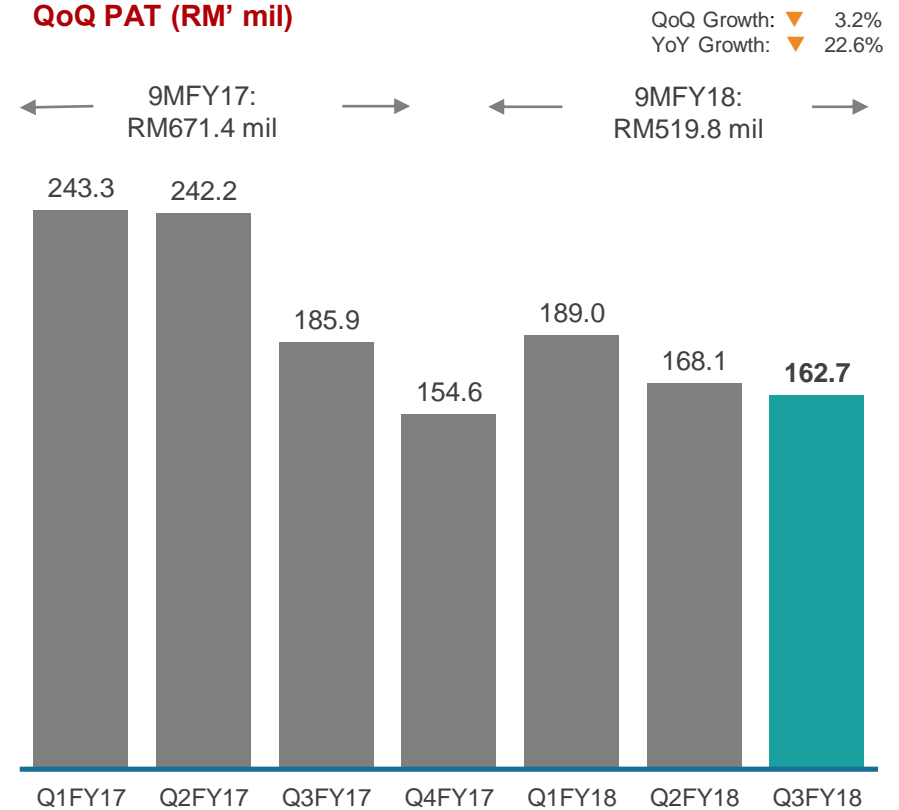
# Wholesale Banking (including Business Banking)

Wholesale

## Total Income by products (YoY Movement) and Total Assets by Line of Business



## QoQ PAT (RM' mil)



## Business Banking Total Income (RM' mil)

Q2FY18	Q3FY18	QoQ Change	9MFY17	9MFY18	YoY Change
63.7	66.9	▲ 5%	160.4	190.5	▲ 19%



AmBank Group

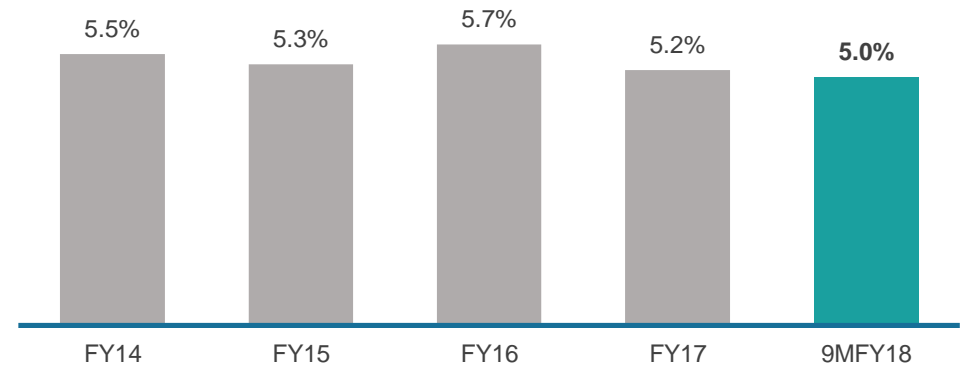
## League Table

	Market Share <sup>1</sup> As At 31 December 2017 (%)	Rank <sup>2</sup>
DCM (Overall MYR Bonds)	15.2%	3 ►
Islamic Sukuk	14.1%	3 ►
Unit Trust	7.3%	5 ►
Stockbroking	5.0%	6 ►

