



# **INVESTOR PRESENTATION**

**Q1FY18 RESULTS**

24 AUG 2017



**AmBank Group**

# **GCEO PRESENTATION**

- 3 Q1FY18 Performance Highlights
- 4 2017 Market Outlook
- 5 Q1FY18 Business Heartbeat

# Q1FY18 Performance Highlights

## Total Income

**982.2m**

Q1FY17: 951.2m

Change: ▲3.3%

## Expenses

**553.1m**

Q1FY17: 535.5m

Change: ▲3.3%

## PBP

**429.1m**

Q1FY17: 415.7m

Change: ▲3.2%

## Net Allowances

**(20.0m)**

Q1FY17: (63.7m)

Change: ▲68.6%

## PATMI

**328.3m**

Q1FY17: 323.0m

Change: ▲1.6%

## ROE

**8.1%**

Q1FY17: 8.5%

Change: ▼40bps

## CTI

**56.3%**

Q1FY17: 56.3%

Change: ≈

## NIM

**2.02%**

Q1FY17: 1.94%

Change: ▲8bps

## GIL

**1.88%**

FY2017: 1.86%

Change: ▲2bps

## LLC

**79.8%**

FY2017: 79.7%

Change: ▲10bps

## EPS<sup>1</sup>

**10.92 sen**

Q1FY17: 10.74 sen

Change: ▲0.18 sen

## Proforma CET<sup>1 2</sup>

**11.7%**

FY2017: 11.6%

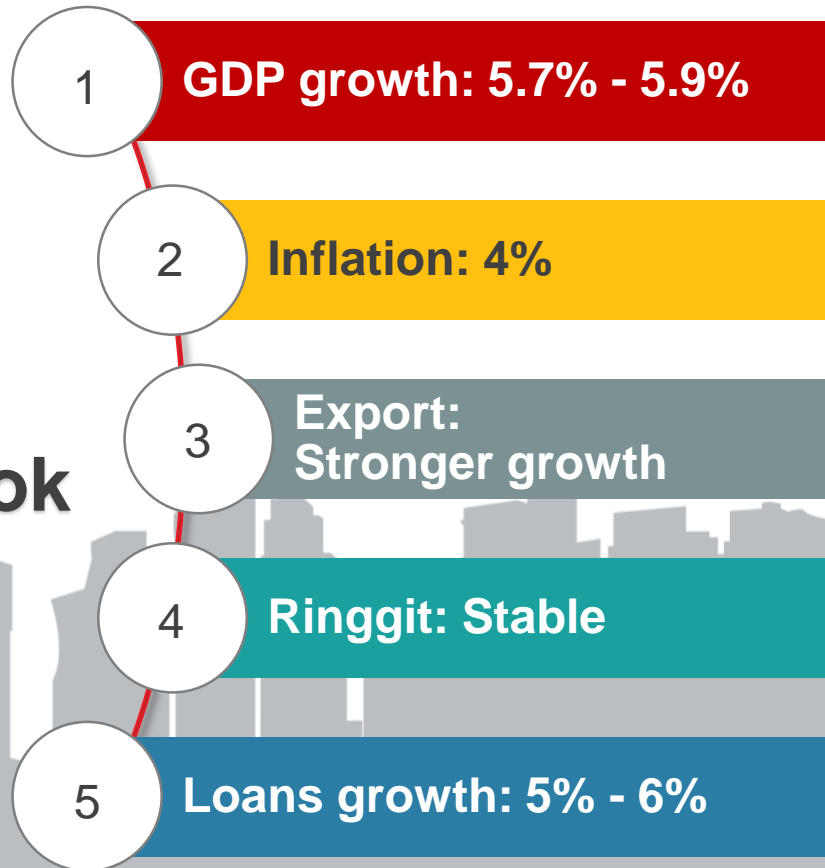
Change: ▲10bps

1. Basic Earnings Per Share

2. Proforma capital ratio includes Q1FY18 unappropriated profits of AmBank (M) Berhad, AmBank Islamic Berhad & AmInvestment Bank Berhad based on Aggregated Banking Group Entities and after proposed dividend



## Malaysia's Economic Outlook



## WHOLESALE BANKING

- Transaction Banking maintaining momentum on JomPAY<sup>1</sup> billing recruitment & cash management pipelines
- AmInvest won 3 awards from Fundsupermart.com for equity & fixed income; Ranked #5 in Unit Trust market share
- Debt Capital Markets Group ranked #2 for Overall MYR Bond & #3 for Sukuk

## BUSINESS BANKING

- Introduced new product offerings for working capital financing, industrial hire purchase & business premises loans
- Set up new Enterprise Business Centres nationwide
- New SME Segment & Deposit Hunter Teams
- Introduced AmMetLife Reducing Term Assurance and AmGen General Insurance Sales Campaigns

## RETAIL BANKING

- Recent Fixed Deposit promotions reigned in RM3b fresh funds in May & June'17
- Priority banking customers up 35% QoQ
- Faster turnaround time & improved efficiency with completion of collections automation in Q1FY18
- Simplified Teller Processes rolled out in 5 pilot branches in Q1FY18

## GENERAL INSURANCE

- Expand online presence with new portals & tools for customers & distributors
- Enhancing claims experience through process supply chain improvements



# GCFO Presentation

- 7 Performance Highlights
- 8-17 Financial Performance
- 18 Guidance & Expectations

A reasonable start, income momentum sustained whilst PATMI improved 2% YoY

1



Margin and expenses within expectations

2



Loan impairment normalising, remain watchful on Corporate loans

3



Moderate loans growth

4



# Building Income momentum

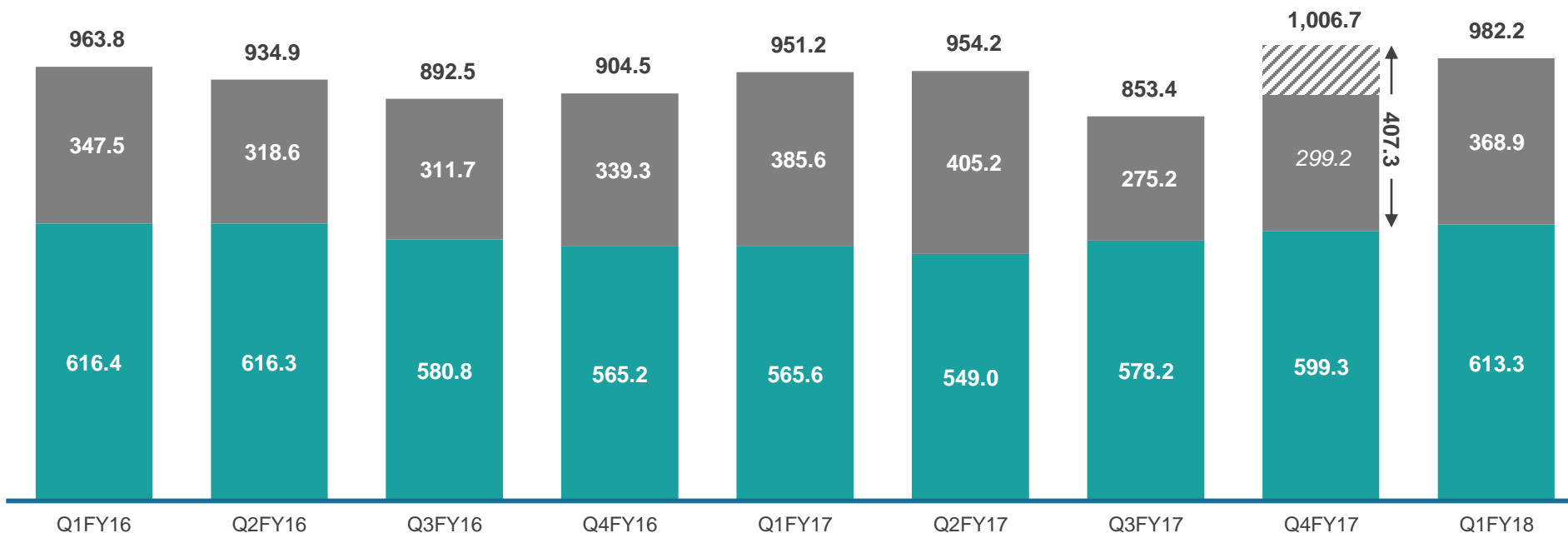
Income

Business Segments (RM' mil)	Q1FY17	Q1FY18	YoY Change
Retail Banking	343.8	351.9	▲ 2%
Wholesale Banking	314.3	343.0	▲ 9%
Business Banking	51.3	60.0	▲ 17%
Group Funding & Others	61.9	66.8	▲ 8%
<b>Total Income – Banking</b>	<b>771.3</b>	<b>821.7</b>	<b>▲ 7%</b>
Insurance (General, life, takaful)	179.9	160.5	▼ 11%
<b>Total Income</b>	<b>951.2</b>	<b>982.2</b>	<b>▲ 3%</b>

## Income

	Banking	Group
QoQ	▼ 7%	▼ 2%
YoY	▲ 7%	▲ 3%

RM' mil



AmBank Group

■ Net Interest Income

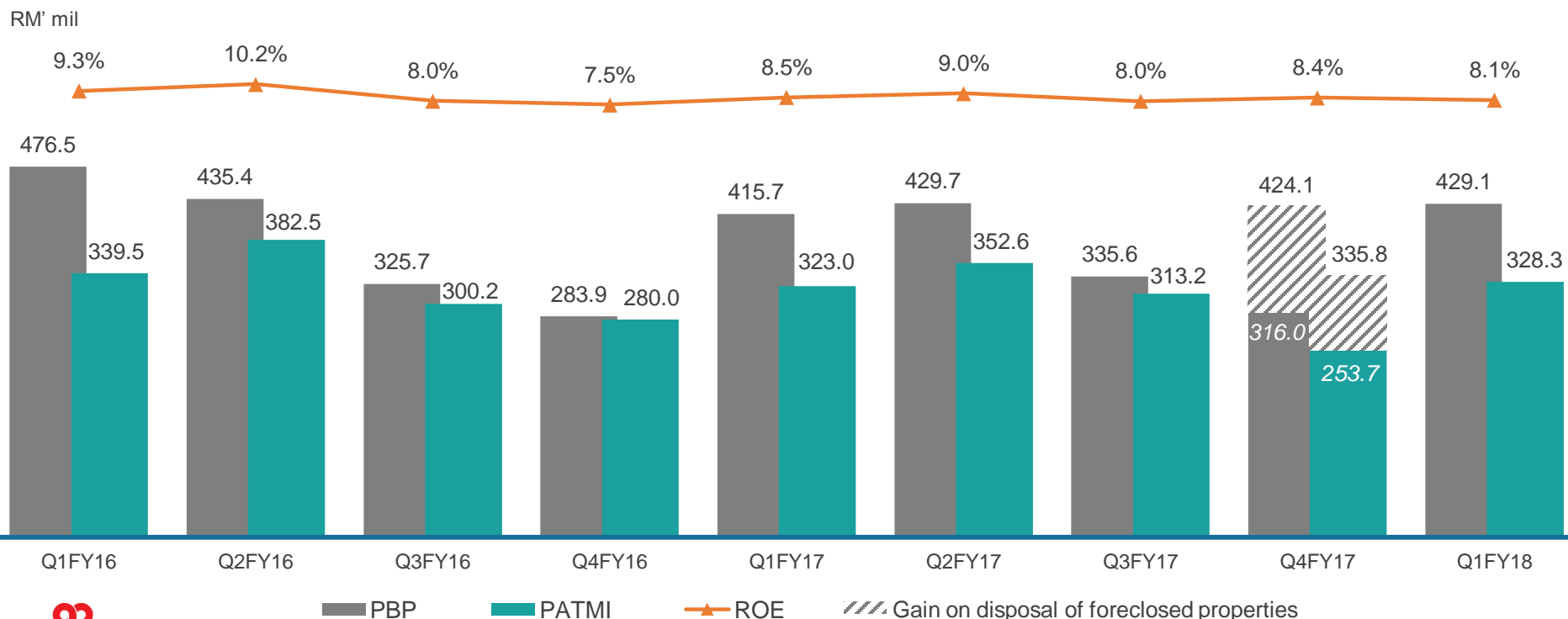
■ Non-interest Income

//// Gain on disposal of foreclosed properties (RM108.1m)

# Resuming PBP growth

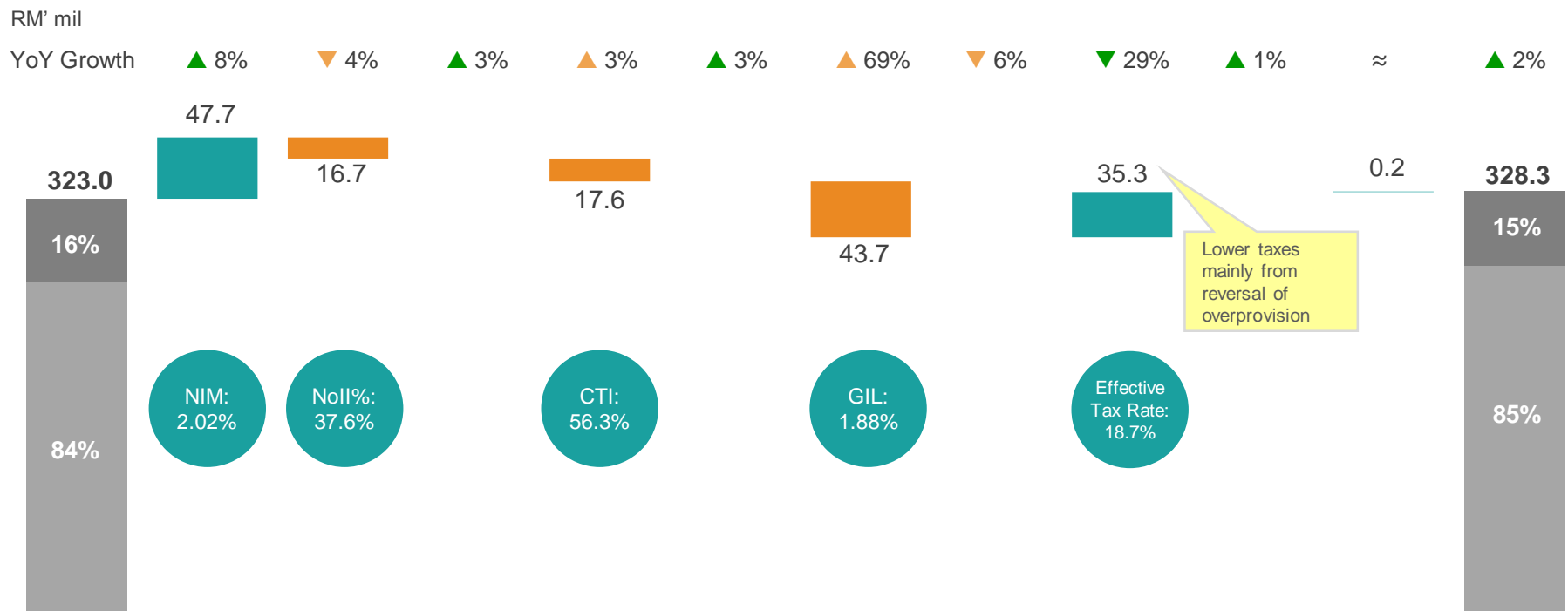
Business Segments (RM' mil)	Q1FY17	Q1FY18	YoY Change
Retail Banking	110.6	112.6	▲ 2%
Wholesale Banking	193.0	215.0	▲ 11%
Business Banking	39.8	36.8	▼ 8%
Group Funding & Others	-24.4	-8.8	▲ 64%
<b>PBP – Banking</b>	<b>319.0</b>	<b>355.6</b>	<b>▲ 11%</b>
Insurance (General, life, takaful)	96.7	73.5	▼ 24%
<b>PBP</b>	<b>415.7</b>	<b>429.1</b>	<b>▲ 3%</b>

PBP		Banking	Group
QoQ	▼ 10%	▲ 1%	
YoY	▲ 11%	▲ 3%	



# Profit underpinned by stronger NII and lower tax

## Managed expenses whilst net provisions / releases normalising



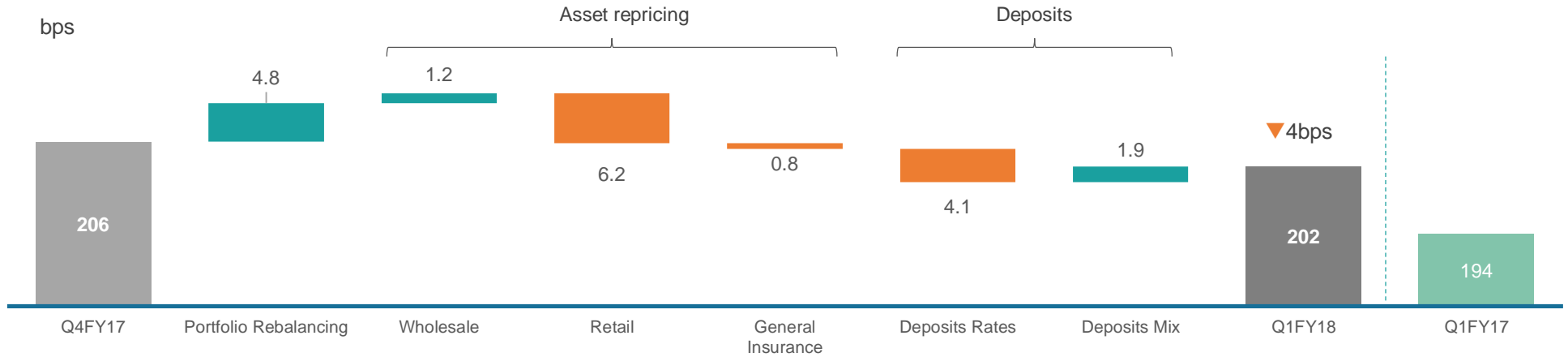
RM' mil	Net Interest Income	Non-Interest Income	Total Income	Expenses	PBP	Provisions	PBT	Tax & Zakat	PAT	MI	PATMI
Q1FY18	613.3	368.9	982.2	553.1	429.1	(20.0)	449.1	84.6	364.5	36.2	328.3
Q1FY17	565.6	385.6	951.2	535.5	415.7	(63.7)	479.4	119.9	359.4	36.4	323.0

■ Conventional PATMI 
 ■ Islamic PAT 
 ■ Positive growth in Q1FY18 
 ■ Contraction in Q1FY18

