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27 May 2024

**AmBank Group delivered a 9% increase in PATMI of RM1.87 billion, with ROE at 10%.  
Annual dividends increased by 23%, with a payout ratio of 40%**

AMMB Holdings Berhad (AmBank Group or the Group) is pleased to announce its results for the financial year ended 31 March 2024 (FY24).

**FY24 Summary (Reported)**<sup>1,2</sup>

- Total income remained resilient at RM4,646.6 million. While Net Interest Income (NII) declined 6.7% YoY due to Net Interest Margin (NIM) compression, this was largely offset by strong growth in Non-Interest Income (NII) of 14.7% YoY. Fee income growth was broad-based, with good growth achieved in Investment Banking, Funds and Wealth Management as well as trading gains from Group Treasury and Markets (GTM) and Foreign Exchange (FX) income
- Expenses were lower by 2.3% YoY, improving Cost-to-Income (CTI) ratio to 44.2% (FY23: 44.6%)
- Profit Before Provisions (PBP) fell marginally by 0.6% YoY to RM2,594.9 million
- Net impairment charge was higher at RM769.7 million (FY23: RM466.9 million) due to an additional credit impairment overlay of RM328.2 million and intangible assets impairment of RM111.9 million taken in Q3FY24. Excluding these items, FY24 net credit cost was 0.27% (FY23: 0.32%)
- The Group also recognised RM80.0 million provision for restructuring expenses in Q3FY24. Total one-off charges in FY24 comprising credit impairment overlays, intangible assets impairment and restructuring expenses amounted to RM520.2 million (or RM402.5 million, net of corporate tax)
- Reported Profit Before Tax (PBT), inclusive of one-off charges, was 18.6% lower YoY at RM1,745.2 million. However, excluding the one-off charges, PBT was 5.7% higher at RM2,265.4 million
- The Group reported a tax credit and zakat of RM148.3 million for FY24 (FY23: tax and zakat charge of RM494.2 million), mainly due to the one-off tax credit of RM538.2 million which was recognised in Q3FY24. The net effect of the one-off tax credit, after offsetting the one-off items, was a RM135.7 million net benefit to FY24 Profit After Tax & Minority Interest (PATMI)
- Reported PATMI of RM1,868.1 million, increased 9.3% YoY
- Return on Equity (ROE) improved to 10.0% (FY23: 9.8%) while Return on Assets (ROA) improved to 0.97% (FY23: 0.90%)

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<sup>1</sup> Reported numbers comprise Continuing Operations and Discontinued Operation. All growth percentages computed on year-on-year (YoY) FY24 vs FY23 basis unless otherwise stated. Quarter-on-quarter (QoQ) refers to Q4FY24 vs Q3FY24.

<sup>2</sup> FY23 Profit or Loss numbers have been restated following the adoption of MFRS 17 for Insurance Business.

<sup>3</sup> Continuing Operations comprise Banking operations and Insurance. Insurance mainly consists of Life Insurance (as a JV) and General Insurance (as an associate from 1 Aug'22). Discontinued Operation refers to General Insurance as a subsidiary for a 4-month period from Apr'22 to July'22.

- Basic Earnings Per Share (EPS) rose 9.4% YoY to 56.49 sen (FY23: 51.62 sen)
- Gross loans and financing increased 3.0% YoY to RM134.1 billion (FY23: RM130.2 billion)
- Gross Impaired Loans (GIL) ratio was higher at 1.67% (FY23: 1.46%)
- Group Loan Loss Coverage (LLC), including regulatory reserves was at 109.5% (FY23: 127.7%)
- Customer deposits grew 9.3% YoY to RM142.4 billion. Time deposits grew 9.9% and Current and Savings Account (CASA) grew 8.1% to RM52.8 billion. CASA mix of 37.1% (FY23: 37.4%)
- Liquidity Coverage Ratio (LCR) improved to 164.6% (FY23: 149.2%)
- Net assets per share increased to RM5.88 from RM5.45 as at end of FY23
- Post dividend, Common Equity Tier 1 (CET1) capital ratio without Transitional Arrangement (TA) improved to 13.04% (FY23: 12.10%) while Total Capital Ratio (TCR) improved to 16.30% (FY23: 15.47%). With TA, CET1 ratio was 13.30% (FY23: 12.51%) and TCR was 16.49% (FY23: 15.65%)
- Final dividend of 16.6 sen per share was declared, with annual dividends of 22.6 sen per share for FY24, translating to a dividend payout ratio of 40% (FY23: 35%)