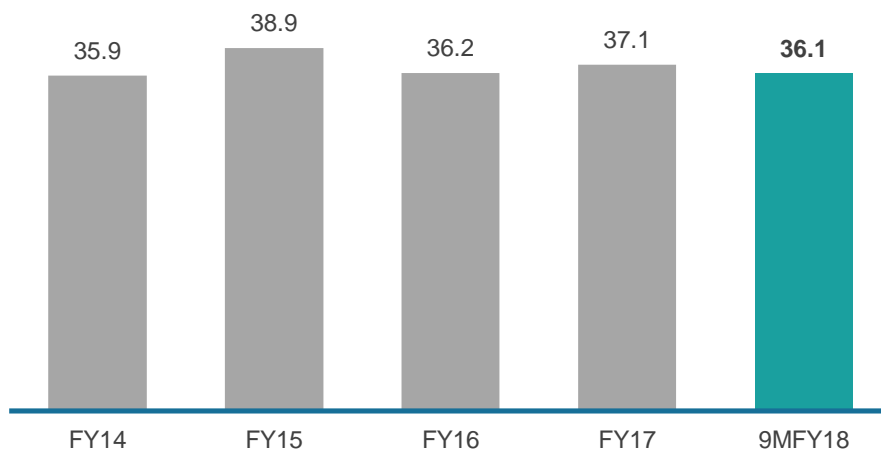
1. Calendar Year data

2. Comparing rank movement with 30 September 2017

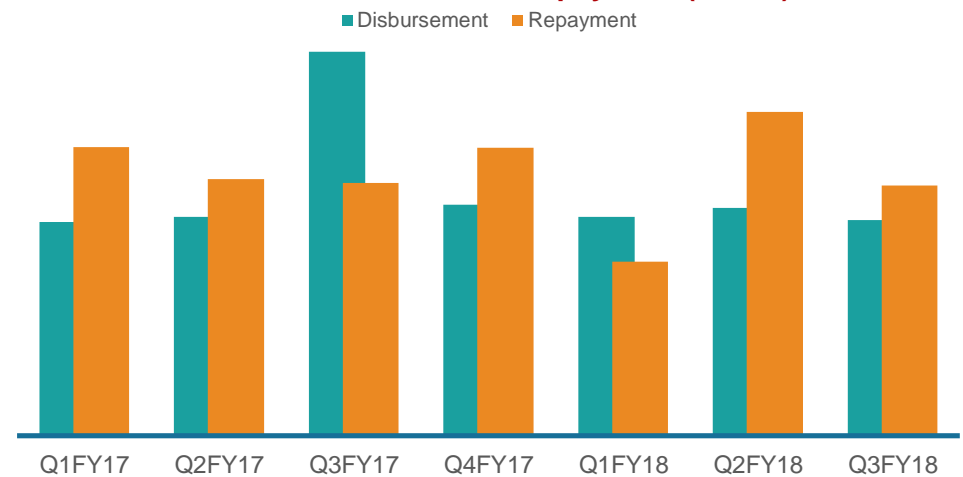
## Market Share of Value Traded on Bursa (KLSE)