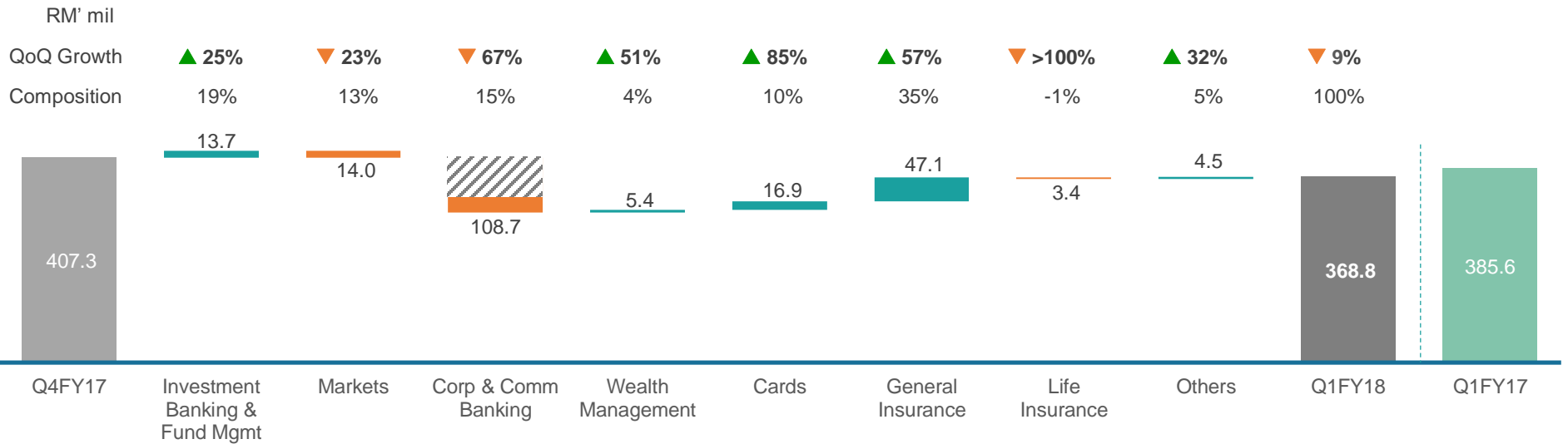


# Net interest margin in line with expectations

## Net Interest Margin (NIM) Movement NIM stable, with continuing pressures in Retail



## Non-interest Income (NoII) Drivers General insurance, Cards and DCM, bright spots in non-interest income



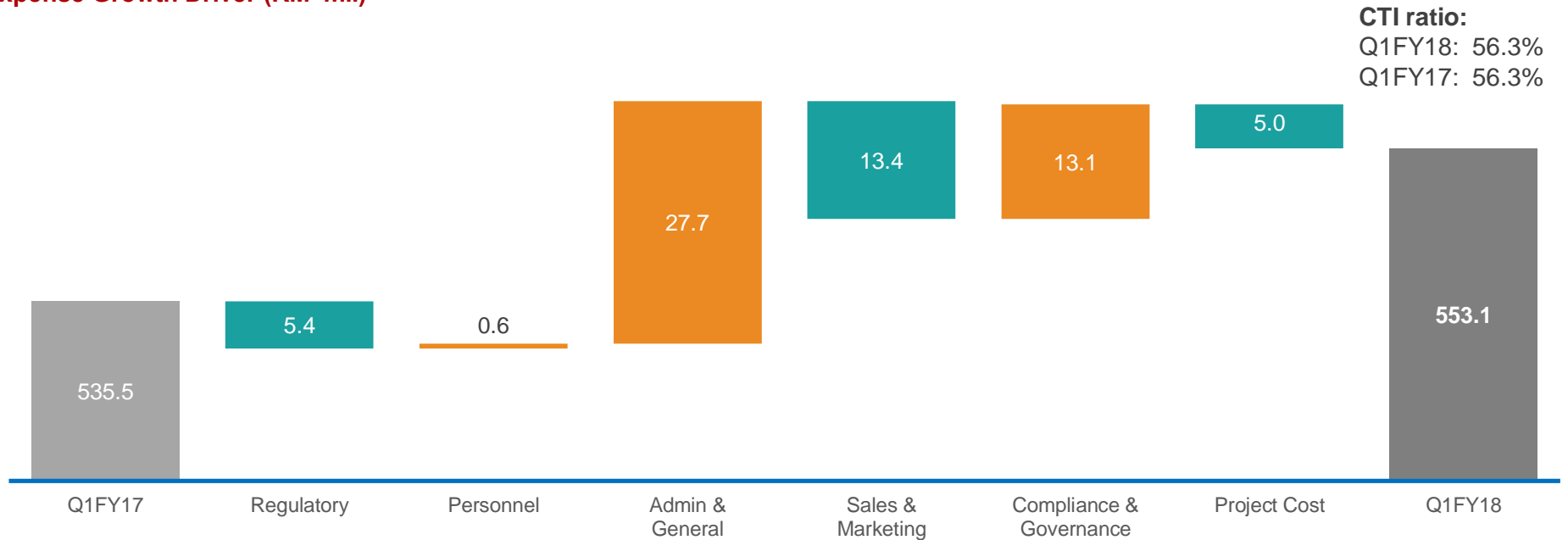
■ Positive growth in Q1FY18    
 ■ Contraction in Q1FY18    
  Q4FY17 Gain on disposal of foreclosed properties (RM108.1m)

# Tight cost control with CTI improving to 56.3%

Business Segments (RM' mil)	Q1FY17	Q1FY18	YoY Change
Retail Banking	233.2	239.3	▲ 3%
Wholesale Banking	121.3	127.9	▲ 5%
Business Banking	11.5	23.3	▲ >100%
Group Funding & Others	86.4	75.6	▼ 13%
<b>Expenses – Banking</b>	<b>452.4</b>	<b>466.1</b>	<b>▲ 3%</b>
Insurance (General, life, takaful)	83.1	87.0	▲ 5%
<b>Expenses</b>	<b>535.5</b>	<b>553.1</b>	<b>▲ 3%</b>

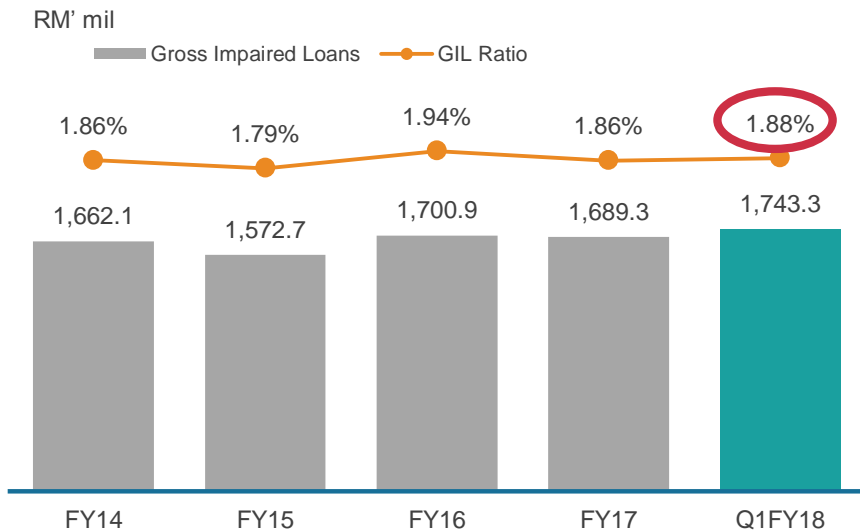
	Banking	Group
QoQ	▼ 6%	▼ 5%
YoY	▲ 3%	▲ 3%

## Expense Growth Driver (RM' mil)



# Remain watchful on Corporate loans impairment

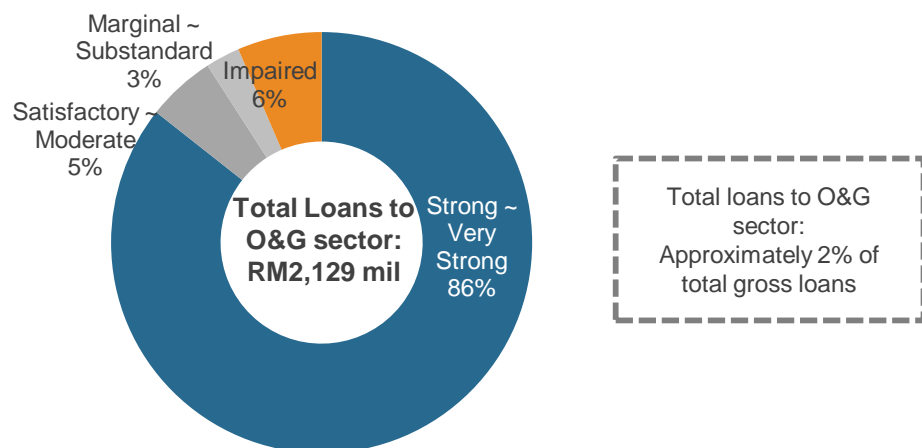
## Gross Impaired Loans (RM' mil) and GIL Ratios (%)



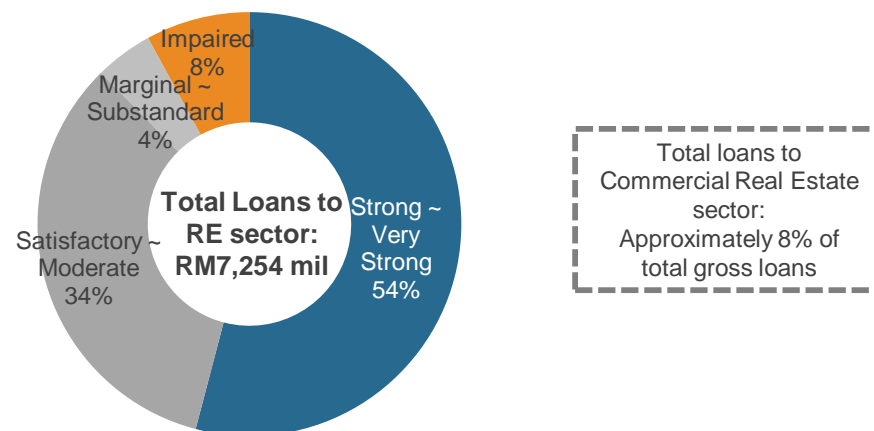
## GIL Ratio QoQ Breakdown

GIL Ratio	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
<b>Group</b>	1.69%	1.64%	1.54%	1.86%	1.88%
<b>Retail Banking</b>	1.52%	1.53%	1.44%	1.33%	1.42%
<b>Wholesale Banking (including Business Banking)</b>	1.90%	1.77%	1.66%	2.44%	2.39%

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



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



# Credit costs normalising with lower writebacks

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

RM' mil

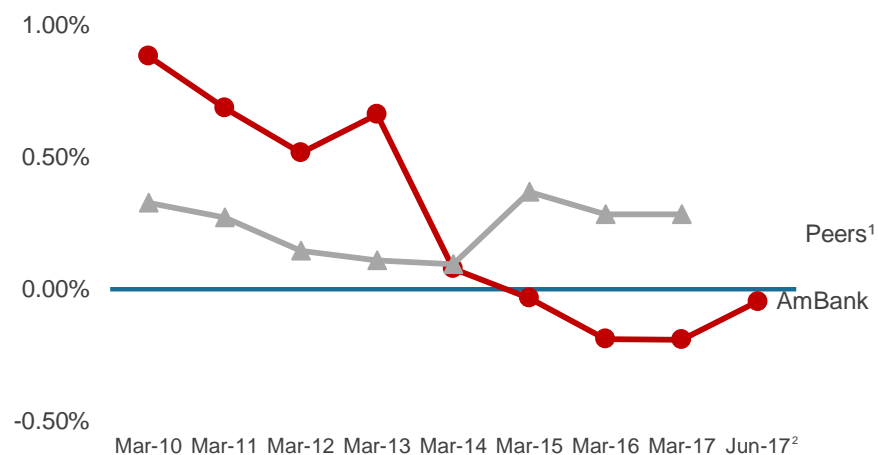
Total provisions by category	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
Performing Loans	(16.9)	14.6	(36.3)	(178.7)	(41.5)
Non Performing Loans	121.9	86.3	123.8	381.9	142.1
Recoveries	(160.4)	(138.4)	(170.4)	(212.3)	(119.6)
Other Provisions	(8.3)	(4.9)	9.5	(7.5)	(1.0)
<b>Total net provisions/ (writeback)</b>	<b>(63.7)</b>	<b>(42.4)</b>	<b>(73.4)</b>	<b>(16.6)</b>	<b>(20.0)</b>

Total provisions by divisions	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
Wholesale Banking	(81.4)	(30.9)	(9.4)	145.0	0.5
Business Banking	(1.8)	4.1	(3.4)	12.3	9.3
Retail Banking	11.5	(26.7)	17.9	(24.6)	12.8
Operating Segment	8.0	10.5	(76.7)	(149.5)	(42.8)
AmGeneral	(0.0)	0.5	(1.8)	0.2	0.2
<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>

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

## Credit Costs vs. Peers<sup>1</sup>

AmBank Group	FY14	FY15	FY16	FY17	Q1FY17 <sup>2</sup>	Q1FY18 <sup>2</sup>
Credit cost	0.08%	-0.04%	-0.19%	-0.19%	-0.17%	-0.05%
Credit cost (excluding recoveries)	0.94%	0.69%	0.46%	0.57%	0.58%	0.48%



1. Based on an average of our seven peer domestic banks as at 31 March 2017
2. Annualised



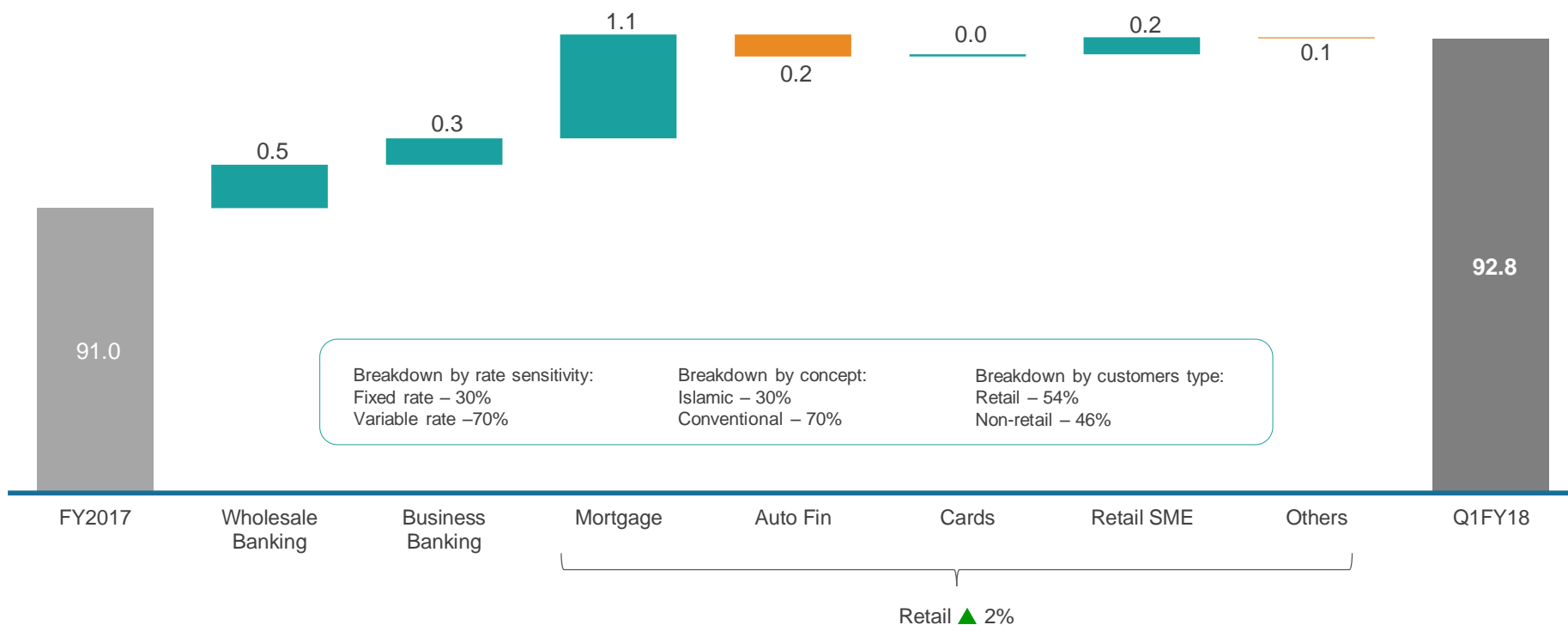
# Moderate loans growth in targeted segments

ROA:  
1.08%

LD  
Ratio<sup>1</sup>:  
88.9%

## Gross Loans Movement (RM' bil)

YTD Growth	▲ 1%	▲ 5%	▲ 4%	▼ 1%	▲ 1%	▲ 22%	▼ 45%	▲ 2%
Composition	40%	7%	28%	21%	2%	1%	1%	



Breakdown by rate sensitivity:  
Fixed rate – 30%  
Variable rate – 70%

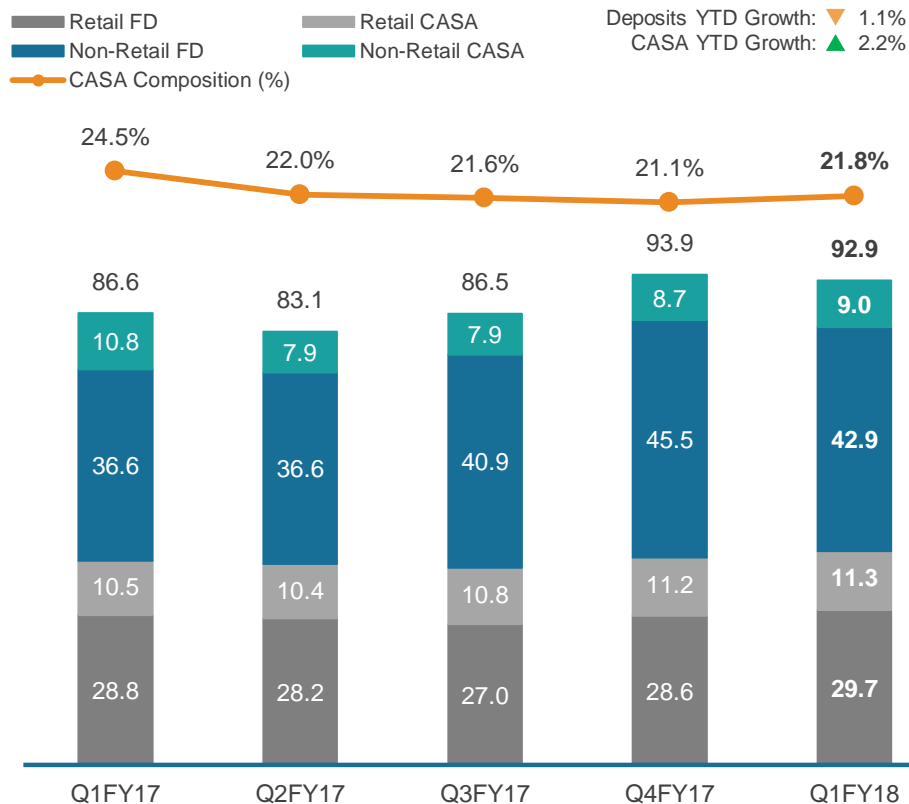
Breakdown by concept:  
Islamic – 30%  
Conventional – 70%

Breakdown by customers type:  
Retail – 54%  
Non-retail – 46%

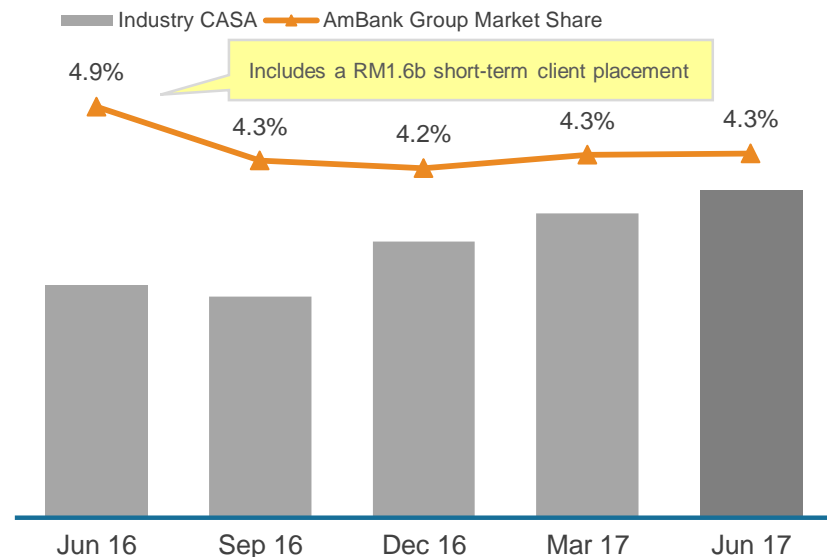
■ Positive growth in Q1FY18   ■ Contraction in Q1FY18   1. Includes stable funding sources

