PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

We achieved consistent growth in revenues and profit before provision. We recorded a significant increase in credit impairment overlays and together with exceptional charges, have impacted our earnings for the year. The repayment assistance afforded to our borrowers and our actions to strengthen our balance sheet further ensure that our Group remains resilient in an uncertain environment.

JAMIE LING
Group Chief Financial Officer
AmBank Group

Our key performance highlights are summarised below:

FY2021 KEY PERFORMANCE HIGHLIGHTS

Consistent income growth

The Group recorded another year of good income growth despite the economic headwinds

Overall income growth achieved was broad-based, with total income up 7.7% to RM4,552.5 million. Net interest income (NII) of RM2,935.4 million was 5.8% higher YoY, on the back of 7.0% loans growth.

While Net Interest Margin (NIM) contracted 4bps to 1.90% due to the reduction in the Overnight Policy Rate (OPR), we saw margin recovery in the second half of FY2021 through effective asset and liability management.

Non-Interest Income (NoII) grew 11.3%, driven by strong trading gains and investment income in Global Treasury Market (GTM), higher fees from wealth management, funds management, stock broking and insurance income. Our Cost-to-Income (CTI) ratio improved by 3.1% YoY, with a reduction from 49.9% to 46.8%. This marks the lowest CTI ratio since FY2016.

Tight cost management improved our operating leverage further

We continued to manage costs diligently, maintaining operating expenses relatively flat at RM2,132.2 million, driving cost-to-income ratio (CTI) lower to 46.8% from 49.9% a year ago.

With income growth and effective cost management, we delivered a positive JAWS of 6.6% and PBP increased 14.2% YoY to RM2,420.2 million.

Good balance sheet growth in loans and deposits

The Group's gross loans and financing continued its growth with a 7.0% YoY increase to RM114.8 billion while deposits from customers expanded by 6.7% YoY to RM120.5 billion.

Our current account and savings account (CASA) balances grew by 24.0% to RM35.8 billion, with CASA mix higher at 29.7% (FY2020: 25.5%).

PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

Significant impairment charges taken as a prudent measure while extending repayment assistance to our borrowers

For FY2021, the Group incorporated additional forward-looking estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic on our loan portfolios, with payment holidays and repayment assistance granted to our borrowers. As a result of this assessment, we recorded a RM578 million (FY2020: RM167 million) additional management overlay charge to profit or loss in FY2021, with a total carried-forward macro provision of RM745 million into FY2022.

Net credit costs for FY2021 was 0.97% (FY2020 0.30%). Gross impaired loans (GIL) ratio decreased to 1.54% from 1.73% a year ago, with loan loss coverage (LLC) ratio of 135.6% (FY2020: 93.4%).

Adequate capital position and highly liquid

The Group's FHC CET1 ratio and total capital ratio (TCR) fell to 11.3% (from 12.4%) and 14.5% (from15.8%) respectively as a result of the loss for the year. However, the Group remains adequately capitalised. In order to further strengthen the Group's capital position, a private placement was completed on 14 April 2021 and raised approximately RM825 million and increased proforma CET1 and TCR to 12.0% and 15.2% respectively.

We remain highly liquid with a liquidity coverage ratio (LCR) of 157.5% and a loans to deposits ratio of 95.2%. Net stable funding ratio (NSFR) of all banking subsidiaries remain above 100% as at 31 March 2021.

Exceptional charges impacted results

The Group incurred a total of RM4.77 billion of non-recurring exceptional charges, with RM2.83 billion in relation to the Settlement, RM1.94 billion in relation to the goodwill and other impairment write down. With these exceptional charges, the Group recorded a Loss After Tax and Minority Interest (LATMI) of RM3.83 billion.

Excluding the exceptional charges, adjusted Profit After Tax and Minority Interest (PATMI) was RM962 million compared to RM1.34 billion a year ago, reflecting the higher credit impairment charges taken.

The Group did not propose any dividends for FY2021.

To further strengthen our capital position, the Group successfully completed a Private Placement which raised RM825 million on 14 April 2021.