## Unit Trust – AUM (RM' bil)



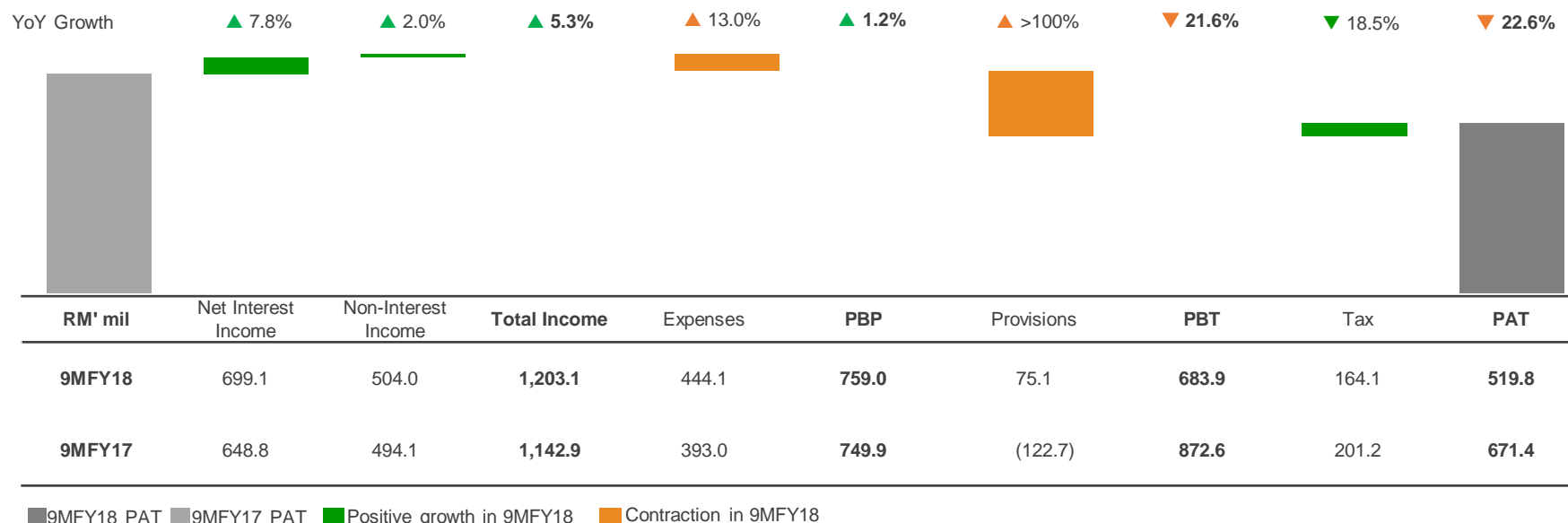
## QoQ Loan Disbursement and Repayment (RM'bil)



# Wholesale Banking (including Business Banking)

Wholesale

## Income Statement (RM' mil)



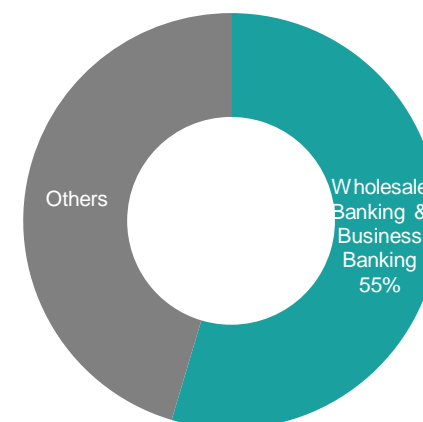
## Balance Sheet (RM' mil/%)

		FY17	9MFY18	9MFY18 VS FY17
Gross Loans / Financing		42,259.2	41,879.0	▼ -0.9%
Gross Impaired Loans	2.40%	1,040.2	1,006.8	▼ +2.8%
Customer Deposits		54,466.1	49,405.1	▼ -9.3%
CASA Deposits		8,804.3	9,038.8	▲ +2.7%

## Key Ratios

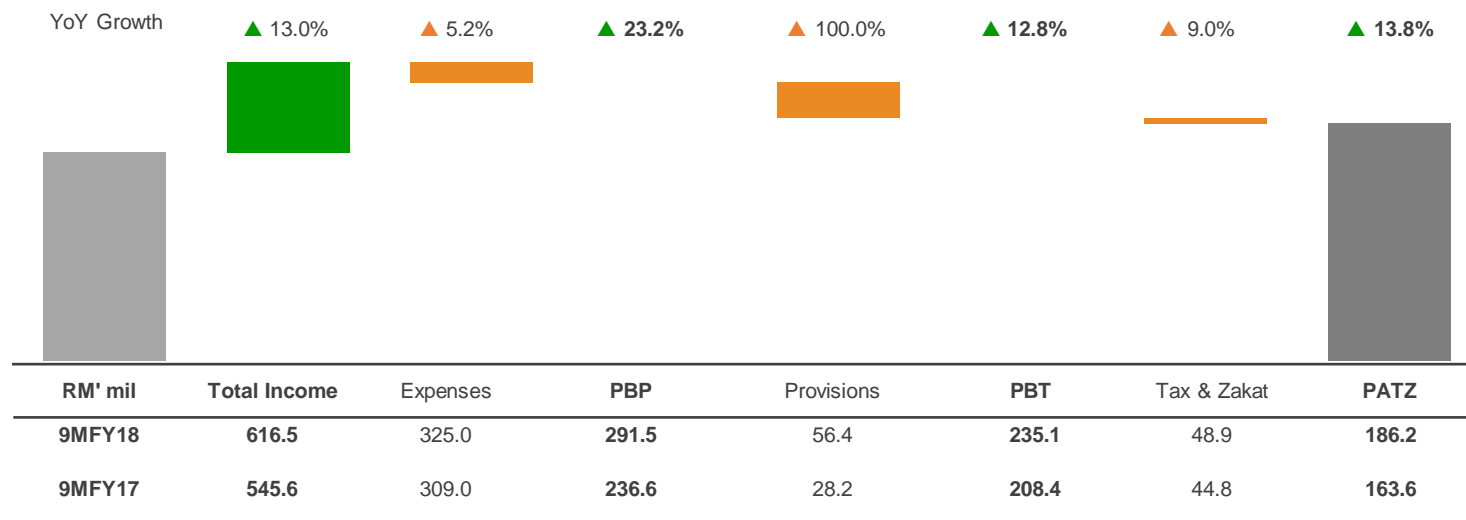
ROA		1.55%	1.18%	▼ -0.4%
CTI		32.8%	36.9%	▲ +4.1%
Allowance Coverage		37.4%	36.1%	▼ -1.3%
Ave Assets Management		46,500.2	46,521.8	▲ +0.0%