# Diversifying funding, managing cost of funds

## Deposits and CASA Balance (RM' bil)



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



YTD Growth	CASA	Deposits
AmBank Group	▲ 2%	▼ 1%
Industry <sup>3</sup>	▲ 2%	≈

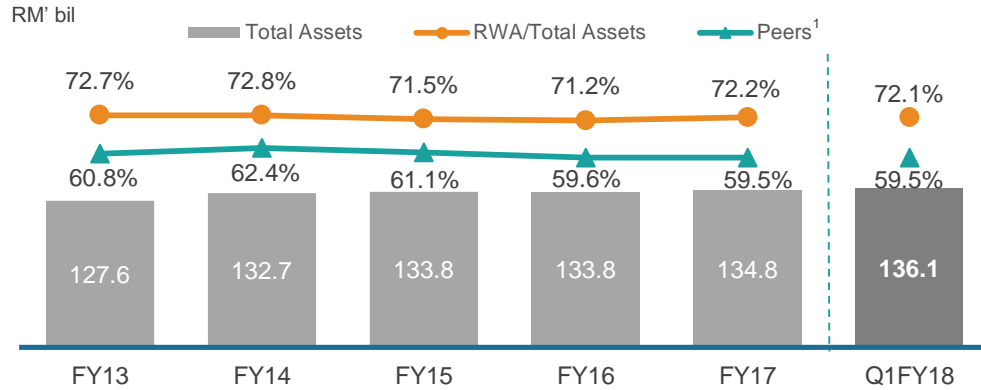
3. Based on BNM data as at 30 June 2017

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



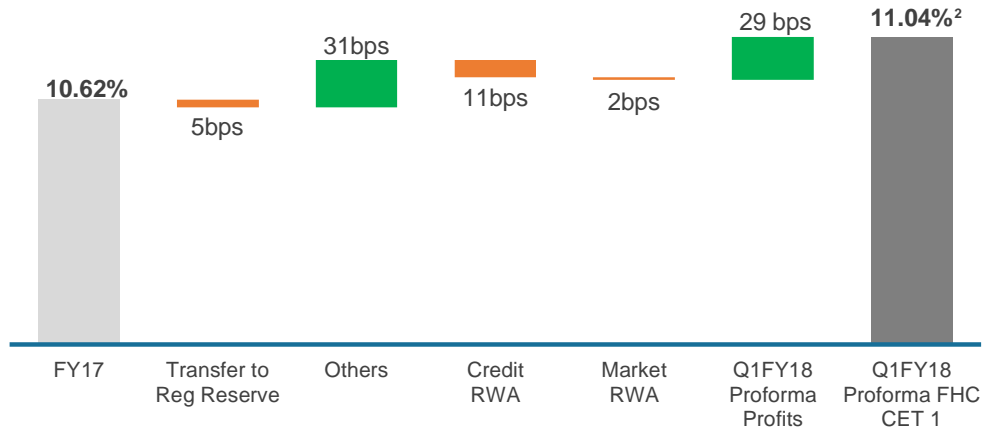
# Capital levels adequate

## RWA/Total Assets



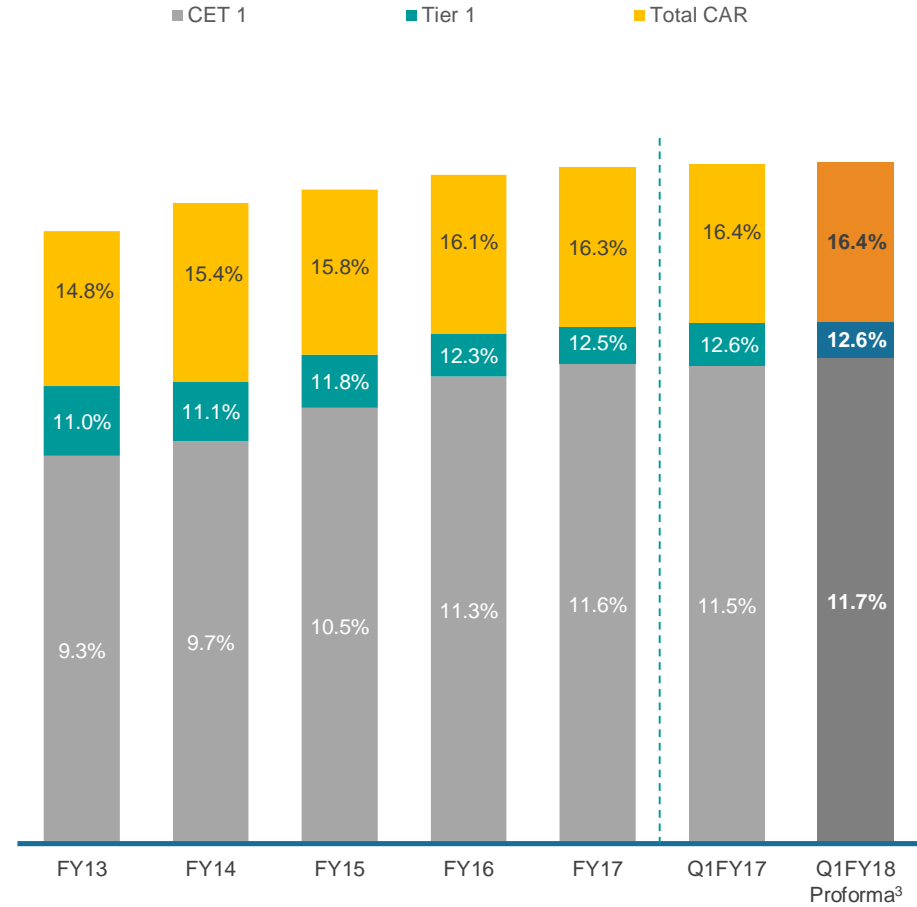
1. Based on an average of our seven peer domestic banks as at 31 March 2017

## Financial Holding Company Indicative Ratio



2. Proforma FHC capital ratio includes Q1FY18 unappropriated profits of AmBank (M) Berhad, AmBank Islamic Berhad & AmInvestment Bank Berhad and after proposed dividend

## Capital Adequacy Ratios (after dividends)



3. Proforma capital ratios include Q1FY18 unappropriated profits of AmBank (M) Berhad, AmBank Islamic Berhad & AmInvestment Bank Berhad based on Aggregated Banking Group Entities



# Guidance & Expectations for FY2018 / FY2019

Guidance

	ROE	CTI	DIVIDEND	FHC CET 1
Q1FY18 :	8.1%	56.3%	-	11.0% <sup>1</sup>
FY Guidance :	Circa 10%	≤ 55%	Circa 40% payout	10.5% ± 1%



## PROFIT

Accelerating penetration in targeted segments & expanding into key GDP sectors



## RETURNS

Balancing growth of quality assets, deposit mix and maximising fees to optimise returns



## CAPITAL

Focusing on optimisation and improving risk adjusted returns



## PEOPLE

Investing in an ecosystem providing employees with an environment to work effectively and innovatively



## DIGITAL

Materialising digital transformation initiatives for unrivalled customer experience & distribution capabilities and efficiency



## COMPLIANCE

Continue to invest in our compliance culture & infrastructure for business and regulatory requirements



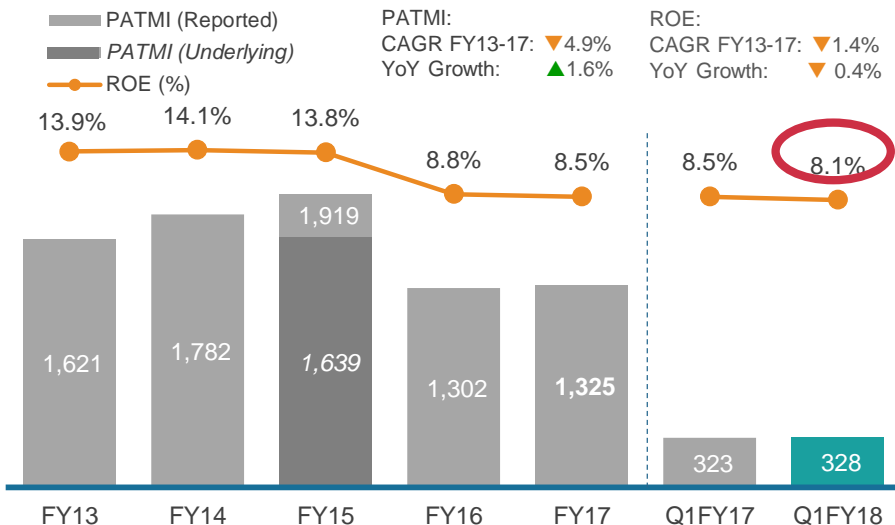
AmBank Group

1. Proforma FHC capital ratio includes Q1FY18 unappropriated profits of AmBank (M) Berhad, AmBank Islamic Berhad & AmInvestment Bank Berhad and after proposed dividend

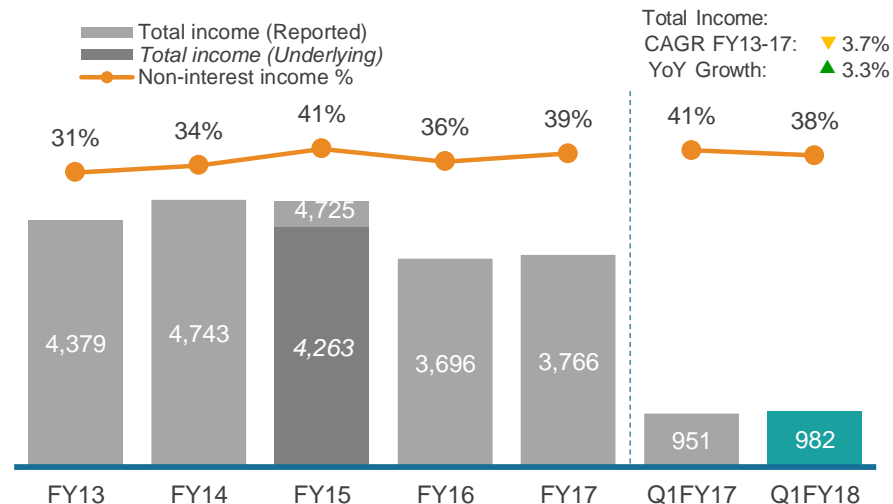
# Group Performance

# Yearly performance

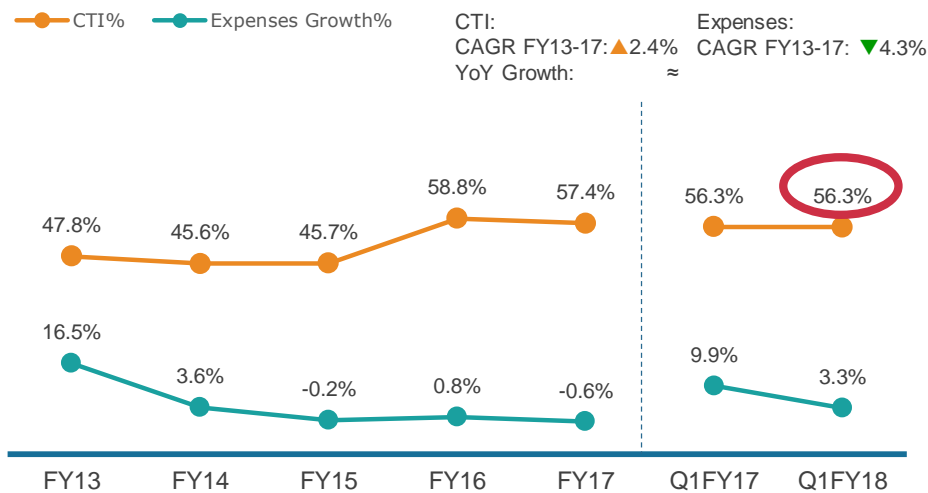
## PATMI (RM' mil) & ROE (%)



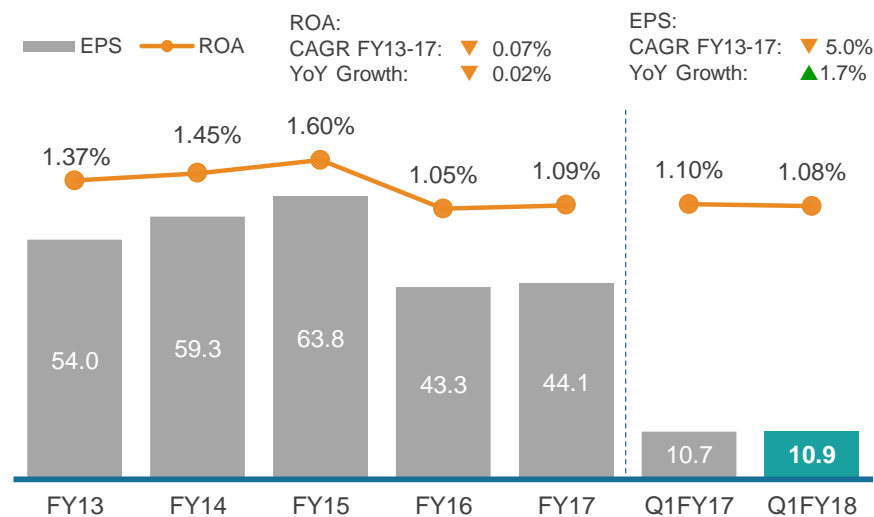
## Total Income (RM' mil) and Non-interest Income (%)



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

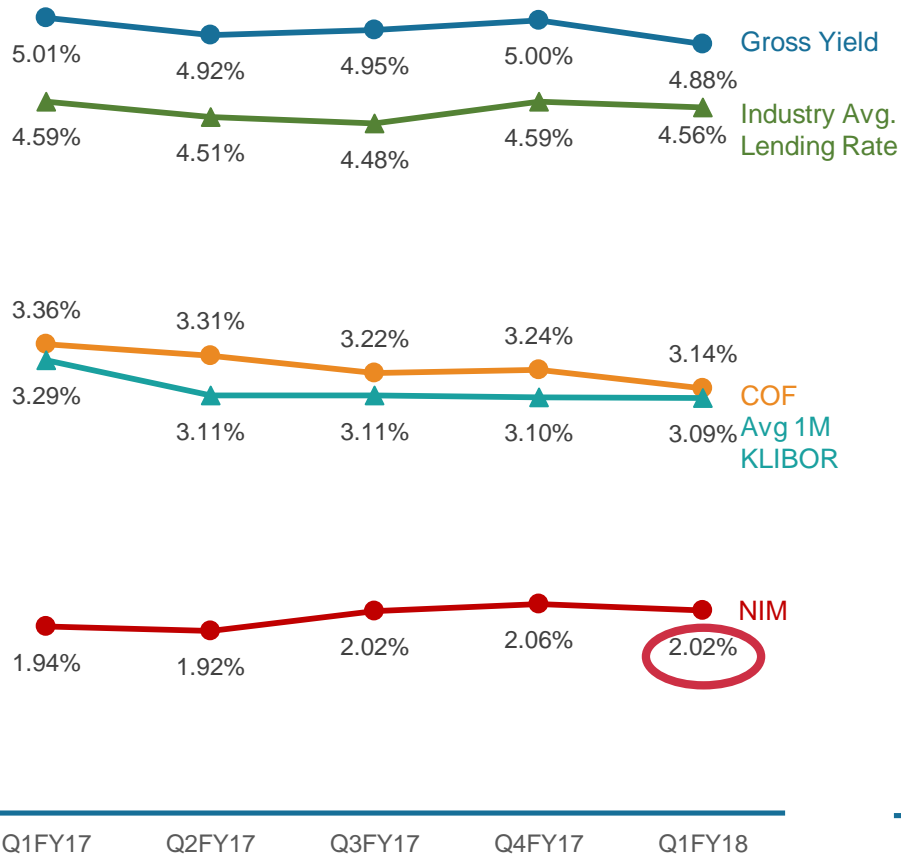


## ROA (%) and EPS (Basic)

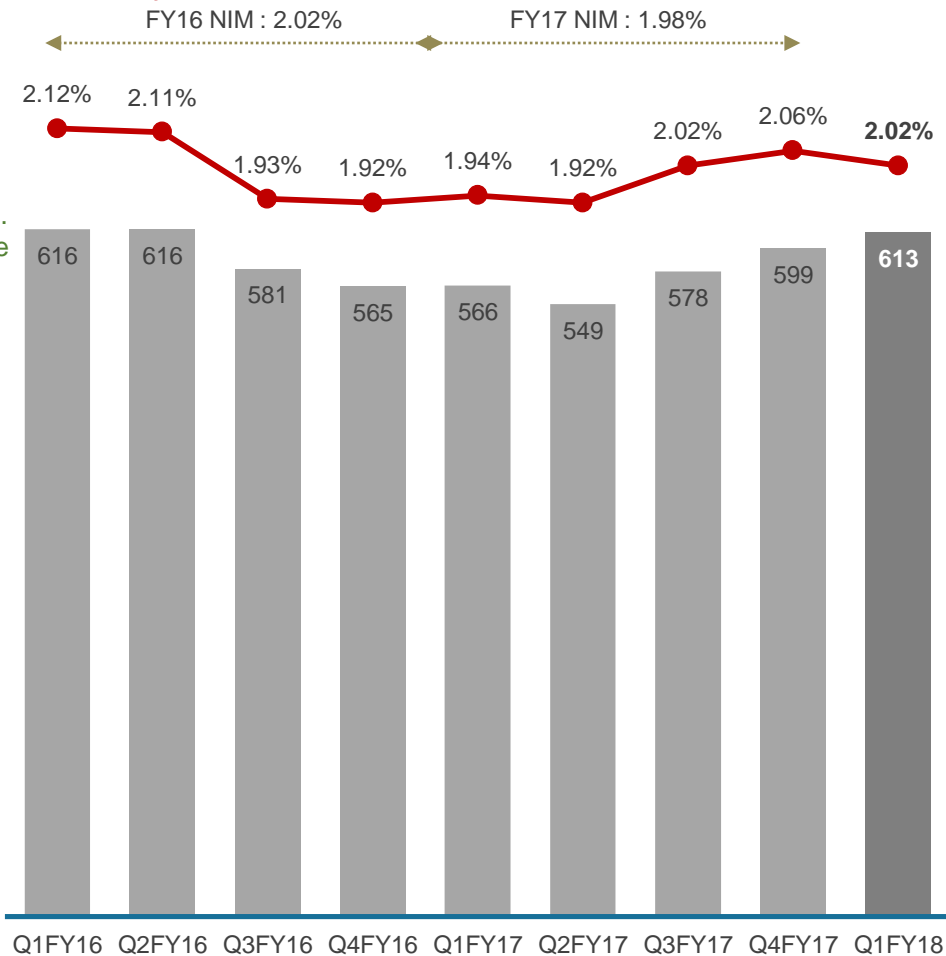


# Net interest margin trends

## NIM YoY Trend vs. Industry



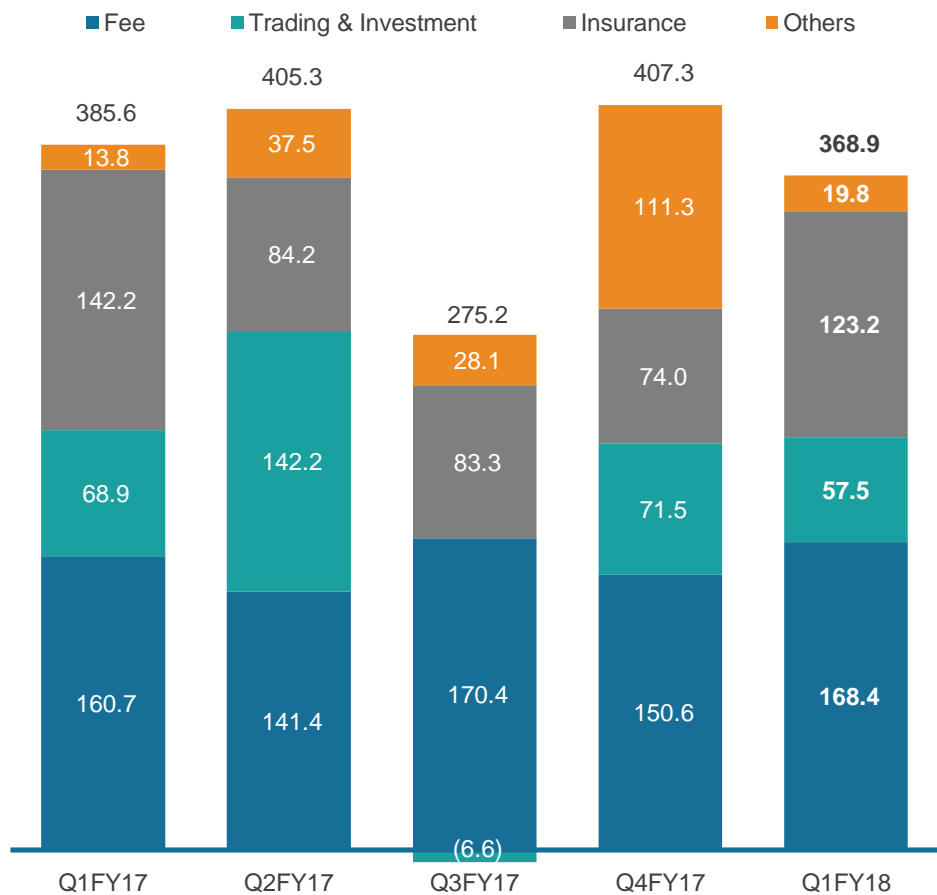
## Quarterly Net Interest Income (RM' mil) & NIM Movement