*AmBank Group Chief Executive Officer, Mr Jamie Ling said, "We delivered a good set of results, with a PATMI of RM1.87 billion, and an ROE of 10%. Our balance sheet is in good shape, we improved our capital ratios further and declared a 23% increase in annual dividends of 22.6 sen per share for FY24."*

### **Financial Highlights**

The Group's total income for FY24 of RM4,646.6 million was broadly in line with FY23 despite the effects of NIM compression (FY24: 1.79% vs FY23: 2.07%). The Group's NII declined 6.7% to RM3,304.2 million, whilst NOII delivered strong YoY growth of 14.7% to RM1,342.4 million and this helped to offset the effects of NIM compression. Noll growth was primarily contributed by higher fee income from Investment Banking, Fund and Wealth Management, as well as higher investment income and trading gains from GTM and FX income from Business Banking and Retail Banking. Income from Continuing Operations<sup>3</sup> was marginally higher at RM4,595.5 million, led by Noll growth of 19.2%, offset by a 5.5% drop in NII.

Prudent cost management brought expenses down by 2.3% to RM2,051.7 million, improving CTI marginally to 44.2% (FY23: 44.6%). Continuing Operations<sup>3</sup> CTI was 44.6%.

PBP was marginally lower by 0.6% YoY at RM2,594.9 million. Continuing Operations<sup>3</sup> PBP fell 1.5% YoY to RM2,543.8 million.

Net impairment charge was higher at RM769.7 million (FY23: RM466.9 million) due to additional credit impairment overlay of RM328.2 million and intangible assets impairment of RM111.9 million taken in Q3FY24. Net impairment charge for Continuing Operations<sup>3</sup>, excluding these one-off charges, was 6.8% lower YoY at RM329.6 million with higher writebacks in Wholesale Banking offsetting higher impairment charges in Retail Banking, Investment Banking and Business Banking.

The Group also recognised a RM80.0 million provision for restructuring expenses in Q3FY24. Total one-off charges in FY24 comprising credit impairment overlays, impairment of intangible assets and restructuring expenses amounted to RM520.2 million (or RM402.5 million, net of corporate tax).

As a result of these one-off charges, PBT declined 18.6% YoY to RM1,745.2 million. Excluding these one-off charges, the Group's PBT grew 5.7% YoY to RM2,265.4 million. Continuing Operations<sup>3</sup> PBT (excluding one-off charges) fell marginally by 0.7% YoY to RM2,214.2 million.

The Group also recorded a one-off tax credit of RM538.2 million in Q3FY24. The net impact of one-off items is a RM135.7 million benefit to PATMI. As a result, PATMI improved 9.3% YoY to RM1,868.1 million, delivering 10.0% ROE (FY23: 9.8%). Continuing Operations<sup>3</sup> PATMI (including one-off items) was 7.4% higher at RM1,842.0 million.

The Group's GIL ratio was at 1.67% (FY23: 1.46%) with an LLC (including regulatory reserves) of 109.5% (FY23: 127.7%). The Group will continue to monitor its asset quality vigilantly.

Total gross loans and financing grew 3.0% YoY to RM134.1 billion (FY23: 130.2 billion), primarily from Business Banking (up RM3.6 billion or +10.4% YoY) and Retail Banking (up RM1.7 billion or +2.3% YoY), offset by a decline in Wholesale Banking (reduced by RM1.4 billion or -6.5% YoY) mainly due to an early repayment of a large loan during the year.

Total customer deposits grew 9.3% YoY to RM142.4 billion (FY23: 130.3 billion), driven by a 9.9% YoY growth in time deposits to RM89.6 billion and an 8.1% increase in CASA to RM52.8 billion. CASA mix was 37.1%.

With profit accretion and Risk Weighted Assets optimisation, capital ratios improved further. Post dividend, the Group's CET1 (without TA) improved to 13.04% (FY23: 12.10%) while TCR improved to 16.30% (FY23: 15.47%). With TA, CET1 was higher at 13.30% (FY23: 12.51%) while TCR improved to 16.49% (FY23: 15.65%). The Group remained highly liquid with an LCR of 164.6% (FY23: 149.2%).

The Group proposed a dividend of 16.6 sen per share in Q4FY24. Together with the interim dividend of 6.0 sen per share declared in Q2FY24, FY24 total annual dividends amounted to 22.6 sen per share, an increase of 23% YoY.