9MFY18 PAT  
(composition of Group)

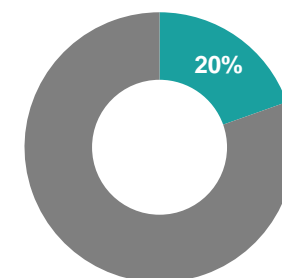


AmBank Group

## Income Statement (RM' mil)



9MFY18 PATZ  
(composition of Group)

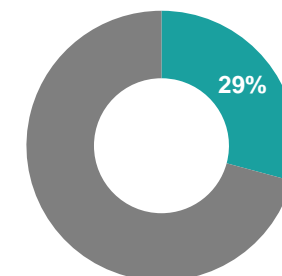


PATZ: profit after tax and zakat

## Balance Sheet (RM' mil/%)

		FY17	9MFY18	9MFY18 vs FY17
Gross Financing		27,508.1	27,630.9	▲ +0.4%
Gross Impaired Financing	2.12%	488.7	585.2	▲ +19.8%
Customer Deposits		26,836.7	28,779.3	▲ +7.2%
CASA Deposits		6,365.1	6,784.9	▲ +6.6%

9MFY18 Gross Financing  
(composition of Group)



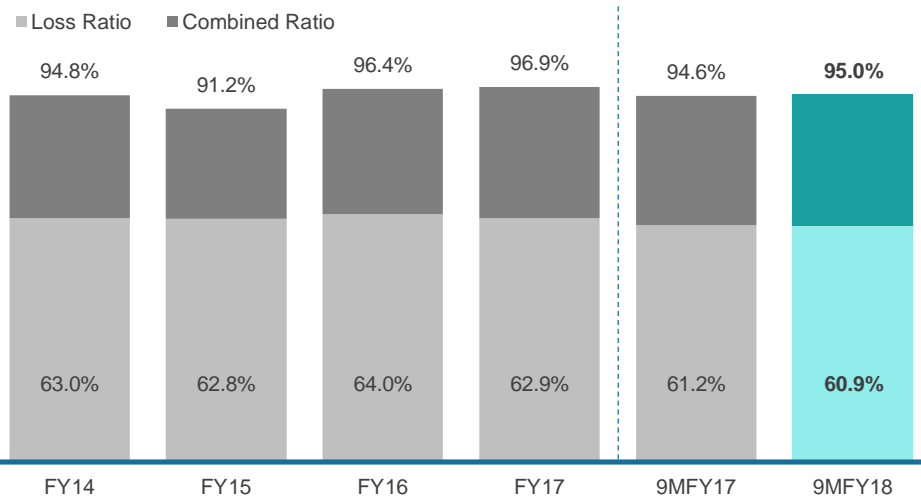
## Key Ratios

ROA		0.71%	0.62%	▼ -0.09%
CTI		57.0%	52.7%	▼ -4.3%
Allowance Coverage		54.9%	101.2%	▲ +46.3%