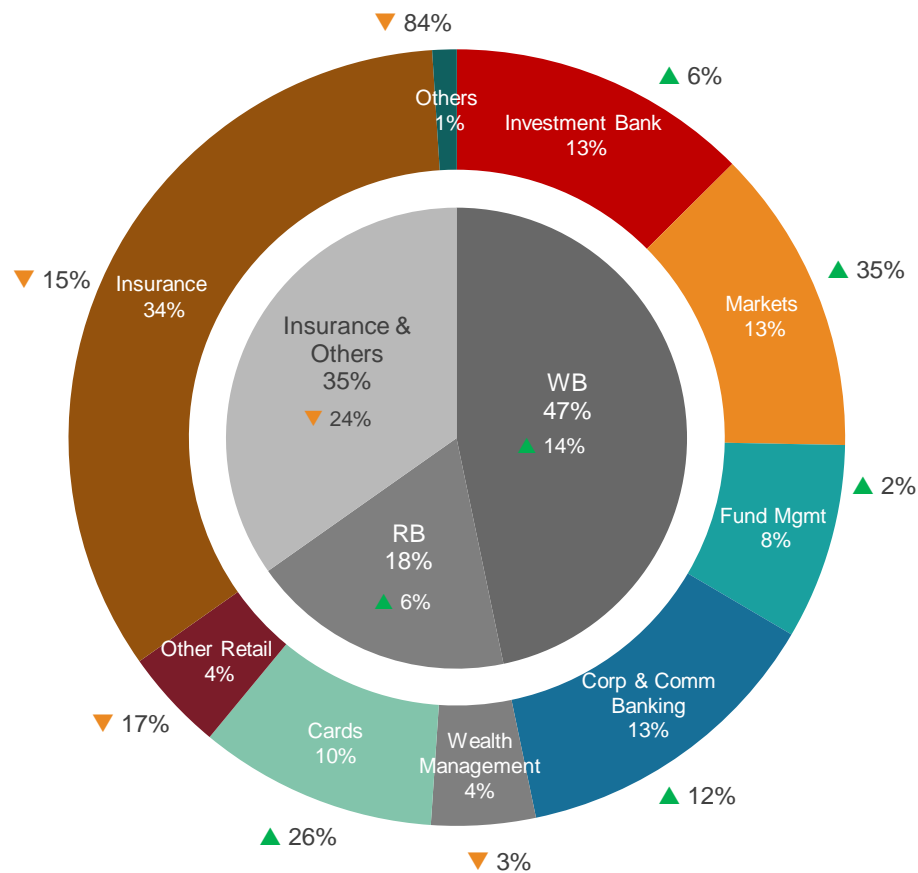
# Non-interest income mix

Non-interest Income (RM' mil)

QoQ Growth: ▼ 9%  
YoY Growth: ▼ 4%



Non-interest Income by Lines of Business (YoY)

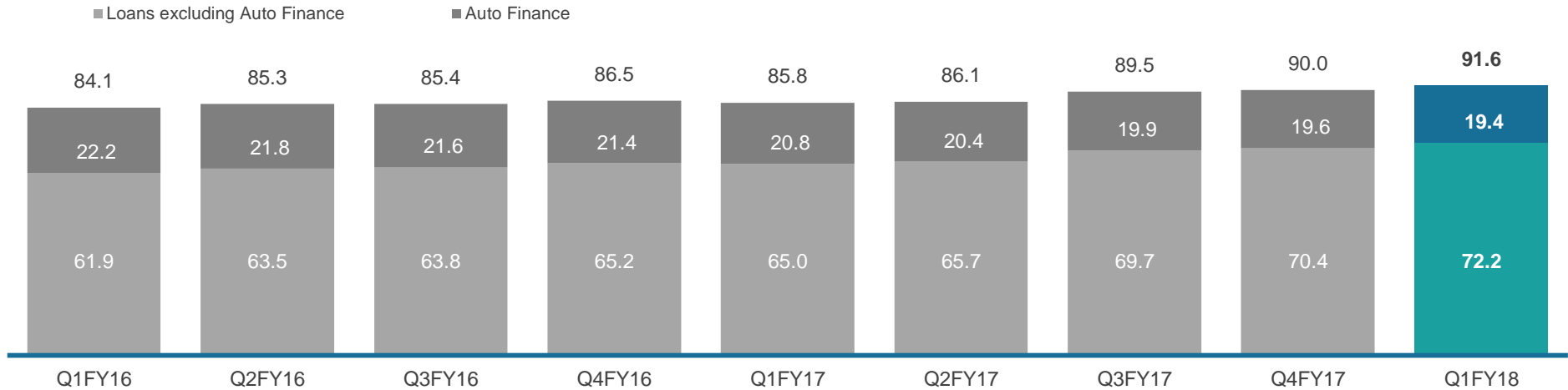


# Quarterly loans and deposit trends

Q1FY18 Results

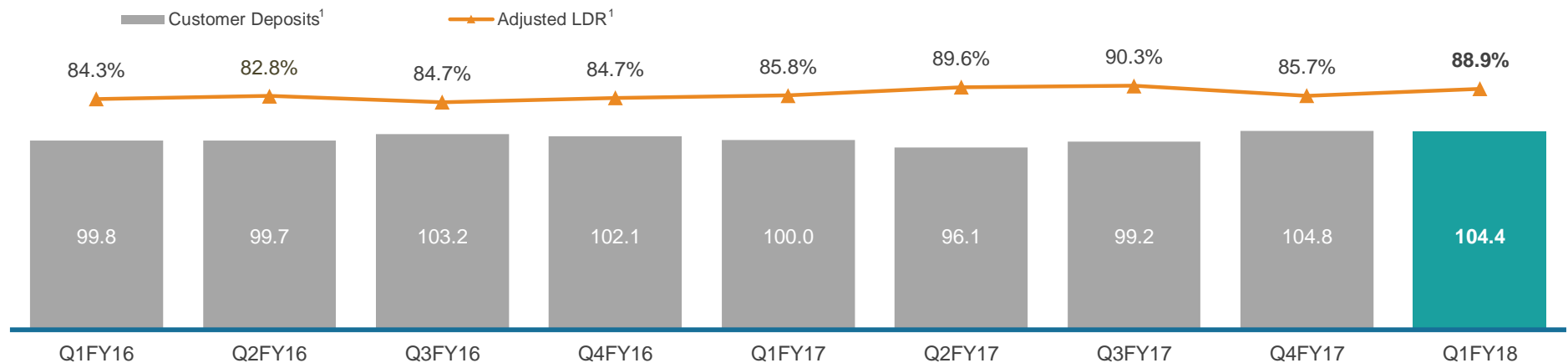
## Net Lending (RM' bil)

QoQ Growth: ▲ 2.0%  
QoQ Growth (excl.AF): ▲ 2.9%



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

QoQ Growth: ▼ 0.4%  
YoY Growth: ▲ 4.4%

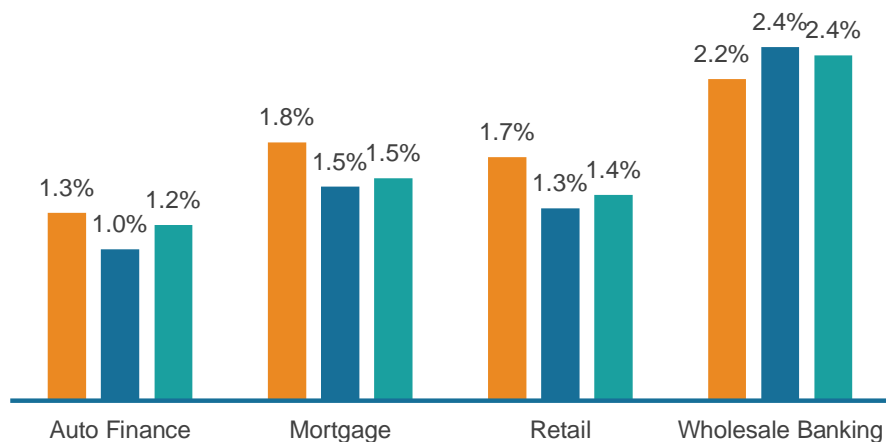


AmBank Group

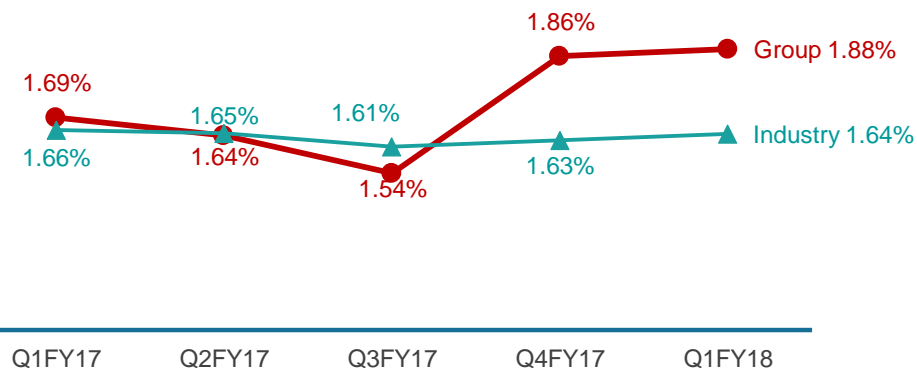
1. Includes stable funding sources

## Impaired Loans – Key Segments

■ FY16 ■ FY17 ■ Q1FY18



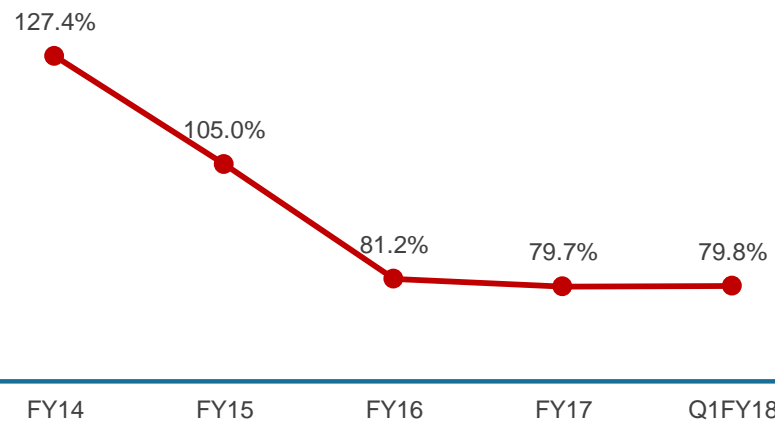
## Gross Impaired Loans (RM' mil)



## Impaired Loans by Sectors and YTD Movement

Sector	Jun-17 RM' mil	YTD Growth	Composition
Real Estate	609	▼ 13.9%	34.9%
Residential Properties	342	▲ 8.0%	19.6%
Transport Vehicles	228	▲ 12.5%	13.1%
Mining and quarrying	139	▼ 9.5%	8.0%
Manufacturing	175	▲ 84.3%	10.0%
Construction	16	▼ 4.4%	0.9%
Others	234	▲ 18.7%	13.5%
<b>Total</b>	<b>1,743</b>	<b>▲ 3.2%</b>	<b>100.0%</b>

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



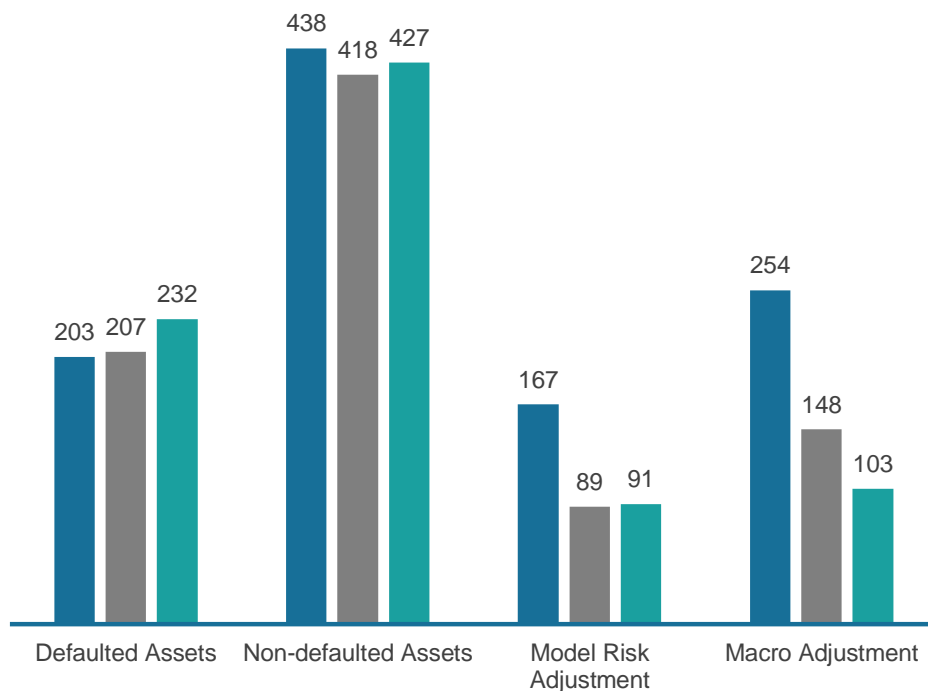
1. Includes regulatory reserve



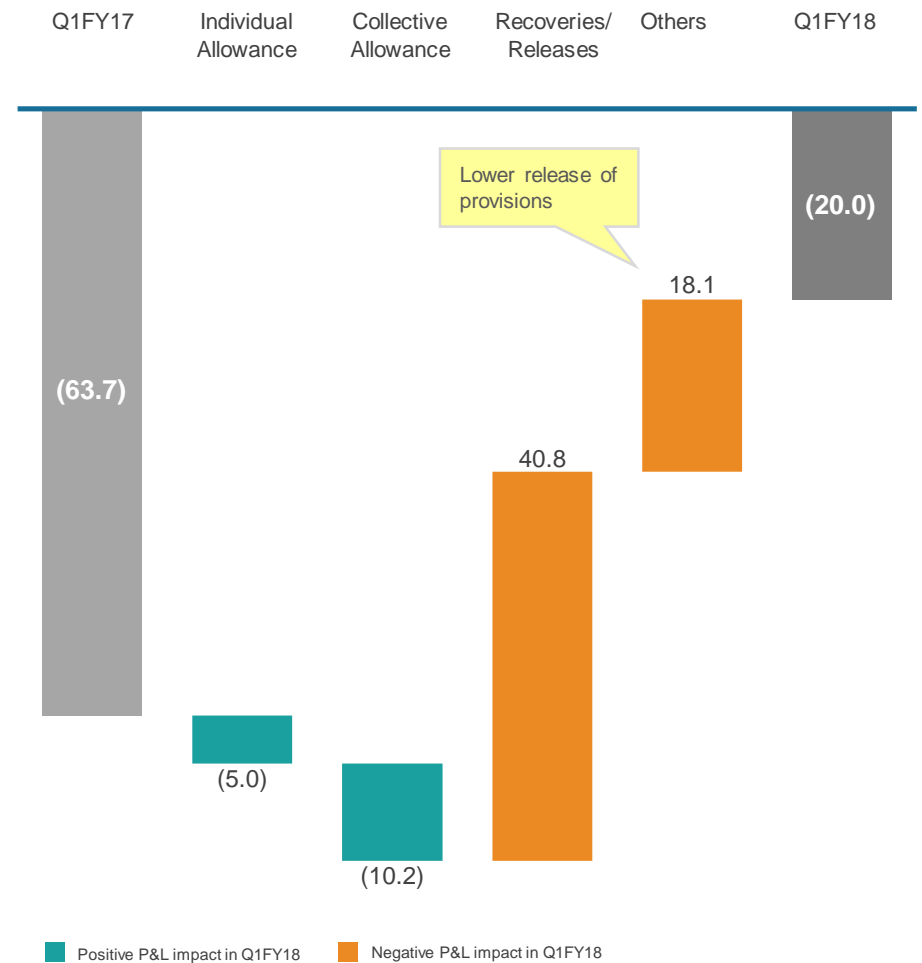
## Collective Allowance Balance (RM' mil)

■ FY16 ■ FY17 ■ Q1FY18

Q1FY18 Total: RM 853 mil  
 FY17 Total: RM 862 mil  
 FY16 Total: RM 1,062 mil



## Allowances (RM' mil)

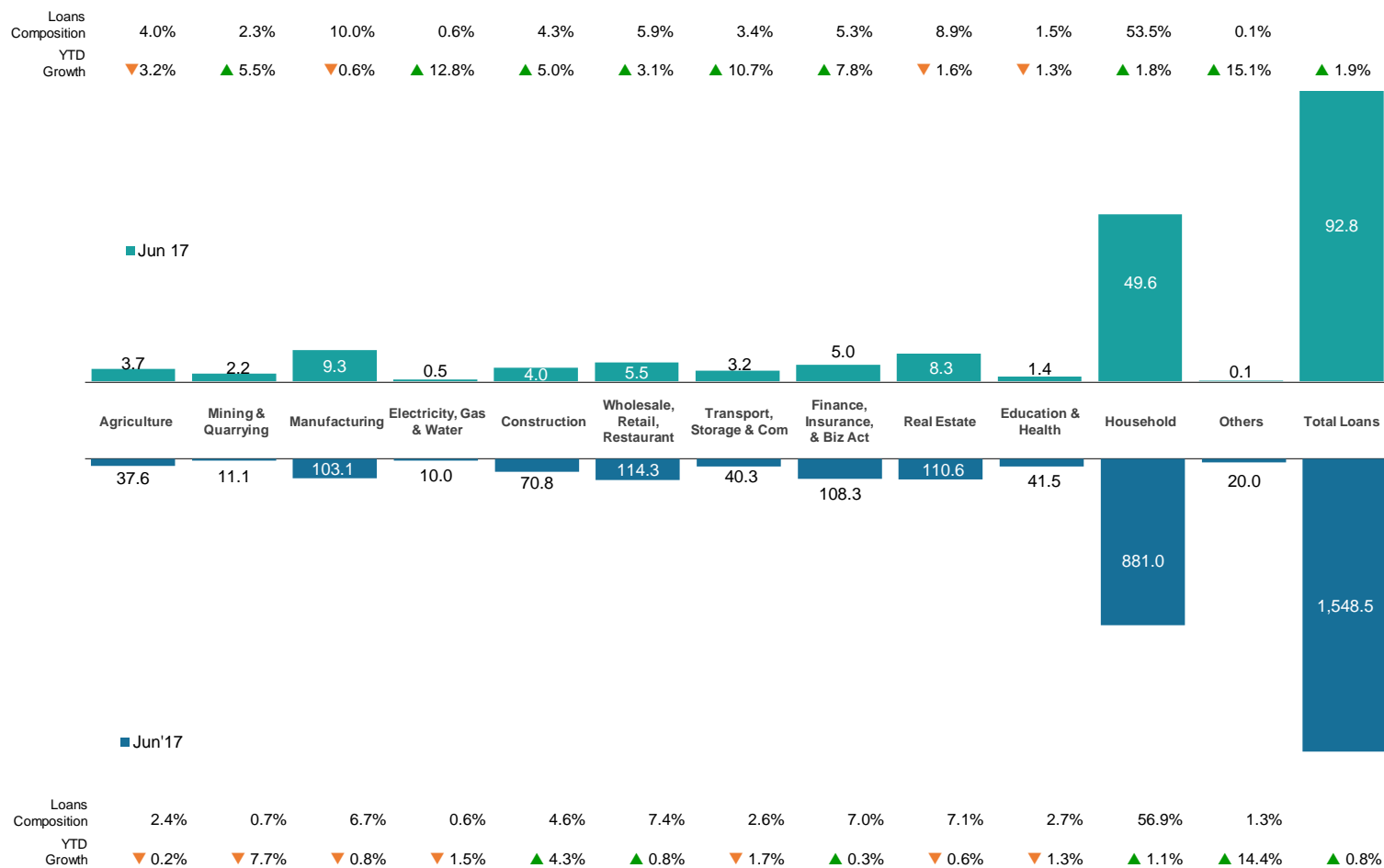


# Loans by sector & by purpose vs. industry

Loans

## Loans by Sector

### AmBank Group (RM' bil)



### Industry (RM' bil)

Source : BNM, financial statements



AmBank Group

Loans by Purpose	Jun-17 RM' bil	YTD growth	Composition
Purchase of transport vehicles	19.9	-1.1%	21.4%
Working capital	30.0	+3.5%	32.3%
Purchase of resi property	23.3	+4.6%	25.2%
Purchase of non-resi property	6.8	-0.5%	7.4%
Other purpose	3.7	-3.7%	3.8%
Purchase of securities	2.2	-0.4%	2.4%
Construction	2.8	+5.1%	3.1%
Personal use	1.9	+4.5%	2.1%
Credit card	1.2	-3.5%	1.3%
Purchase of fixed assets	1.0	-3.6%	1.0%
Consumer durables	0.0	-6.7%	0.0%
	<b>92.8</b>	<b>+1.9%</b>	<b>100.0%</b>

