



31 May 2022

**AmBank Group Reports Net Profit of RM1.5 billion,
56% higher against RM962 million core profit a year ago**
Resumes dividend with a 5 sen dividend per share declared for FY22

AMMB Holdings Berhad (AmBank Group or the Group) today announced its financial results for the financial year ended 31 March 2022 (FY22).

Summary of FY22 Results¹

- Total income up 2.5% to RM4,665.0 million, with Net Interest Income (NII) up 11.6% driven by both Net Interest Margin (NIM) expansion and broad-based loans growth
- Expenses lower by 1.8% to RM2,094.2 million. Cost-to-income (CTI) ratio improved to 44.9% from 46.8% a year ago with a positive JAWS of 4.3%
- Profit before provisions (PBP) increased 6.2% to RM2,570.8 million
- Net impairment charge reduced to RM766.0 million (FY21: RM1,136.7 million), with net provisions charge for the Oil & Gas (O&G) sector offset by forward looking and central overlay provision reversals
- Gross impaired loans (GIL) ratio was at 1.40%² (FY21: 1.57%²), with loan loss coverage (LLC) ratio of 139.2%^{2,3} (FY21: 124.1%²)
- Effective tax rate for the period of 11.5%, reflecting a tax credit of RM265.6 million, partially offset by RM105.7 million Cukai Makmur charge
- Net profit after tax and minority interests (PATMI) improved to RM1,502.7 million (FY21: -3,826.5 million). PATMI grew 56.3% YoY when compared to FY21 core⁴ PATMI of RM961.6 million after excluding the one-off exceptional items of RM4,767.0 million and related legal and professional expenses of RM21.1 million
- Return on equity (ROE) at 9.3% (FY21 reported ROE: -20.2%; core⁴ ROE: 5.1%)
- Return on assets (ROA) of 0.94% (FY21: -2.24%) and basic earnings per share (EPS) of 45.54 sen (FY21: -127.22 sen)
- Net assets per share of RM5.06 (FY21: RM4.87)
- Gross loans and financing grew 6.5% to RM120.0 billion² (FY21: RM112.7 billion²)
- Customer deposits grew 1.7% to RM122.6 billion, with current account and savings account (CASA) balances up 20.6% (CASA mix at 35.2%). The Group maintains a high liquidity coverage ratio (LCR) of 158.5% (FY21: 157.5%)
- Financial Holding Company (FHC) Common Equity Tier 1 (CET1) capital ratio strengthened to 12.2% (FY21: 11.3%) while total capital ratio strengthened to 15.3% (FY21: 14.5%)
- Final dividend of 5.0 sen per share declared, with a dividend payout ratio of 11%.

¹ All growth percentages computed on year-on-year (YoY) FY22 vs FY21 basis unless otherwise stated. Quarter-on-quarter (QoQ) refers to Q4FY22 vs Q3FY22

² Reclassified unrated bonds / sukuk from loans to financial investments, with comparative figures restated accordingly

³ Includes regulatory reserve

⁴ FY21 core profit excludes the one-off exceptional items of Settlement RM2,830.0 million, Goodwill and REIT Impairment of RM1,937.0 million and related legal and professional expenses of RM21.1 million

AmBank Group Chief Executive Officer, Dato' Sulaiman Mohd Tahir (Dato' Sulaiman) commented, *"At the end of the 2022 fiscal year, AmBank Group stands at a position of strength with a stronger balance sheet, capitalisation as well as a more diverse liquidity profile. Sustaining our strong performance, we ended the year with high total income of RM4,665.0 million. NII increased 11.6% YoY on the back of 6.5% loans growth while NIM was higher at 2.05% (FY21: 1.90%)."*

Non-interest income (Noll) reduced by 14.1% YoY, owing to the volatile market conditions which led to lower trading and investment income from Group Treasury and Markets as well as investment income from the Insurance business. This was partly offset by higher fee income from Corporate Banking and Investment Banking.

Testament to the Group's continued proactive and disciplined cost management, overall expenses fell 1.8% YoY to RM2,094.2 million. The Group's cost-to-income (CTI) ratio improved further to 44.9% from 46.8% a year ago while registering a positive JAWS of 4.3%. Consequently, profit before provision grew 6.2% YoY to RM2,570.8 million and PATMI increased significantly to RM1,502.7 million, while ROE was 9.3% for FY22.

The Group's net impairment charge of RM766.0 million was lower by 32.6%, as compared to RM1,136.7 million in the previous year. This was mainly attributable to reversals of both forward looking and central overlay provisions, which offset against the provision charges for Oil and Gas exposures.

Total overlay reserves carried forward at RM393.8 million (FY21: RM745.5 million). GIL ratio stood at 1.40% (FY21: 1.57%), with LLC at 139.2% from 124.1% in FY21. While there had been a significant drop in loans under relief schemes, the Group continues to monitor its asset quality vigilantly and remains proactive in its risk management.