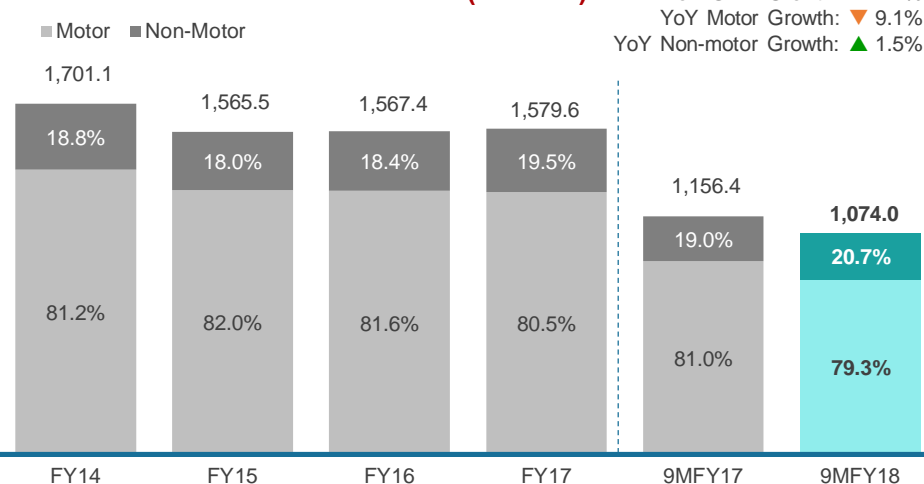
■ 9MFY18 PATZ ■ 9MFY17 PATZ ■ Positive growth in 9MFY18 ■ Contraction in 9MFY18