Loans by Purpose	Jun-17 RM' bil	YTD growth	Composition
Purchase of transport vehicles	170.5	-0.2%	11.0%
Working capital	371.8	+0.2%	24.0%
Purchase of resi property	498.0	+2.3%	32.2%
Purchase of non-resi property	211.1	-0.2%	13.6%
Other purpose	64.3	+2.4%	4.3%
Purchase of securities	74.1	-0.9%	4.8%
Construction	45.6	-0.4%	2.9%
Personal use	67.3	+0.7%	4.3%
Credit card	36.2	+2.0%	2.3%
Purchase of fixed assets	9.5	-3.3%	0.6%
Consumer durables	0.1	+0.7%	0.0%
	<b>1,548.5</b>	<b>+0.8%</b>	<b>100.0%</b>

# Diversified and consistent funding structure, conservative liquidity management

- Prudent approach to liquidity management with LCRs above regulatory requirement for all banking entities
- Higher composition of stable medium term funding vis-à-vis industry, creates stability but weighs on cost of funds in the short term
- Liquidity well managed with LDR maintained below 100% supported by improving deposits

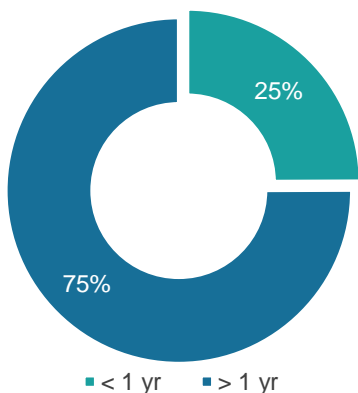
## Funding Composition vs. Peers

	FY13	FY15	FY16	FY17	Q1FY18	Peers <sup>1</sup>
Equity & debt capital	14%	15%	16%	16%	16%	16%
Customer deposits	75%	74%	73%	74%	73%	72%
Term funding & loans with recourse >1year	7%	8%	8%	8%	6%	5%
Term funding & loans with recourse <1year	1%	1%	2%	1%	2%	
Deposits from banks & FIs	3%	2%	1%	1%	3%	7%

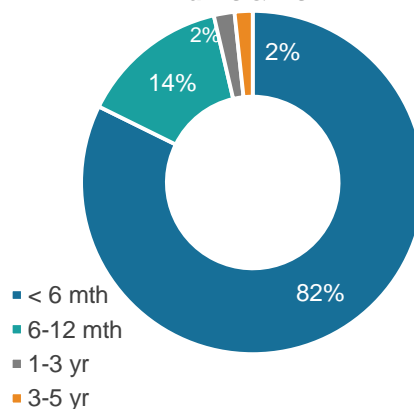
1. Based on an average of our seven peer domestic banks as at 31 March 2017

## Funding Maturity Profiles

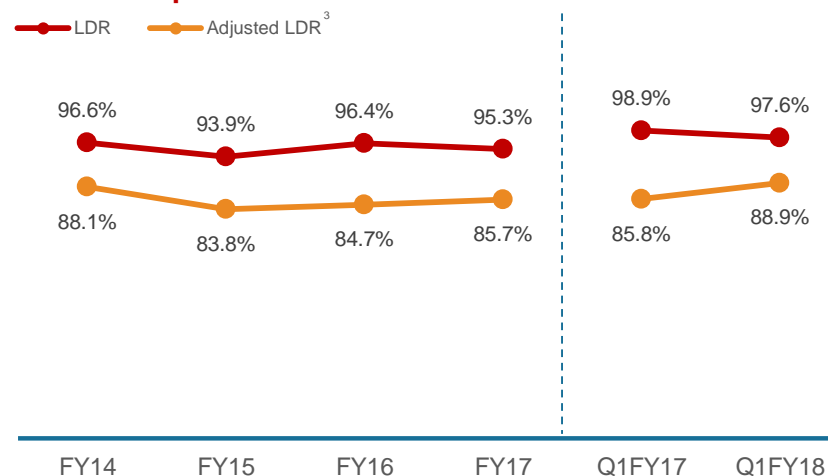
Term Funding and Debt Capital



Deposits from Customers and Banks & FIs



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



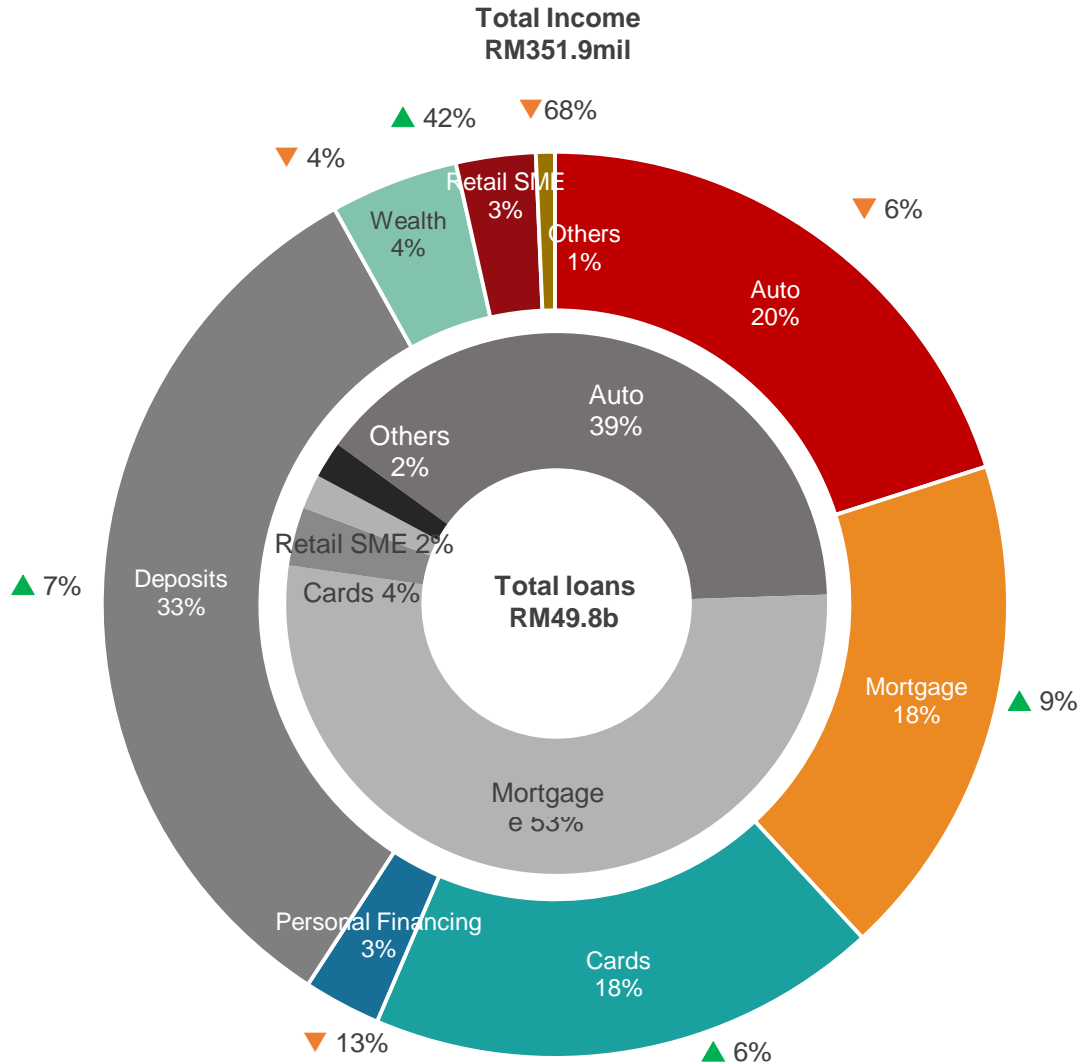
2. Prior periods were restated due to reclassification of structured deposits

3. Includes stable funding sources

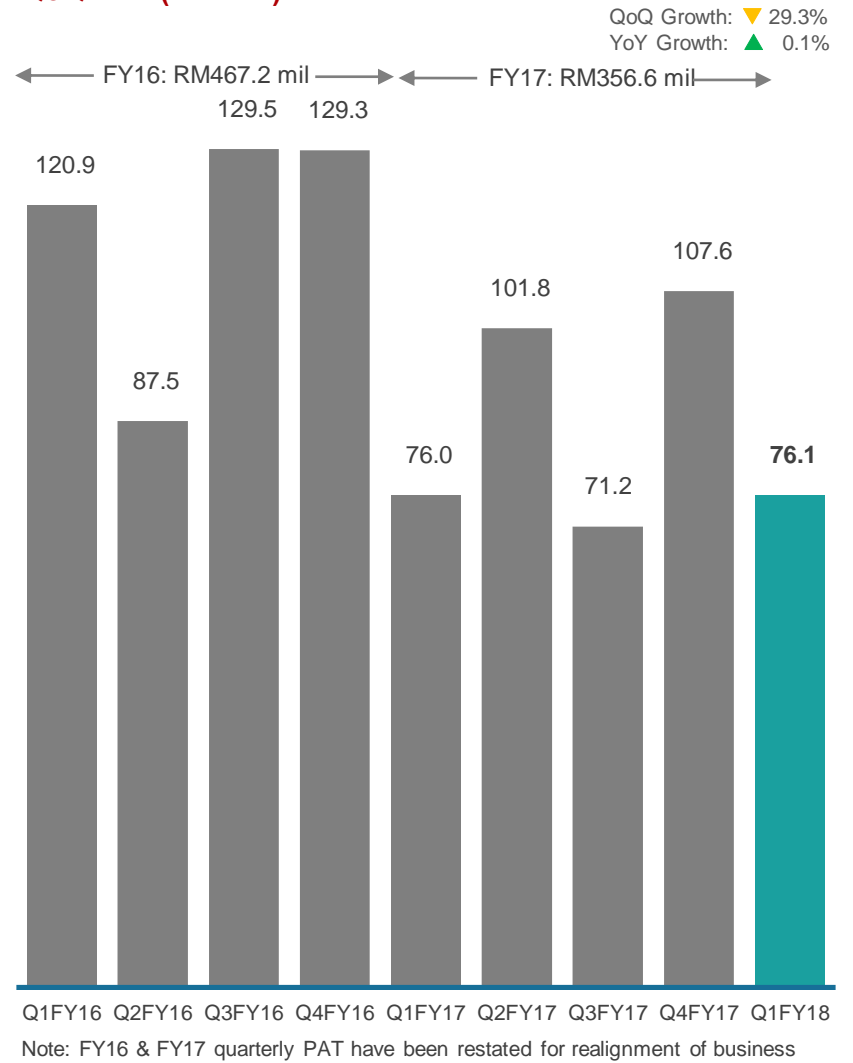


# **Divisional Performance and Economic & Banking Data**

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

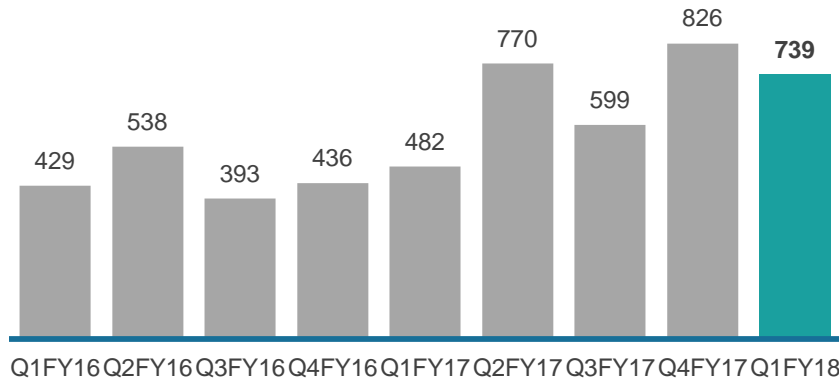


## QoQ PAT (RM' mil)



## Wealth Sales (RM' mil)

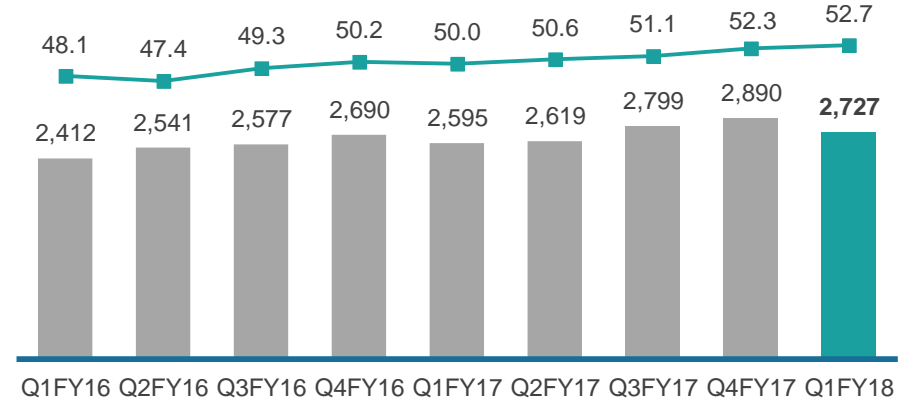
QoQ Growth: ▼ 10.5%  
YoY Growth: ▲ 53.3%



## Merchant Volume

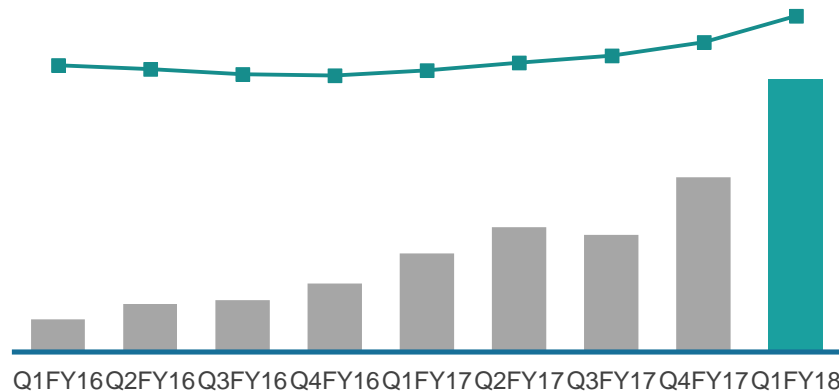
Merchant volume (RM'mil)  
Merchants in force ('000)

QoQ Growth: ▼ 5.7%  
YoY Growth: ▲ 5.1%



## Credit Cards

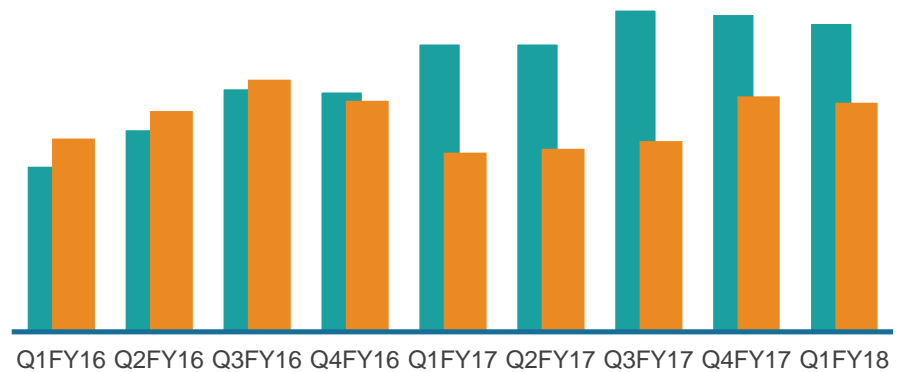
New cards issued  
Cards in circulation



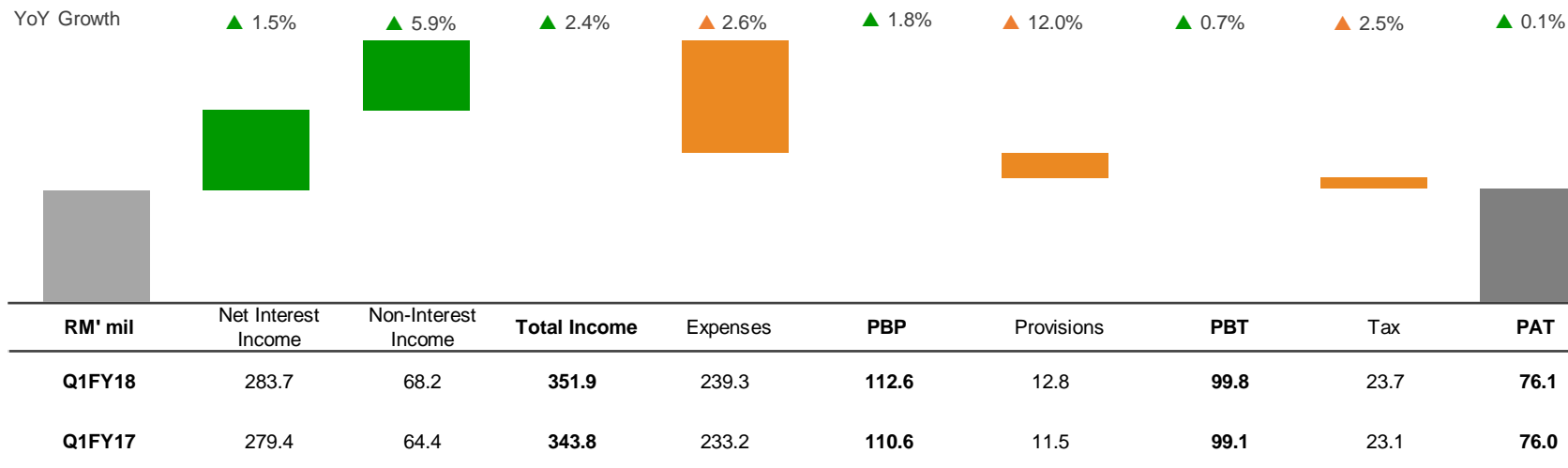
## Mortgage and Auto Finance Disbursement QoQ (RM' bil)