Gross loans and financing came in at RM120.0 billion, which grew 6.5%, or RM7.3 billion as compared to the previous year. This was driven by broad-based loans growth, in line with the sustained rebound of improved global and domestic economic activities. Retail Banking loans grew RM3.6 billion (+5.6%), primarily contributed by Mortgage loans as well as Personal Financing, offset by a reduction in Auto Finance. In addition, Wholesale Banking and Business Banking loans charted loans growth of RM2.2 billion (+7.7%) and RM1.5 billion (+8.4%) respectively.

Deposits from customers increased by 1.7% YoY to RM122.6 billion, mainly driven by a robust 20.6% growth in CASA balances to RM43.1 billion, which cushioned the 6.3% YoY decrease in time deposits. Consequently, CASA mix was higher at 35.2% (FY21: 29.7%). The Group remains highly liquid, with a liquidity coverage ratio (LCR) of 158.5% as at 31 March 2022.

Dato' Sulaiman added, *"Testament to the Group's commitment to sustainable growth, AmBank is pleased to propose a final dividend of 5.0 sen per share for the current financial year ended 31 March 2022. It is important to note that post dividend, FHC CET1 and total capital ratio remain adequate at 12.2% and 15.3% respectively. Excluding Transitional Arrangement, FHC CET1 stood at 11.7%, a 1.3% increment from FY21. We continue to be committed to our resilient capital building via profit accretion and our ongoing divestiture of non-core assets."*

Divisional performance (FY22 vs FY21)

Wholesale Banking – PAT of RM37.0 million

Income reduced by 7.6% YoY to RM1,286.5 million, mainly due to lower trading and investment income in Global Treasury & Markets, which was partially offset by higher fee income from Corporate and Transaction Banking. Expenses fell 5.3% YoY. Higher provisions for the O&G sector resulted in higher net impairments of RM1,013.0 million as compared to RM258.5 million a year ago. Net profit after tax (PAT) stood at RM37.0 million. Gross loans increased 7.7% YoY to RM31.1 billion, whilst customer deposits decreased 12.5% YoY despite strong CASA growth of 13.5%.

Retail Banking – PAT of RM514.8 million

Income grew 4.7% to RM1,673.0 million. NII was 6.7% higher, driven by higher loans. Noll decreased 5.1% due to lower fee income from Wealth Management. Expenses fell 2.9% YoY. Net impairment fell 70.5% to RM157.7 million, compared to RM533.7 million a year ago, primarily due to reversal of forward looking provisions and lower overlay provisions. As a result, PAT improved to RM514.8 million (FY21: RM151.0 million). Gross loans increased 5.6% YoY to RM68.4 billion, mainly from Mortgages and Personal Financing. Customer deposits increased 13.9% YoY to RM53.8 billion, underpinned by CASA which grew 23.3%.

Business Banking – PAT of RM278.1 million

Income grew 10.2% to RM558.4 million, driven by a 14.5% increment in NII due to improved NIM and loans growth. Noll reduced 3.6% due to lower foreign exchange sales offset by higher trade finance related fee income. Expenses up 0.6% to RM153.0 million. Net impairments were lower at RM44.3 million (FY21: RM61.0 million) as a result of reversals of forward-looking provisions. PAT stood at RM278.1 million, up by 23.4%. Gross loans grew 8.4% YoY to RM18.7 billion while customer deposits increased 23.7% to RM15.2 billion, driven by CASA growth of 26.3%.

Investment Banking and Fund Management – PAT of RM153.5 million

Income increased 6.4% to RM360.6 million, reflecting higher fee income from Debt Capital Market, Corporate Finance and Fund Management. Operating expenses were flat at RM176.1 million while PAT grew by 16.6% YoY to RM153.5 million.

Islamic Banking – PAT of RM188.4 million

Total income came in at RM1,032.2 million, which was 11.4% higher as compared to the previous year. Operating expenses fell by 3.9%. Net impairment charge increased marginally to RM506.9 million from RM502.9 million in FY21, primarily due to additional specific and overlay provisions for O&G sector. Profit after zakat and taxation increased by 47.0% to RM188.4 million.

General Insurance – PAT of RM187.5 million

Income reduced by 13.7% YoY to RM531.6 million, reflecting lower investment income and net earned premiums, partially offset by lower claims. Operating expenses decreased 10.4% to RM319.4 million as a result of lower marketing expenses and personnel costs. Profit after tax reduced by 19.4% to RM187.5 million.

Life Insurance and Family Takaful – PAT of RM39.7 million

The Life Insurance and Family Takaful businesses recorded a PAT of RM39.7 million as compared to RM43.9 million a year ago. This was mainly attributable to lower investment income and higher claims, offset by higher net earned premiums and lower reserves. The Group has equity accounted the results of the life insurance and family takaful business to reflect the Group's effective equity interests in the joint ventures.

Outlook for FY23

Dato' Sulaiman concluded, *“Undeniably, the pandemic triggered the rapid transformation of business worldwide. Business owners of today must adapt to this new perspective in order to improve overall business standards and efficiency as well as to stay ahead amidst an increasingly competitive environment.*

With economic growth expected to kick into a higher gear in 2022, underpinned by Malaysia’s transition towards endemicity and the reopening of nation’s international borders, we at AmBank stand ready to support and drive sustainable growth, particularly for our SME clientele.”

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