Our financial Agenda for FY2022:

Strengthening balance sheet
Accelerating capital build to pre-Settlement levels

Maintain higher liquidity buffers
Contingency plans in place

Post COVID-19 debt rehabilitation
Significant overlays taken, maintain credit vigilance (MCO3.0)

Cost efficiency
Continuous adoption of automation

FY2021 FINANCIAL SNAPSHOT

	FY2021 Financials				Resolution of legacy matters and one-off goodwill and other impairment charges impacted results
Profitability (RM Million)	Income	4,552 *FY2020: 4,227*	▲	**8%**	Sustained income growth
	Expenses	2,132 *FY2020: 2,108*	▲	**1%**	Maintained cost discipline
	PBP	2,420 *FY2020: 2,119*	▲	**14%**	Positive JAWS of 7%, CTI of 46.8%
	Impairment	1,137 *FY2020: 336*	▲	**>100%**	Additional RM304 million macro provisions made in Q4. Total macro overlay at RM745 million (carried forward)
	Settlement Goodwill and other impairment	2,830 1,937		**N/A**	One-off exceptional items in Q4FY2021
	(LATMI)/PATMI	(3,826) *FY2020: 1,341*	▼	**>100%**	Results materially impacted by one-off exceptional items and higher impairment charges
	Core PATMI	962 *FY2020: 1,341*	▼	**28%**	Excluding exceptional one-off items of RM4,767 million and related legal and professional expenses RM21 million
	ROE	(20.2%) *FY2020: 7.4%*		**N/A**	Core ROE 5.0%
Assets & Liabilities (RM Billion)	Gross Loans	114.8 *FY2020: 107.2*	▲	**7%**	Continued loans growth in Retail and Business Banking
	Deposits	120.5 *FY2020: 113.0*	▲	**7%**	CASA up 24%, double-digit growth across all businesses
Capital & Liquidity	FHC CET1	11.3% *FY2020: 12.4%*[1]	▼	**110bps**	CET1 without TA: 10.4%, within internal thresholds Proforma CET1 after PP: 11.1% (without TA) Proforma CET1 after PP: 12.0% (with TA)
	FHC LCR	157.5% *FY2020: 158.2%*	▼	**70bps**	Highly liquid

1. *After deducting proposed dividends*
2. *TA – Transitional Arrangements; PP – Private Placement of 300 million new AMMB shares at RM2.75 per new share, raising RM825 million*

PROFIT BEFORE PROVISION IMPROVED ON THE BACK OF GOOD INCOME GROWTH AND TIGHT COST CONTROL, WITH CORE PATMI OF RM961.6 MILLION REFLECTING HIGHER LEVELS OF CREDIT PROVISIONS AMIDST A CHALLENGING ENVIRONMENT

FY2021 results were materially impacted by one-off exceptional items and higher impairment charges due to the effects of COVID-19 on the Malaysian economy.

The Group's total net income grew 7.7% to RM4,552.5 million. NII of RM2,935.4 million was 5.8% higher YoY, on the back of 7.0% loans growth.

While Net Interest Margin (NIM) contracted 4bps to 1.90% due to the reduction in the Overnight Policy Rate (OPR), we saw margin recovery in the second half of FY2021 through effective asset and liability management.

Non-Interest Income (NoII) grew 11.3%, driven by strong trading gains and investment income in Global Treasury Market (GTM), higher fees from wealth management, funds management, stock broking and insurance income. Our Cost-to-Income (CTI) ratio improved by 3.1% YoY, with a reduction from 49.9% to 46.8%. This marks the lowest CTI ratio since FY2016.

The Group continued to manage costs diligently, with operating expenses relatively flat at RM2,132.2 million, driving CTI lower to 46.8% from 49.9% a year ago and a positive JAWS of 6.6%.

Profit before provision increased by 14.2% YoY to RM2,420.2 million, reflecting the continued improvement in our operating leverage.

PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

EXCEPTIONAL CHARGES

The annual review of goodwill and other impairment which took into consideration the adverse effects of COVID-19 on economic growth and the Settlement, resulted in a one-time impairment charge of RM1,789.2 million in relation to goodwill attributed to our conventional and investment banking businesses and RM147.8 million impairment in relation to the carrying value of investment in an associate (REIT Impairment) in our Q4FY2021 results.