Mortgage  
Auto Finance

Mortgage YoY Growth: ▲ 7.0%  
Auto YoY Growth: ▲ 28.1%



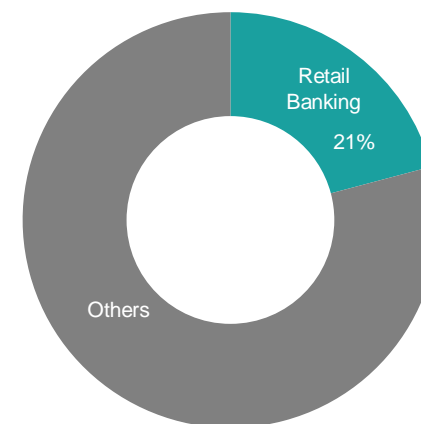
## Income Statement (RM' mil)



## Balance Sheet (RM' mil/%)

	FY17	Q1FY18	Q1FY18 VS FY17
Gross Loans / Financing	48,782.5	49,829.0	▲ +2.1%
Gross Impaired Loans	649.1 (1.42%)	709.2	▲ +9.2%
Customer Deposits	39,721.4	41,016.7	▲ +3.3%
CASA Deposits	11,167.6	11,326.1	▲ +1.4%
ROA	0.73%	0.61%	▼ -0.12%
CTI	67.3%	68.0%	▲ +0.7%
Allowance Coverage	76.6%	72.4%	▼ -4.2%

Q1FY18 PAT (composition of Group)

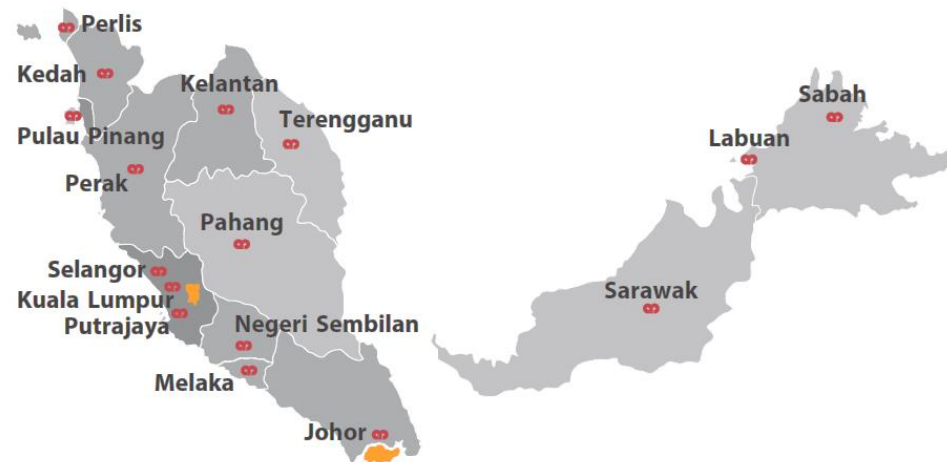


■ Q1FY18 PAT ■ Q1FY17 PAT ■ Positive growth in Q1FY18 ■ Contraction in Q1FY18



# Distribution Channels

Retail



## Population Density

< 100 persons per km<sup>2</sup>

101-500 persons per km<sup>2</sup>

501-1,000 persons per km<sup>2</sup>

1,001-1,500 persons per km<sup>2</sup>

> 1,501 persons per km<sup>2</sup>

	Branches	ATM	Regional Offices
Perlis	1	3	
Kedah	6	24	1
Pulau Pinang	14	51	1
Perak	18	45	1
Selangor	38	221	2
Kuala Lumpur	23	105	3
Putrajaya	1	3	
Negeri Sembilan	7	38	
Melaka	6	34	1
Johor	21	81	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 MBG
175 (140 Cluster Branches)	3	29	266	183	AmOnline AmGenie	29 branches 3 counters	15 branches 48 agencies	7 retail broking 6 corporate	25

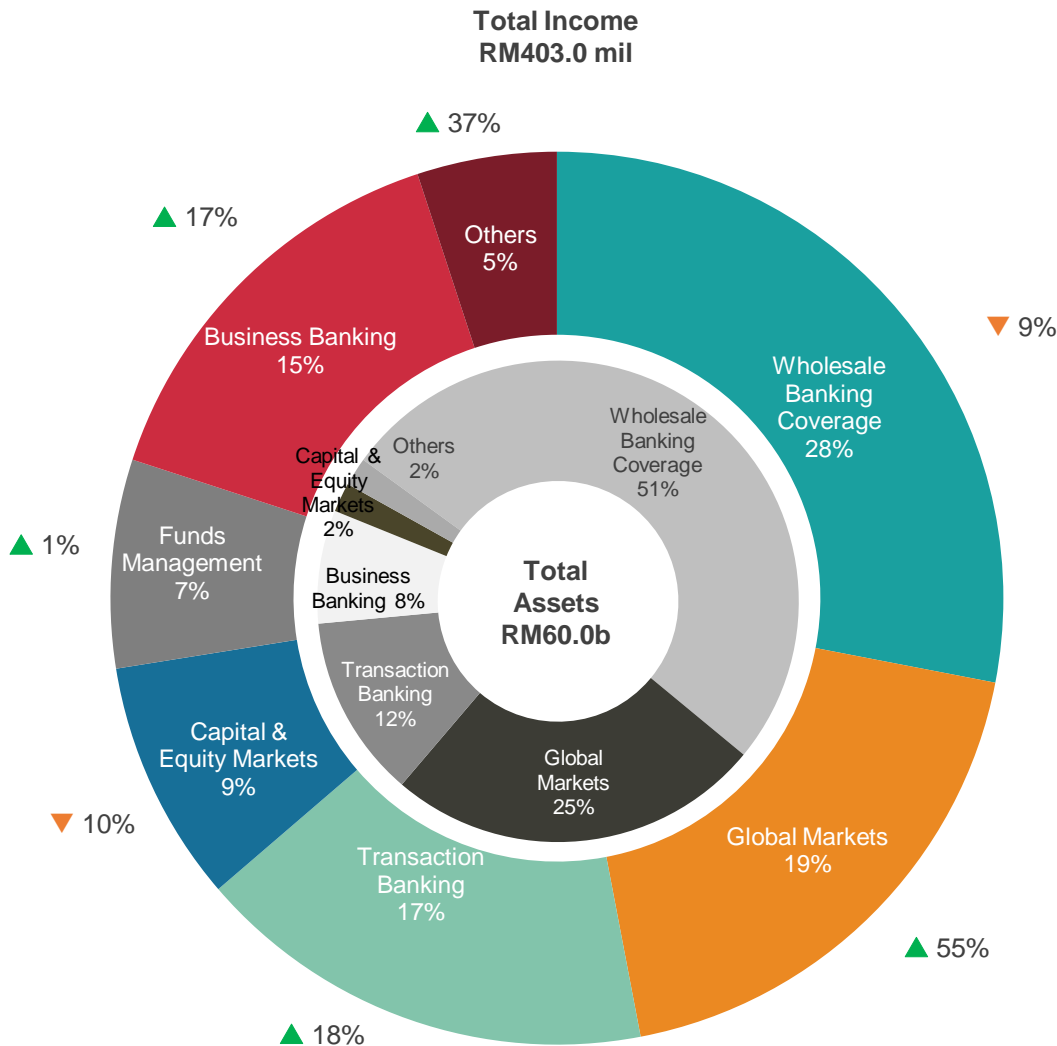


AmBank Group

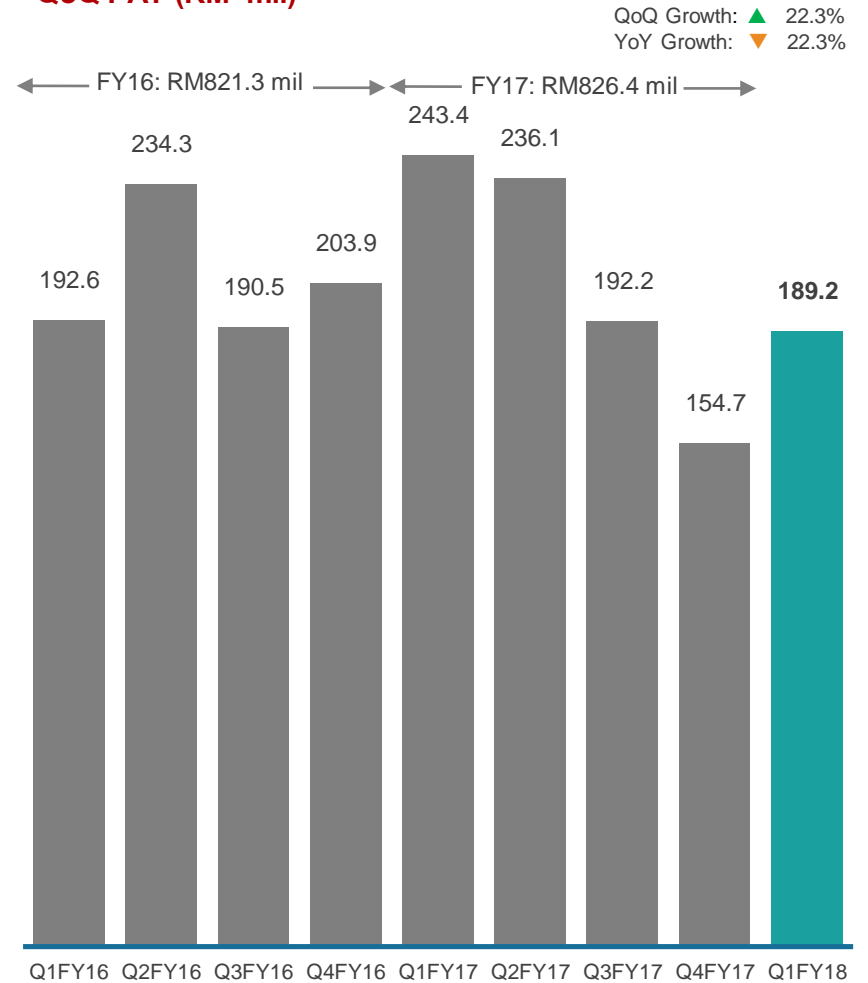
1. MBC – Merchant Business Centres

# Wholesale Banking (including Business Banking)

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



## QoQ PAT (RM' mil)



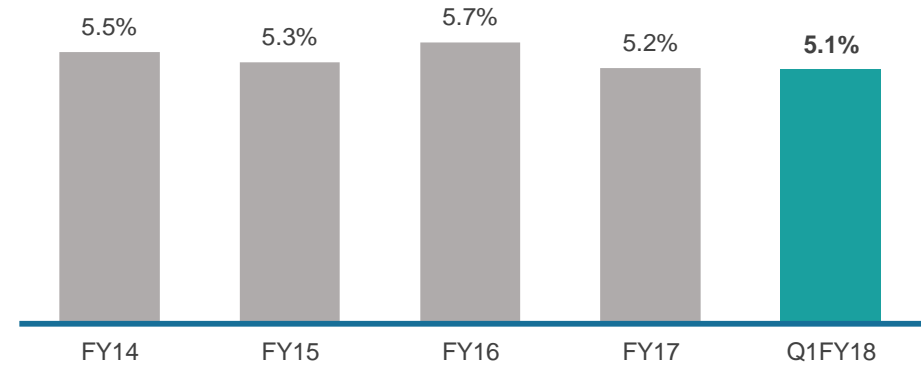
Note: FY16 & FY17 quarterly PAT have been restated for realignment of business

## League Table

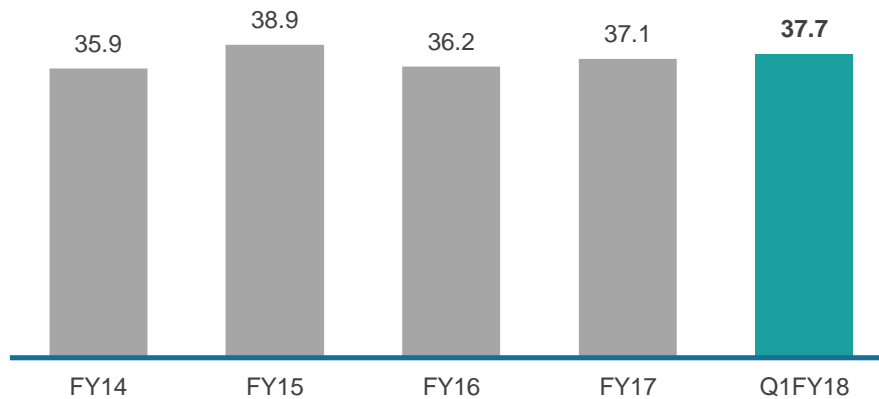
	Market Share <sup>1</sup> As At 30 June 2017 (%)	Rank <sup>2</sup>
DCM (Overall MYR Bonds)	20.9%	2 ▼
Islamic Sukuk	19.7%	3 ▼
Unit Trust	9.2%	5 ►
Stockbroking	5.0%	7 ►

1. Calendar Year data
2. Comparing rank movement with 31 March 2017

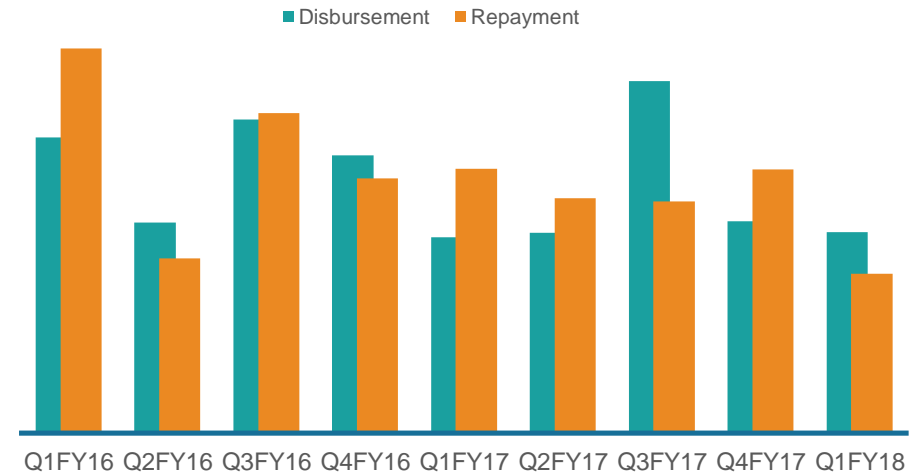
## Market Share of Value Traded on Bursa (KLSE)



## Unit Trust – AuM (RM' bil)



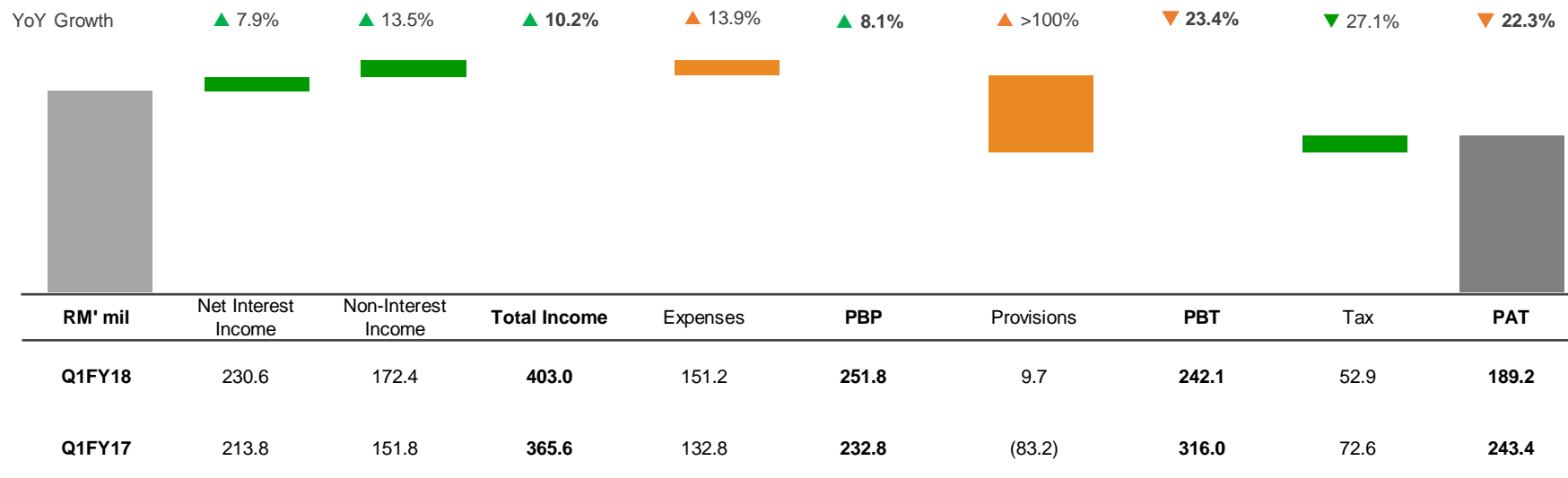
## QoQ Loan Disbursement and Repayment (RM'bil)



# Wholesale Banking (including Business Banking)

Wholesale

## Income Statement (RM' mil)

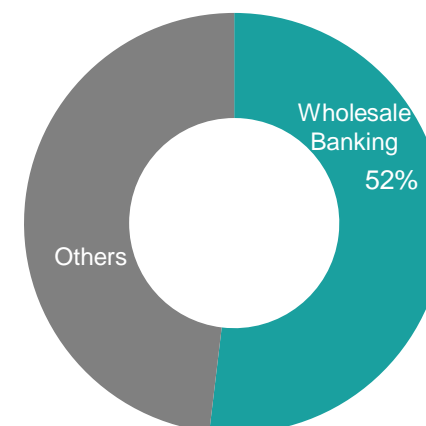


## Balance Sheet (RM' mil/%)

		FY17	Q1FY18	Q1FY18 VS FY17
Gross Loans / Financing		42,259.2	42,987.9	▲ +1.7%
Gross Impaired Loans		1,032.6	1,034.1	▲ +0.1%
Customer Deposits		56,166.8	52,236.4	▼ -7.0%
CASA Deposits		8,805.0	9,087.4	▲ +3.2%
ROA		1.55%	1.28%	▼ -0.3%
CTI		32.8%	37.5%	▲ +4.7%
Allowance Coverage		37.4%	39.7%	▲ +2.3%
Ave Assets Management		46,500.2	47,048.3	▲ +1.2%

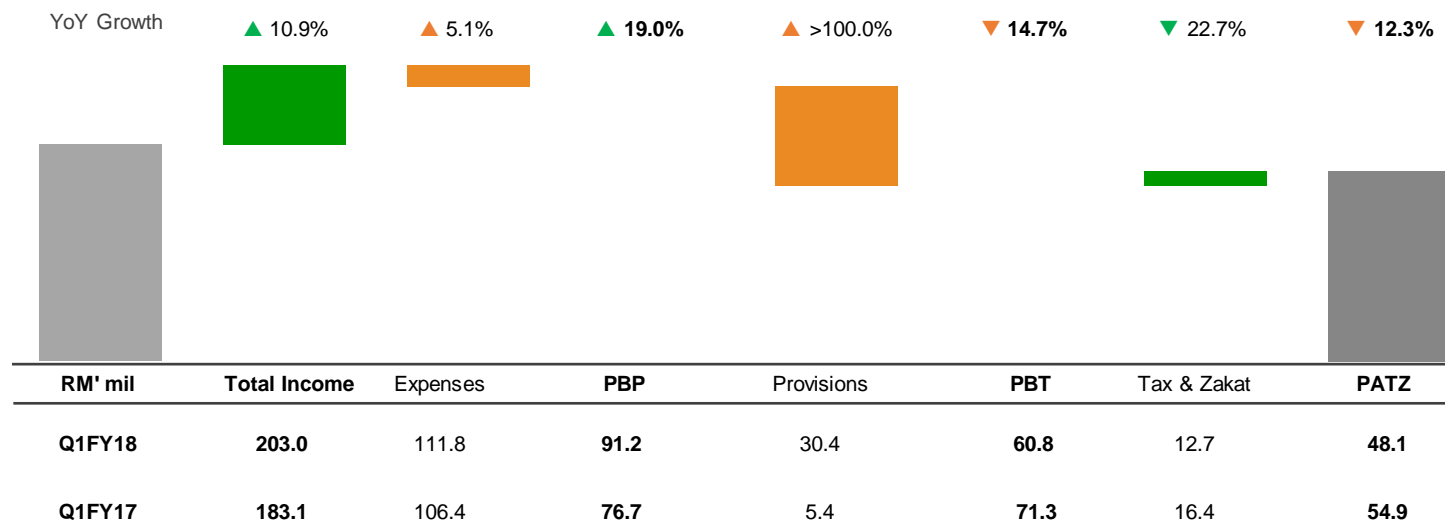
■ Q1FY18 PAT ■ Q1FY17 PAT ■ Positive growth in Q1FY18 ■ Contraction in Q1FY18