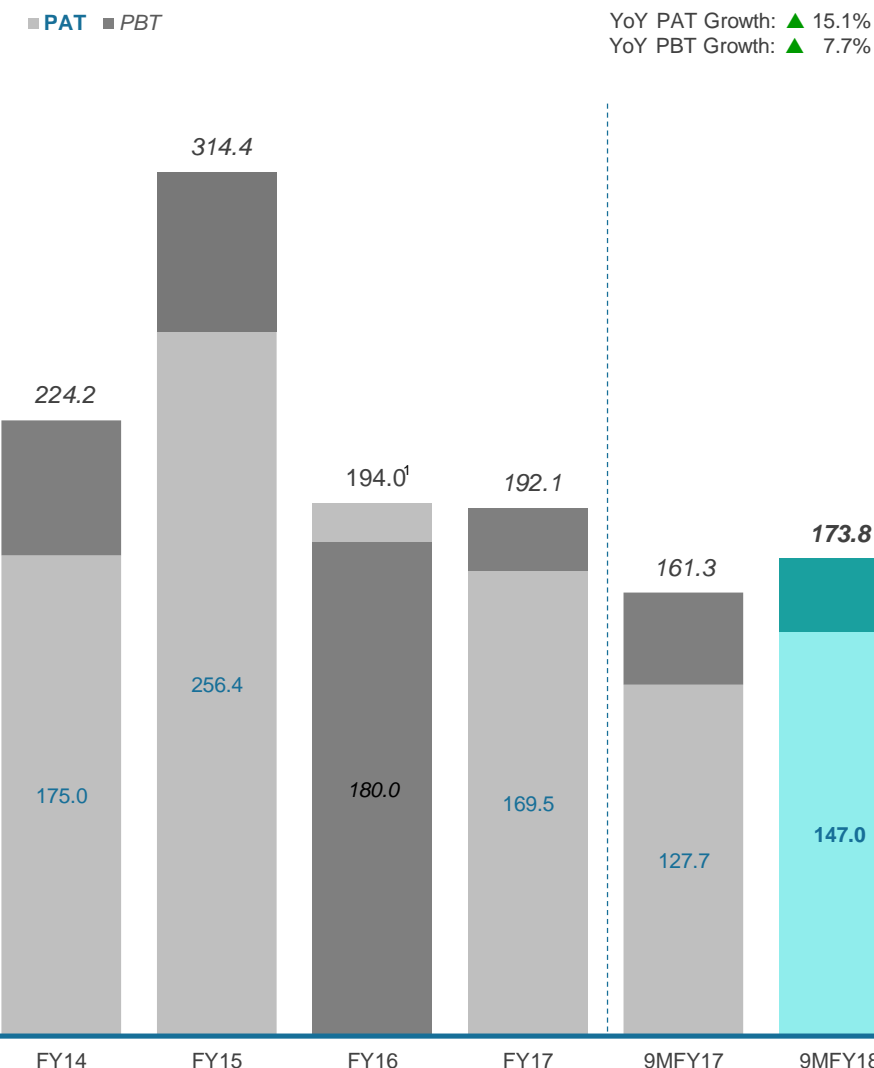
## Loss Ratio and Combined Ratio



## Gross Premium Mix and Growth (RM' mil)



## YoY PAT (RM' mil)



1. Includes write-back of prior year tax provisions

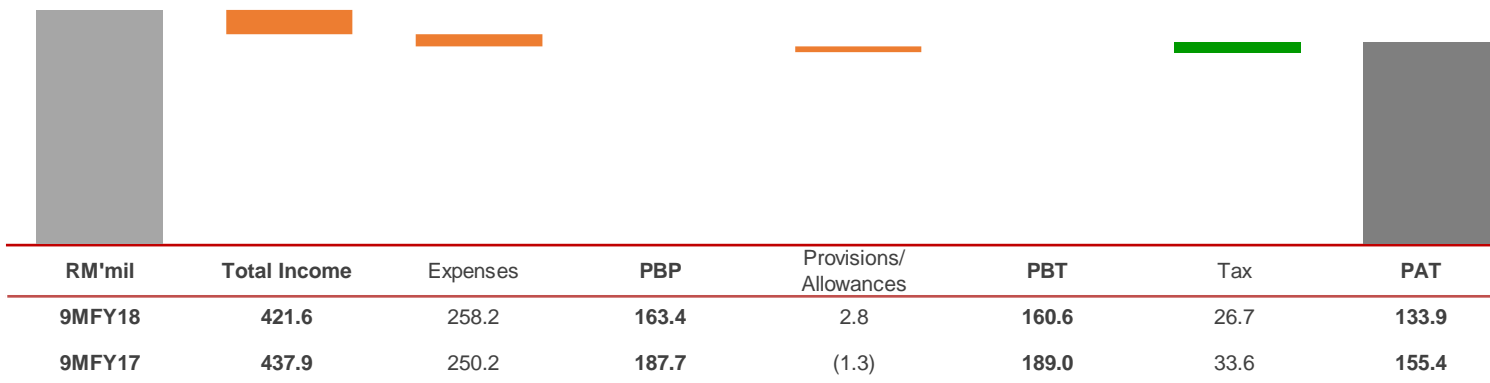


# Insurance and Group Funding & Others

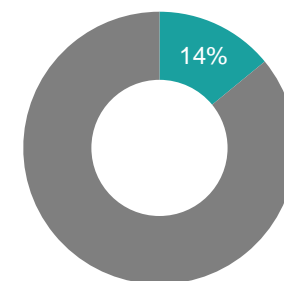
Insurance & Others

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

YoY Growth ▼ 3.7% ▲ 3.2% ▼ 12.9% ▲ >100.0% ▼ 15.0% ▼ 20.2% ▼ 13.8%

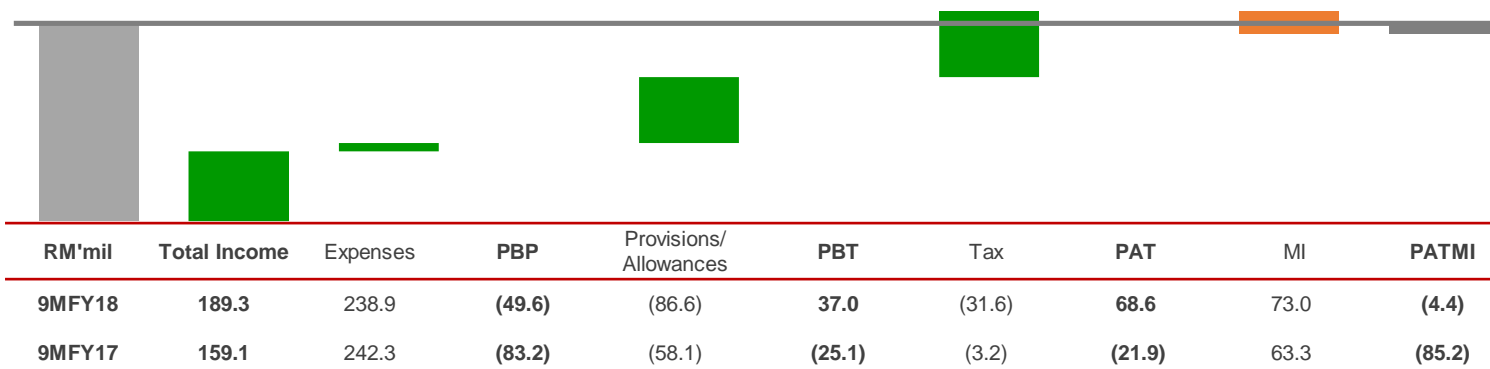


9MFY18 PAT  
(composition of Group)

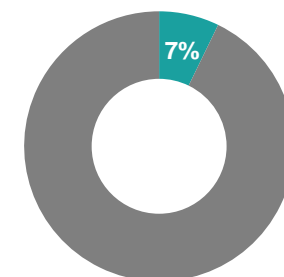


## Income Statement – Group Funding & Others (RM'mil)

YoY Growth ▲ 19.0% ▼ 1.4% ▲ 40.4% ▼ 49.0% ▲ >100.0% ▼ >100.0% ▲ >100.0% ▲ 15.4% ▲ 94.8%



9MFY18 PAT  
(composition of Group)



■ 9MFY18 PAT ■ 9MFY17 PAT ■ Positive growth in 9MFY18 ■ Contraction in 9MFY18



AmBank Group

# Funding sources and maturity profile

Funding