The goodwill impairment is a non-cash item, has no impact on regulatory capital ratios and does not affect future earnings as it is a non-recurring item. The REIT Impairment is similar except that it has an immaterial impact on regulatory capital ratios.

The Settlement and goodwill and other impairment charges resulted in a net loss of RM3,826.5 million for FY2021, with core PATMI (excluding the exceptional items and related legal and professional expenses) of RM961.6 million. The Group's return on equity (ROE) for FY2021 turned negative while core ROE was 5.0%.

GOOD LOANS AND DEPOSITS GROWTH

Our gross loans and financing base expanded 7% YTD or RM7.5 billion to RM114.8 billion, mainly driven by Mortgage which was up 10.0%, Retail SME loans which were up 22.0%, Personal Financing and others which were up 44%, and Business Banking which was up 12.0%.

For FY2021, the Group's customer deposits growth of 6.7% YoY to RM120.5 billion and CASA growth of 24.0% YTD to RM35.8 billion outpaced the growth in similar areas for the banking industry of 6.0% and 21.0% respectively. CASA mix was also higher at 29.7% (FY2020: 25.5%).

EXERCISING CREDIT VIGILANCE

GIL improved to 1.54% (FY2020: 1.73%) but we expect impaired loans to be on the rise as financial relief measures taper off in FY2022. We continued to build buffers against credit risks by making macro provisions totalling RM578.2 million in FY2021. Total carried forward macro provision as at FY2021 stood at RM745.5 million. As a result, LLC increased further to 135.6% (FY2020: 93.4% including regulatory reserve).

MAINTAINING LIQUIDITY, REBUILDING CAPITAL

The Group's FHC CET1 ratio and TCR fell to 11.3% and 14.5% respectively mainly due to a 2.5% and 2.2% capital impact following the Settlement, offset by a 0.91% and 0.35% accretion to CET1 and TCR from the adoption of transitional arrangements.

In order to accelerate the capital accretion of AMMB and to further strengthen AMMB's capital position, the Group successfully completed the Private Placement which raised RM825 million on 14 April 2021. The proceeds from this exercise increased proforma CET1 and TCR to 12.0% and 15.2% respectively.

The group will continue to strengthen its capital resiliency moving forward with its annual profit accretion while exploring other possible capital acceleration measures.

The Group remains highly liquid with an LCR of 157.5% and a loan deposit ratio of 95.2%. NSFR of all banking subsidiaries remain above 100% as at 31 March 2021.

Core PATMI
(excluding exceptional items)
of RM962 million

PROSPECTS FOR FY2022

The frequent re-emergence of new COVID-19 cases is clear evidence that the pandemic is far from over. The imposition of Movement Control Orders (MCO) as part of the preventive actions taken nationwide to reduce the level of infections while vaccinations are being rolled out will continue to disrupt the economy. As such, the business environment remains challenging and uncertain.

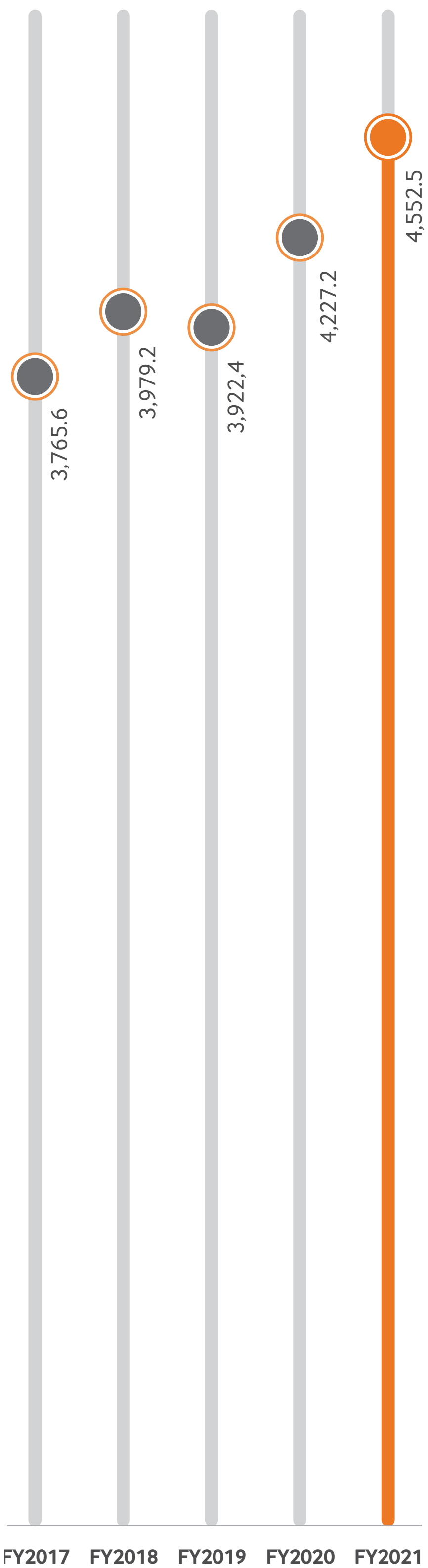
The Group has been actively providing financial relief measures to customers who are in need. At the same time, we continue to graduate customers who have regained financial stability to normal repayment terms. We have made significant progress in this area as the percentage of loans under financial relief has reduced to 13.0% of gross loans as at 31 March 2021.