Q1FY18 PAT (composition of Group)

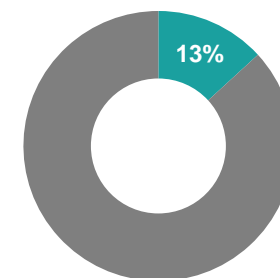


AmBank Group

## Income Statement (RM' mil)



Q1FY18 PATZ  
(composition of Group)



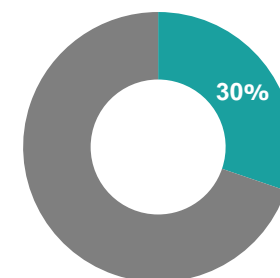
## Balance Sheet (RM' mil/%)

PATZ: profit after tax and zakat

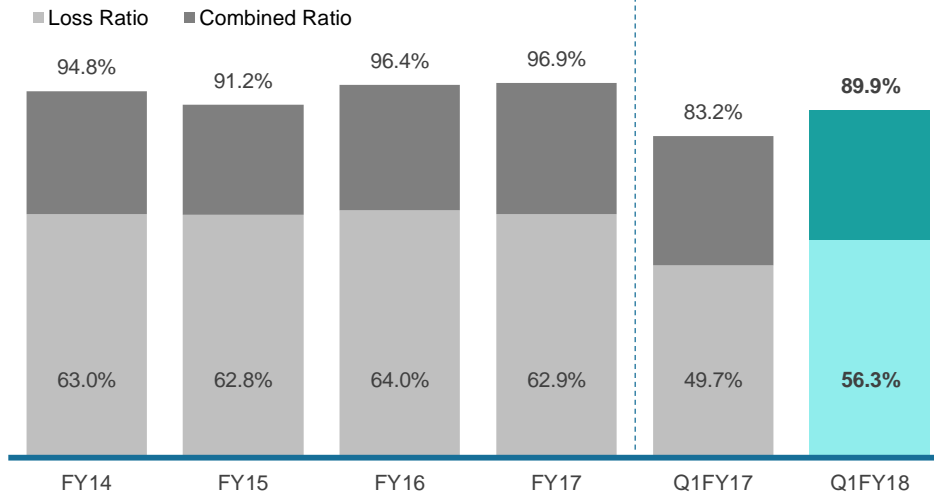
		FY17	Q1FY18	Q1FY18 vs FY17
Gross Financing		27,508.1	27,697.3	▲ +0.7%
Gross Impaired Financing	2.14%	488.7	592.9	▲ +21.3%
Customer Deposits		26,836.7	27,917.6	▲ +4.0%
CASA Deposits		6,365.1	6,648.0	▲ +4.4%
ROA		0.71%	0.51%	▼ -0.20%
CTI		57.0%	55.1%	▼ -1.9%
Allowance Coverage		54.9%	48.8%	▼ -6.1%

■ Q1FY18 PATZ   
 ■ Q1FY17 PATZ   
 ■ Positive growth in Q1FY18   
 ■ Contraction in Q1FY18

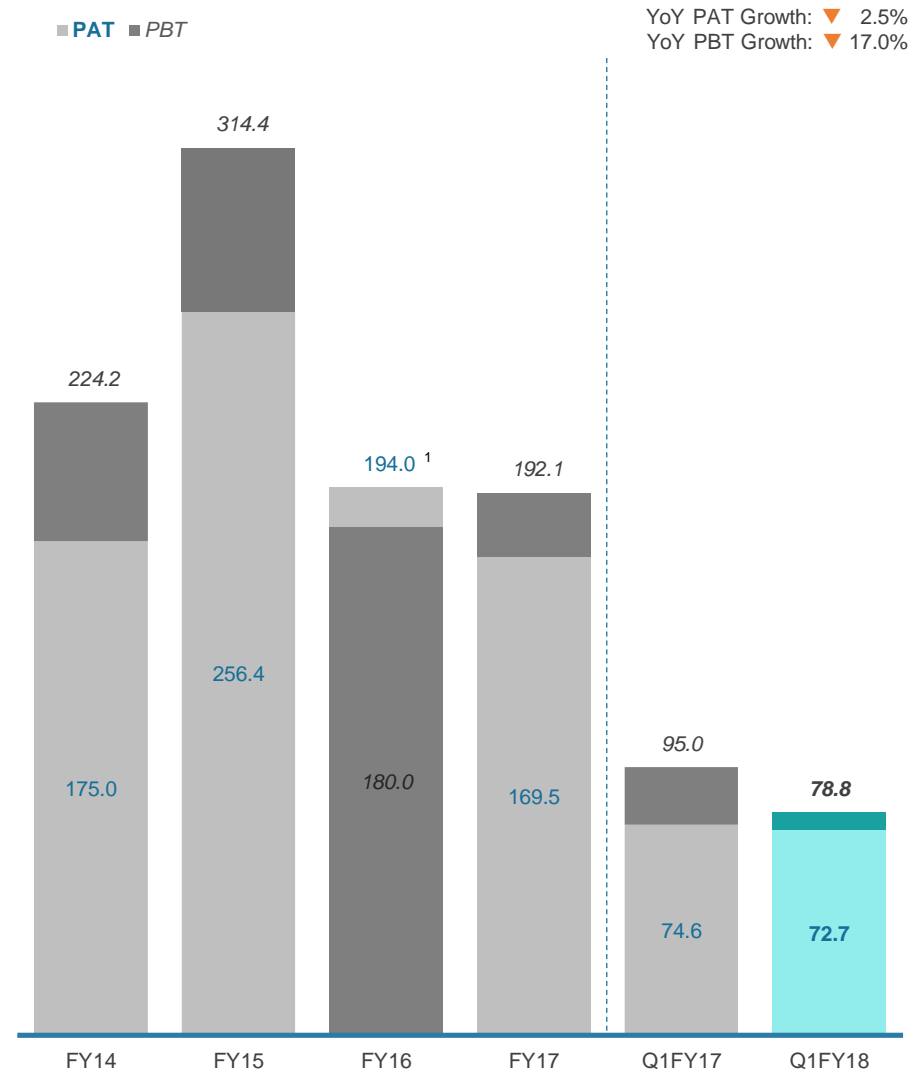
Q1FY18 Gross Financing  
(composition of Group)



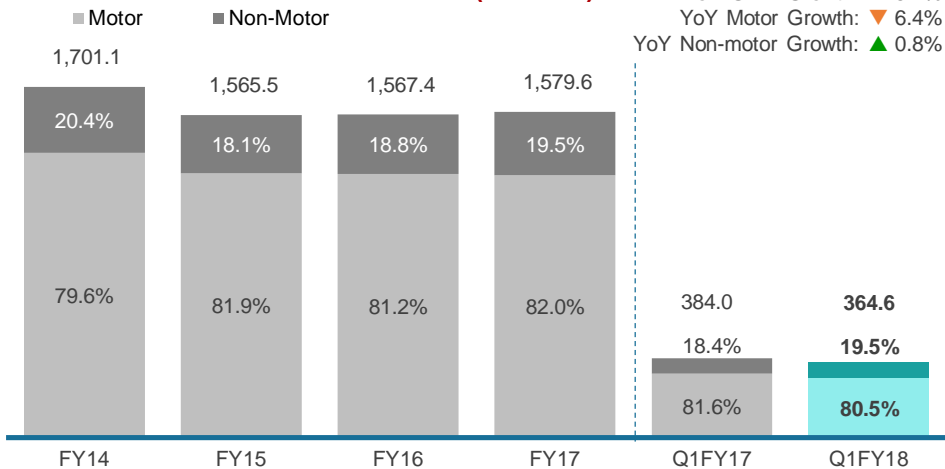
## Loss Ratio and Combined Ratio



## YoY PAT (RM' mil)



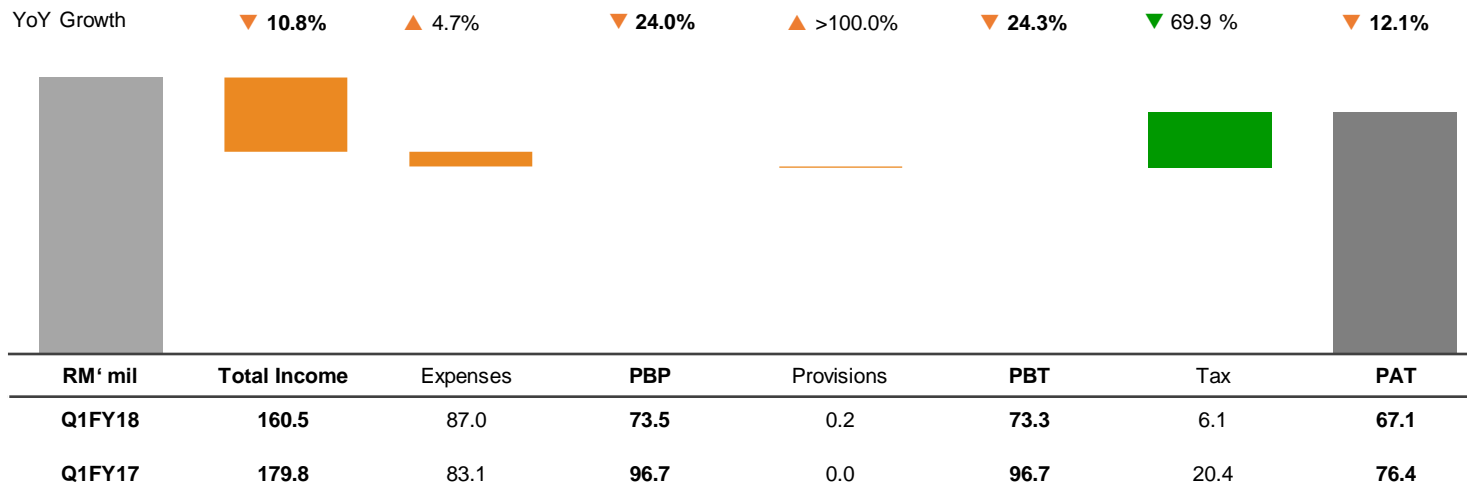
## Gross Premium Mix and Growth (RM' mil)



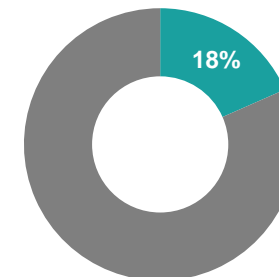
1. Includes write-back of prior year tax provisions

# Insurance and Group Funding & Others

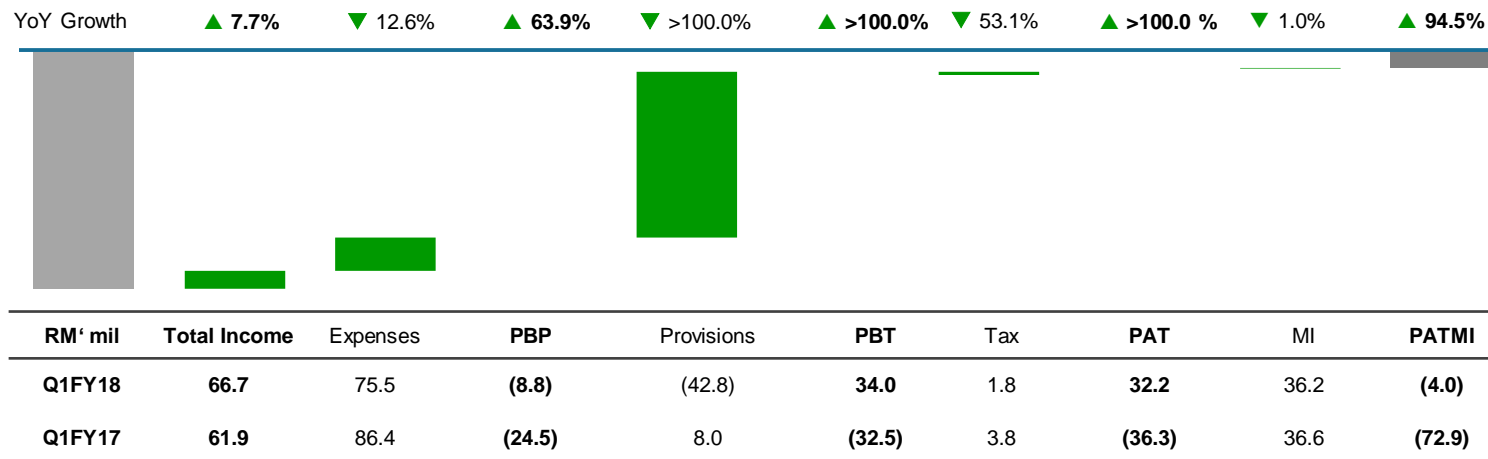
## Income Statement – Insurance (General, Life & Takaful) (RM'mil)



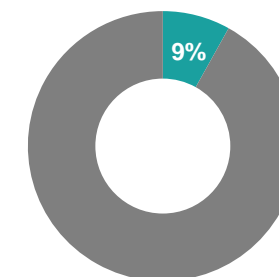
Q1FY18 PAT (composition of Group)



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



Q1FY18 PAT (composition of Group)



■ Q1FY18 PAT   ■ Q1FY17 PAT   ■ Positive growth in Q1FY18   ■ Contraction in Q1FY18



## Funding diversity underpinned by

LDR<sup>1</sup> of 88.9%

CASA: RM20.3 billion

Fixed deposits: RM72.6 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 2017, 2018 and 2022

Islamic financing sold to Cagamas – maturing in 2018

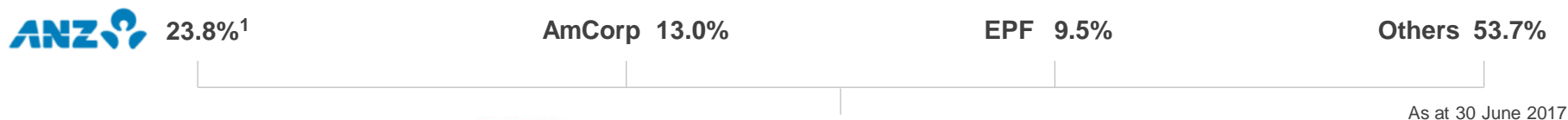
### Funding characteristics

- 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

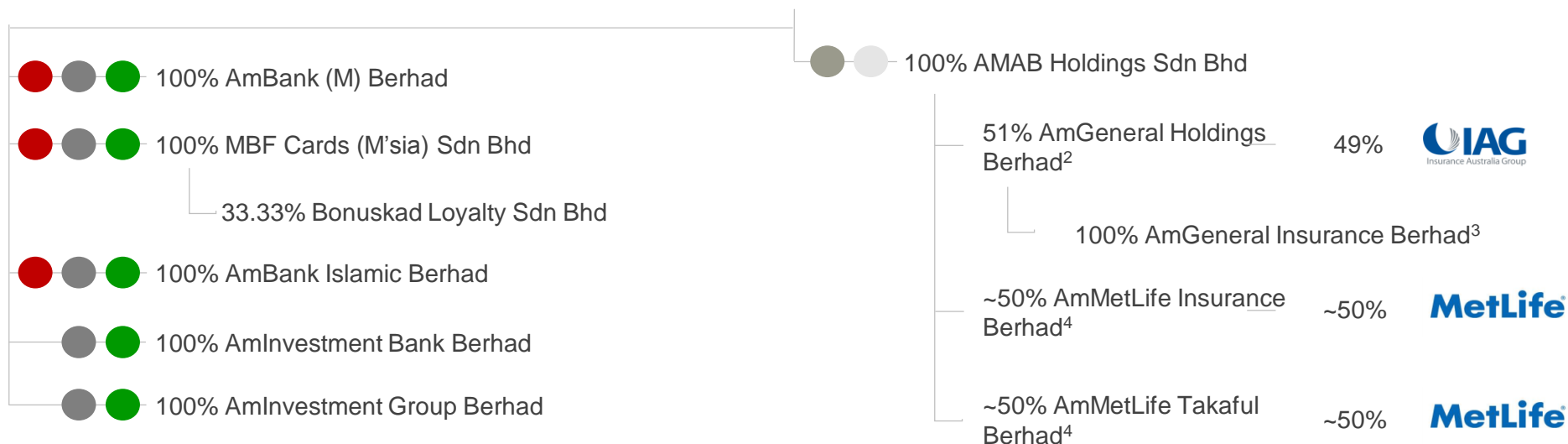
1. Includes stable funding sources from additional Tier 1 and Tier 2 capital which do not meet all qualifying criteria for full recognition of capital instruments under Basel III  
 2. 1<sup>st</sup> senior notes issuance by a financial institution in Malaysia



# Shareholding structure



## AMMB Holdings Berhad



### Foreign shareholding excluding ANZ

FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Q1FY18
26%	29%	31%	29%	26%	26%	27%

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



AmBank Group

# Credit ratings, target price and recommendations

## 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

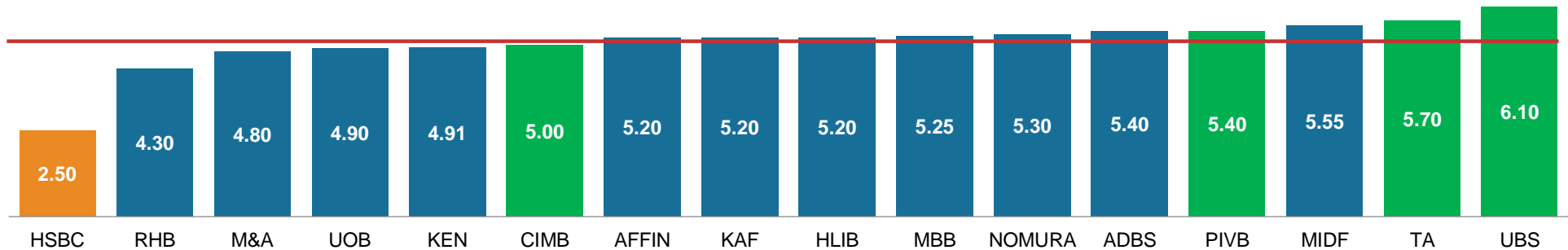
+1 Notches of ratings upgrades since 2007

## Target Price and Recommendations

P/EPS : 11.53  
P/BV : 0.94

Market Price: RM 5.10 ▼

Average TP : RM 5.04  
Buy : 4 (24%)  
Hold : 11 (65%)  
Sell : 1 (12%)  
Ave. TP/ CP : 1.07x



Source : Bloomberg as at 14 July 2017

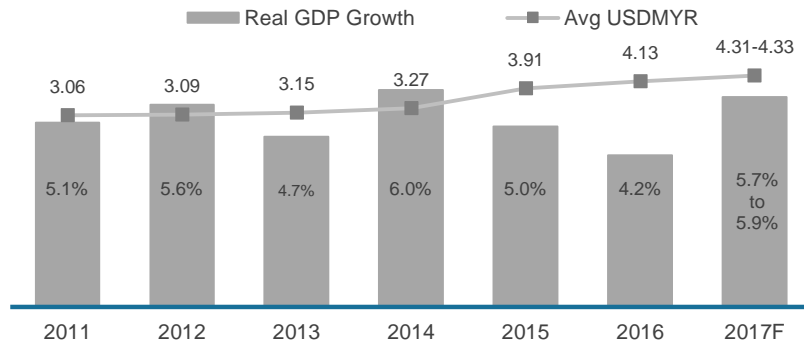
■ Buy/Outperform/Overweight/Add  
P/EPS & P/BV as at 14 July 2017