## Funding diversity underpinned by

LDR<sup>1</sup> of 84.4%

CASA: RM20.0 billion

Fixed deposits: RM79.9 billion

## Supplemented by term funding & debt capital

### AMMB Holdings Berhad

1. RM2b Medium Term Notes Programme (Senior and/or Subordinated)
2. RM10b Basel III-Compliant Tier 2 Subordinated Notes Programme

### 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 Musyarakah 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 2018, 2020 and 2022

Islamic financing sold to Cagamas – maturing in 2018

## Funding characteristics

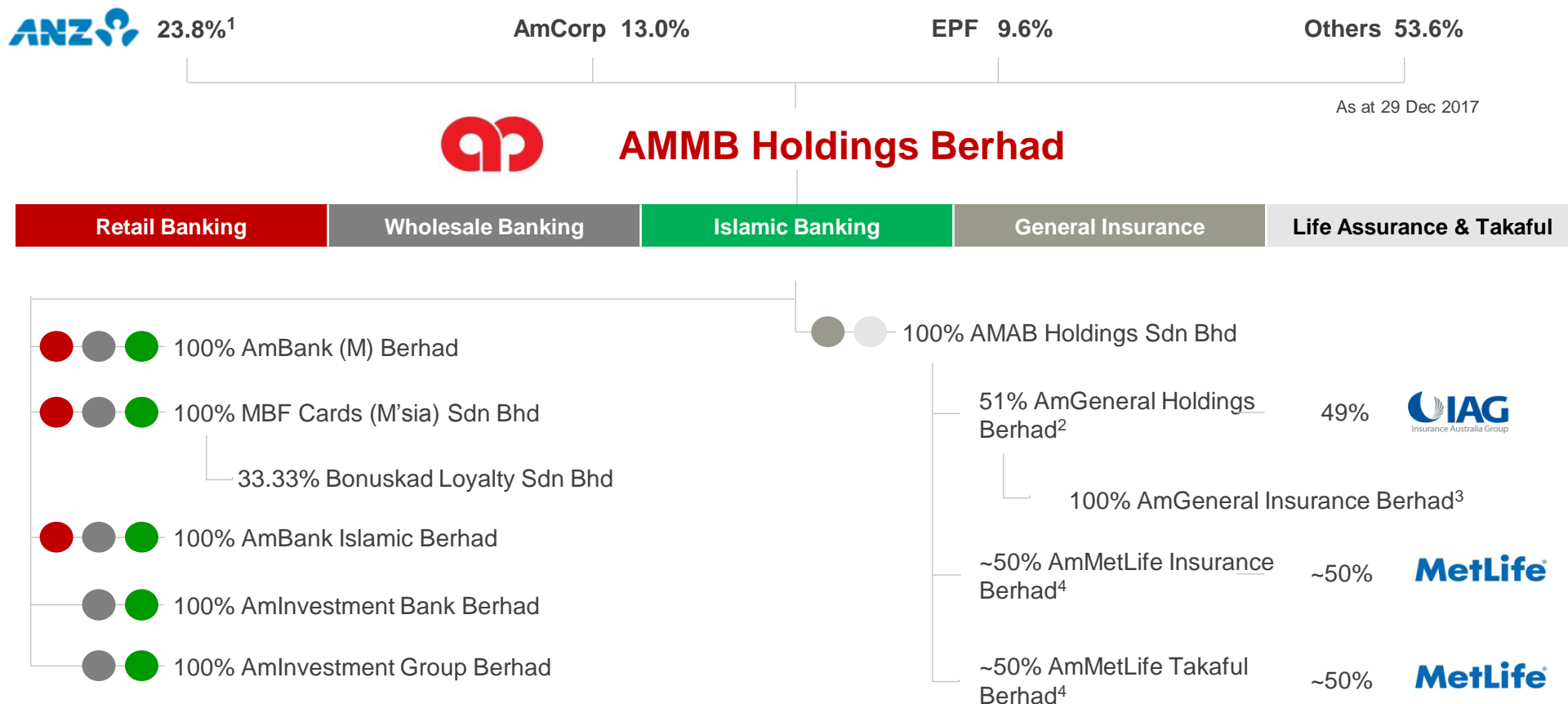
- Improve funding stability, maturity gap and liquidity ratios
- Reduce dependence on short-dated deposits to fund long-dated fixed rate loan assets which incur liquidity risk and interest rate risk
- Diversifies investor base
- No obligation for buy back since we are not exposed to withdrawal risks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