### **Divisional performance (FY24 vs FY23)**

#### ***Wholesale Banking – PAT of RM763.7 million***

Income grew 2.6% YoY to RM1,152.9 million, led by a 42.5% YoY growth in Noll from higher trading gains and investment income, partially offset by a 9.2% YoY decline in NII due to margin compression. Expenses increased 7.2% YoY. Net impairment write-back increased to RM149.9 million (inclusive of one-off credit impairment overlays of RM48.4 million which was recognised in Q3FY24) as compared to RM33.3 million in FY23 due to higher overlay reversals. As a result, PAT grew 13.8% YoY to RM763.7 million. Gross loans declined 6.5% YoY to RM19.6 billion due to a large loan repayment during the year, while total customer deposits recorded a 3.7% increase YoY to RM44.7 billion.

#### ***Investment Banking and Fund Management – PAT of RM94.4 million***

Income rose 15.4% YoY to RM371.3 million underpinned by strong fee income from Corporate Finance, Debt Markets, Broking and Fund Management. Operating expenses increased 4.2% YoY. Net impairment charge was higher at RM33.8 million (FY23: RM0.7 million) from share margin financing. PAT improved 3.6% YoY to RM94.4 million. Fund Management delivered a PAT of RM62.6 million (FY23: RM64.5 million) with AUM growth of 5.9% to RM50.6 billion (FY23: RM47.8 billion).

#### ***Retail Banking – PAT of RM125.7 million***

Income grew 1.3% YoY, driven by an 11.1% YoY Noll growth from FX and Wealth Management while NII was flat. Operating expenses increased 5.5% YoY. Net impairment charge, including RM261.6 million of one-off credit impairment overlays recognised in Q3FY24, was higher at RM642.4 million (FY23: RM301.1 million),

mainly from mortgages and RSME, partially offset by higher write-back of forward-looking provisions from cards. Consequently, a lower PAT of RM125.7 million was reported (FY23: RM409.7 million). Gross loans increased 2.3% YoY to RM74.0 billion mainly driven by mortgages while customer deposits grew 5.8% YoY to RM65.5 billion.

**Business Banking – PAT of RM530.9 million**

Total income grew 11.1% YoY to RM1,176.1 million driven by 10.8% YoY growth in NII from good loans growth. Noll grew 11.8% from higher loan-related fees and FX income. Expenses were 7.6% higher YoY at RM345.7 million. Net impairment charge was higher at RM132.8 million (FY23: RM84.4 million) mainly due to higher forward-looking provisions and one-off credit impairment overlays of RM18.2 million which was recognised in Q3FY24. PAT was up by 7.0% YoY to RM530.9 million. Gross loans increased by 10.4% YoY to RM38.1 billion while deposits grew 24.9% YoY to RM30.7 billion.

**Islamic Banking – PATZ of RM430.6 million**

Total income declined 1.9% YoY to RM1,184.6 million. Operating expenses were up by 41.2% YoY to RM473.4 million primarily due to revision of service transfer pricing basis between entities. Net impairment charge decreased 15.0% YoY to RM152.9 million. Excluding the one-off credit impairment overlays, net impairment charge was lower at RM70.7 million (FY23: RM179.9 million). Profit After Taxation and Zakat (PATZ) declined 19.1% YoY to RM430.6 million. Excluding one-off charges of RM62.5 million (net of corporate tax), PATZ amounted to RM493.1 million.

**Insurance (Continuing Operations<sup>3</sup>) – PAT of RM39.2 million**

Insurance businesses reported a PAT of RM39.2 million in FY24, up 54.7% YoY from RM25.3 million in FY23, mainly due to higher investment income and lower reserves, partially offset by lower net earned premium. The results of the Group's life insurance, family takaful and general insurance businesses were equity accounted to reflect the Group's effective equity interests in the respective joint ventures and associates.

**General Insurance (Discontinued Operation<sup>3</sup>) – PATMI of RM26.1 million**

A gain of RM51.1 million was recorded in FY24 upon the completion of the AmGen disposal. After adjusting for IAG International Pty Limited's share of minority interest, PATMI attributable to shareholders was RM26.1 million.

**Outlook for FY25**

AmBank Group Chief Executive Officer, Mr Jamie Ling, concluded, *"We expect global financial markets to remain volatile, centred around inflation outlook and monetary policy direction on interest rates globally. External demand drivers have improved despite on-going geopolitical tensions and conflicts. Domestically, we expect a 4.0% to 5.0% GDP growth for Malaysia's economy in 2024, supported by resilient domestic demand and improving labour markets driving consumption. We also expect increased tourism activities to boost the economy and the spillover effects of the technology upcycle to drive foreign direct investment into our country."*

*The Group successfully closed out its Focus 8 strategy phase, delivering around RM5.0 billion improvement in market capitalisation between FY21 and FY24. There is still much more to be achieved and we continue to build our businesses from a position of strength."*

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