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

— TP: target price

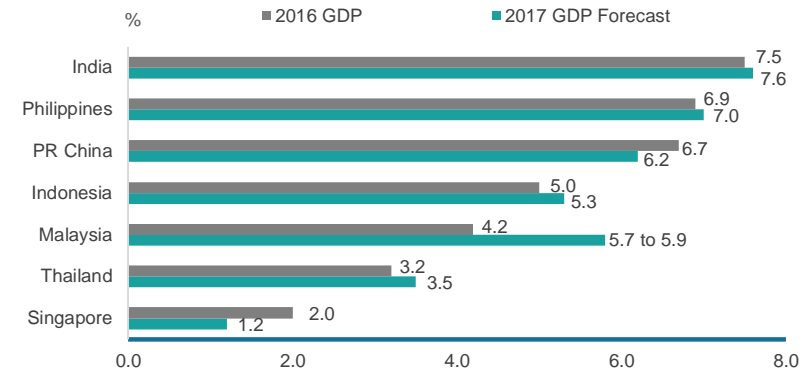


## Malaysia's GDP Growth



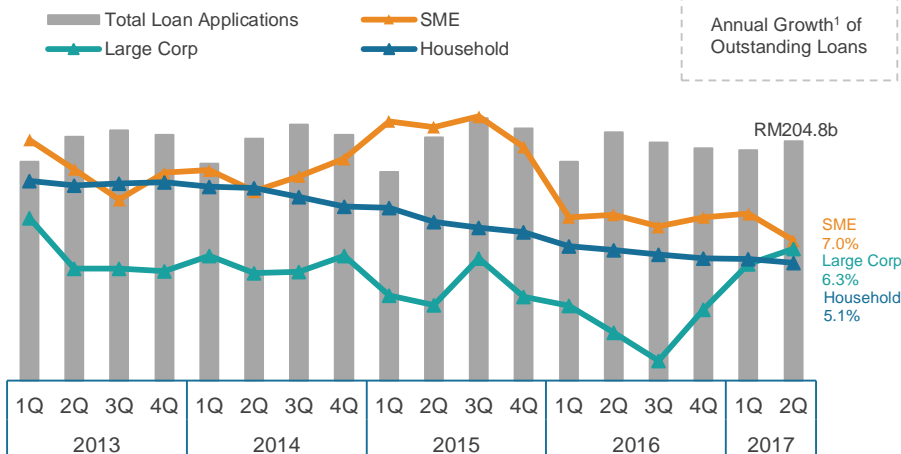
Source: Bank Negara Malaysia, Bloomberg, CEIC, Internal

## Global GDP Growth Forecast (RM'bil)



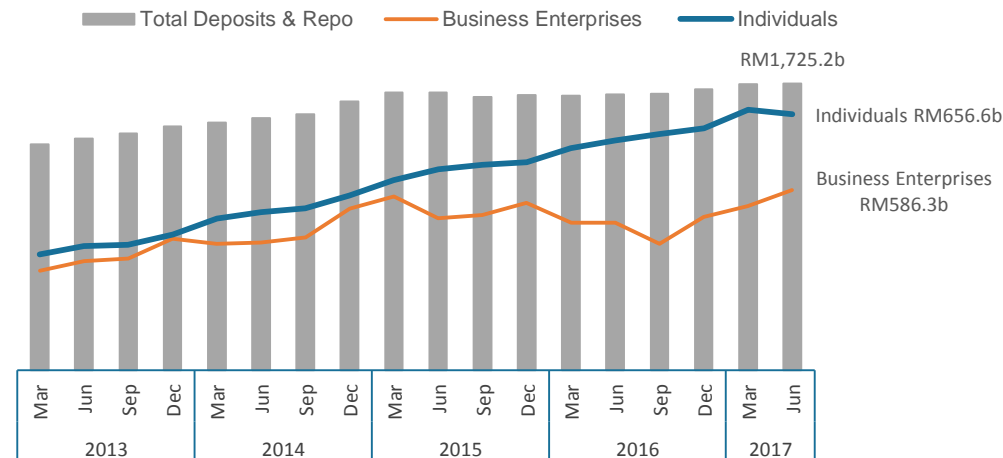
Source: Bank Negara Malaysia, CEIC, Internal

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



1. Annual growth is for end-period  
Source: Bank Negara Malaysia

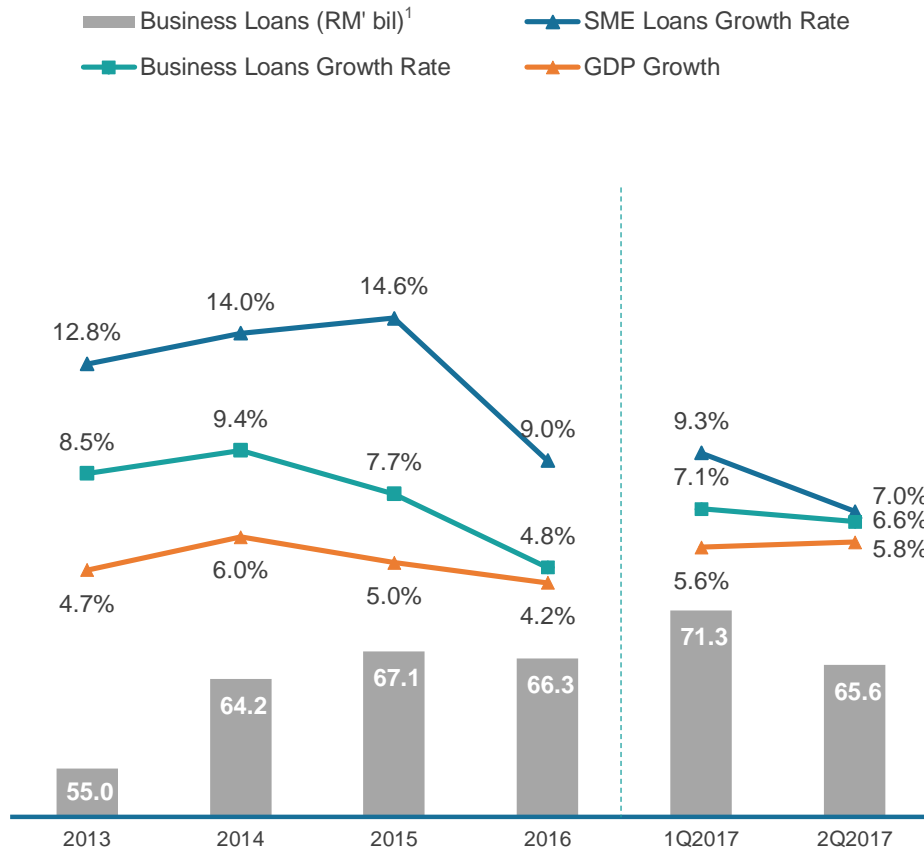
## Industry Deposits Growth (RM'bil)



Source: Bank Negara Malaysia

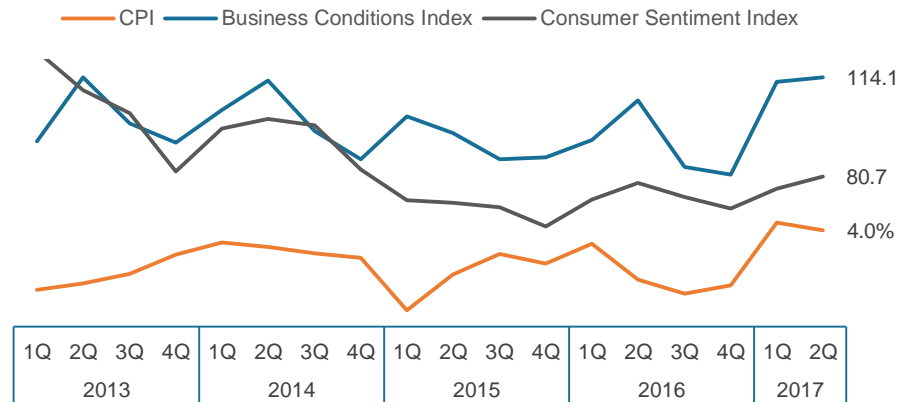


## System SME loans Growth Outpaced GDP Growth



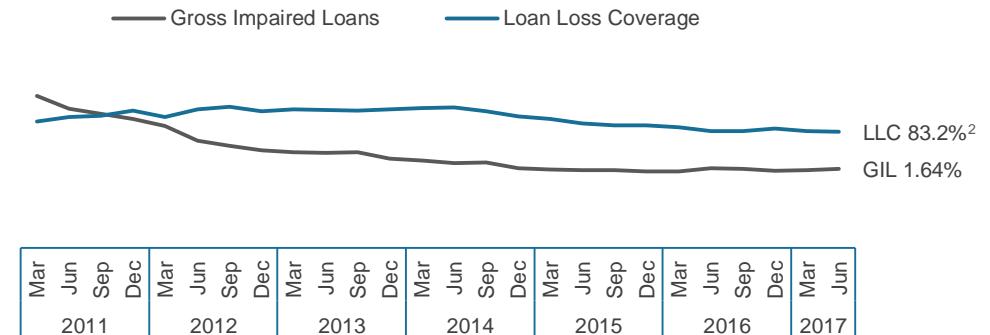
1. Monthly average of loan disbursements to businesses, including SMEs  
Source : Bank Negara Malaysia

## Business and Consumer Confidence Recovering



Source: Bank Negara Malaysia, MIER

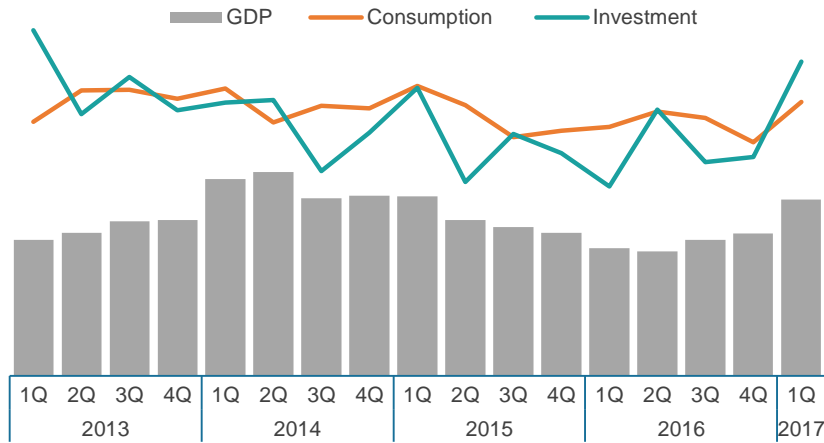
## Industry Asset Quality



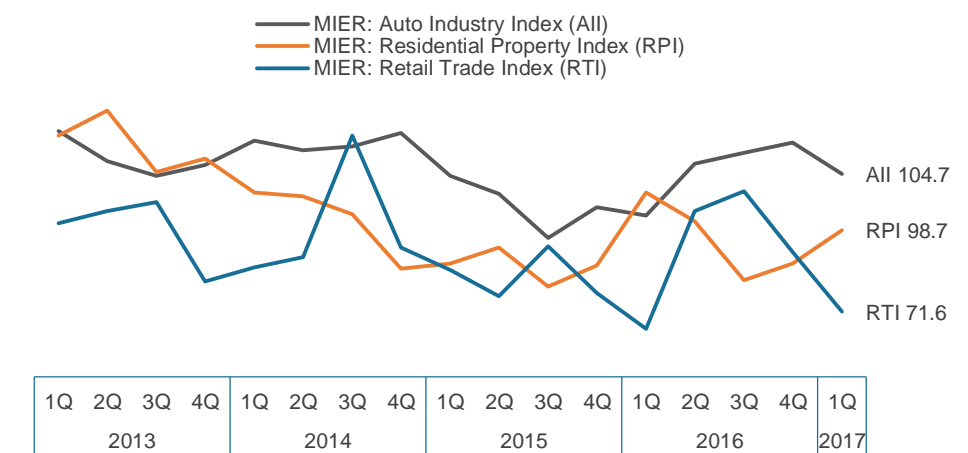
2. Excludes regulatory reserve  
Source: Bank Negara Malaysia



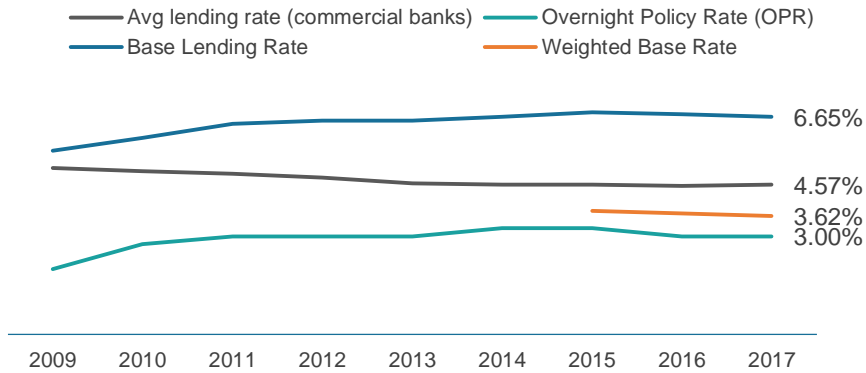
## GDP, Consumption and Investment Growth



## Consumer Indices



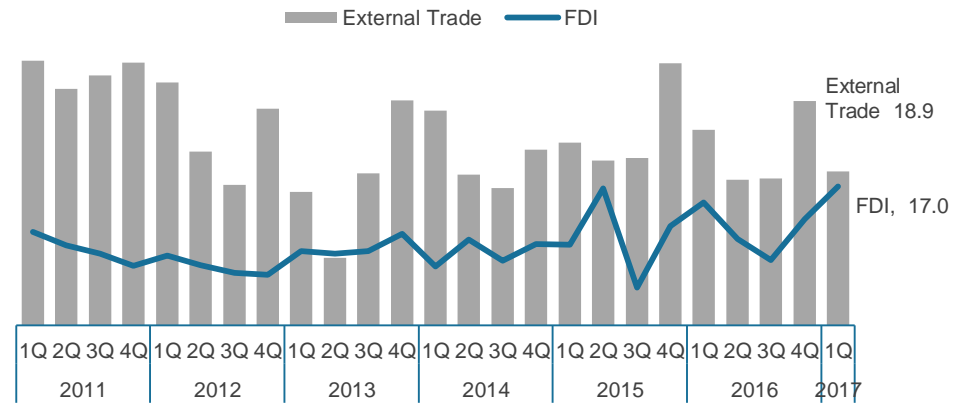
## Key Interest Rates



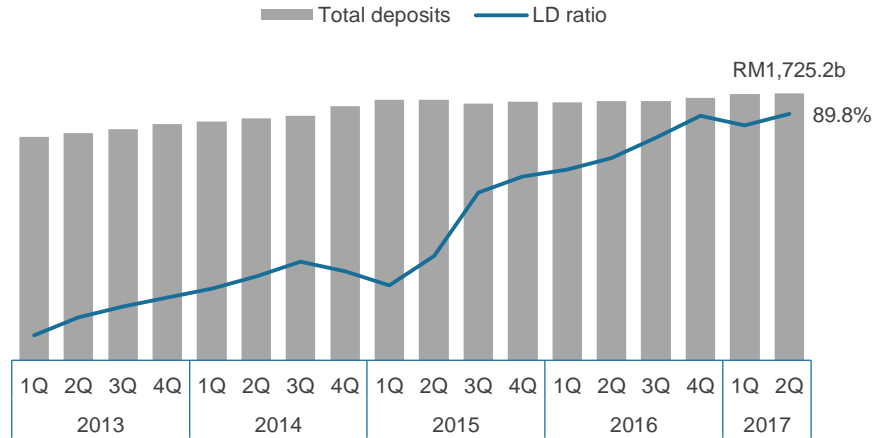
1. Effective 2 January 2015, the Base Rate replaced the Base Lending Rate as the main reference rate for new retail floating rate loans

## FDI Flow and Trade Balance

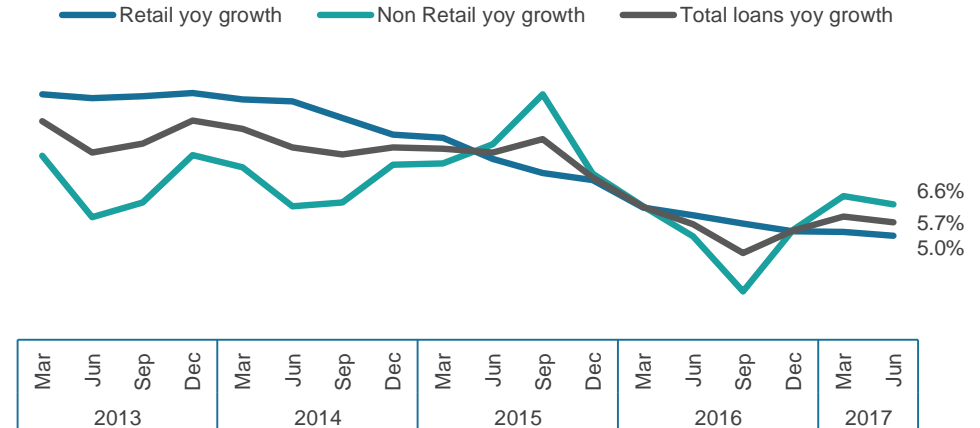
RM' bil



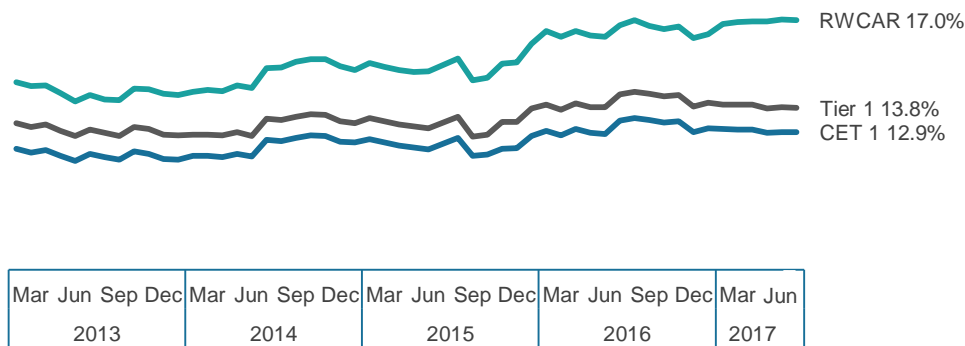
## Deposits Growth



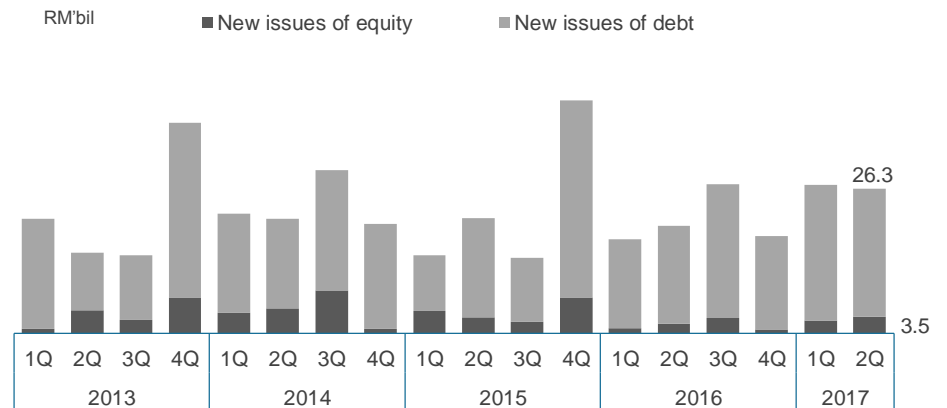
## Loans Growth



## Capital Ratios



## Capital Activities



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



# 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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