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



AmBank Group

# Shareholding structure



## Foreign shareholding excluding ANZ

FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	9MFY18
26%	29%	31%	29%	26%	26%	24%

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

# Credit ratings, target price and recommendations

Ratings & TP

## Credit Ratings

	Ratings	FY2007	FY2017	
<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

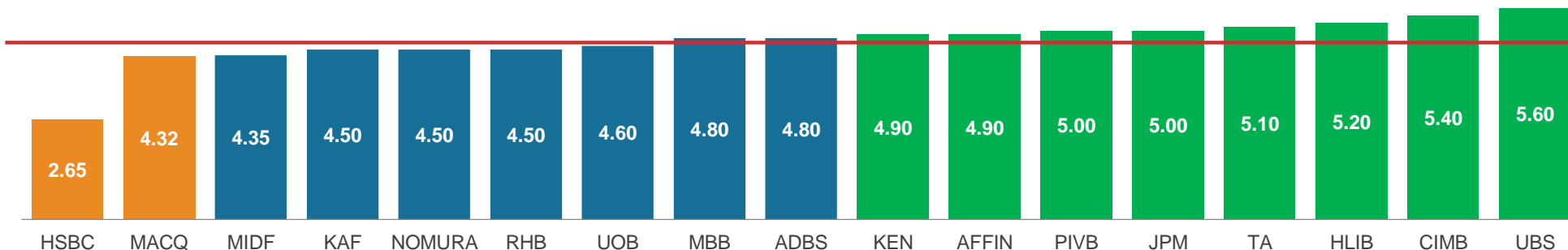
+1 Notches of ratings upgrades since 2007

## Target Price and Recommendations

P/EPS : 11.03  
P/BV : 0.89

Market Price: RM 4.80 ▲

Average TP : RM 4.72  
Buy : 8 (47%)  
Hold : 7 (41%)  
Sell : 2 (12%)  
Ave. TP/ Ave. CP : 1.01x



Source : Bloomberg as at 23 January 2018



AmBank Group

■ Buy/Outperform/Overweight/Add  
P/EPS & P/BV as at 23 January 2018

■ Hold/Neutral/Market perform  
■ Sell/Underperform/Fully valued/Reduce/Underweight

— TP: average target price

# 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

## Growth Definition

QoQ growth refers to Q3FY18 vs Q2FY18

YoY growth refers to 9MFY18 vs 9MFY17

YTD growth refers to December 2017 vs March 2017

## 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

## Disclaimer on rounding differences

Numbers may not add up due to rounding

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For further information, visit [www.ambankgroup.com](http://www.ambankgroup.com);

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