For FY2022, our efforts will be focused on:

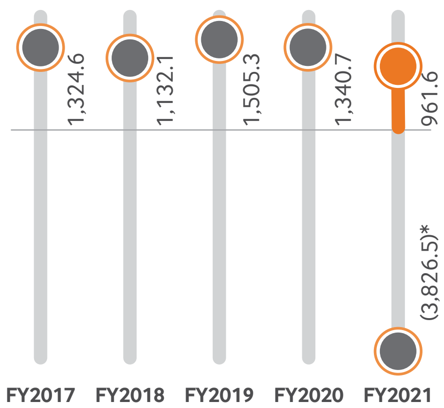
- Strengthening balance sheet: Accelerating capital build;
- Debt rehabilitation: Managing the gradual return to normal debt repayment for borrowers that are currently under payment holiday or repayment assistance programmes while maintaining credit vigilance amidst COVID-19 uncertainties;
- Maintain higher liquidity buffers: MCO3.0 contingency plans in place to ensure a high level of liquidity; and
- Cost efficiency: Continue to manage costs diligently through the PARETO programme and improve operational efficiencies.

GROUP FINANCIAL HIGHLIGHTS

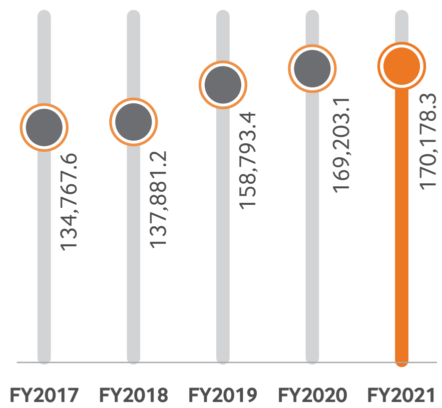
TOTAL REVENUE
(RM Million)



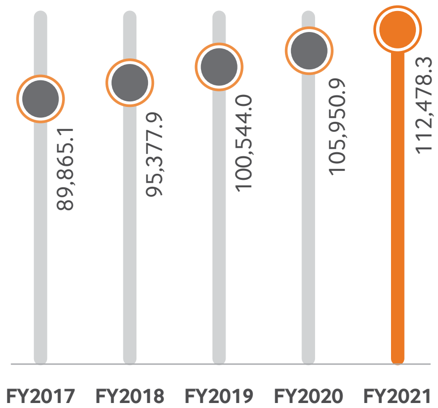
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS (RM Million)



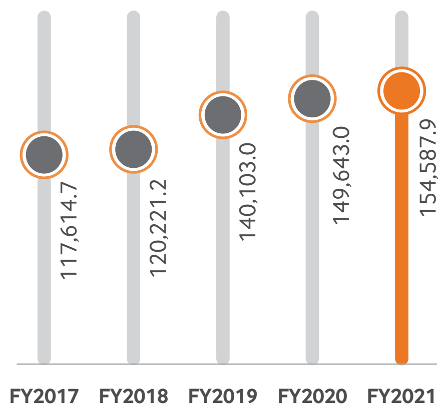
TOTAL ASSETS
(RM Million)



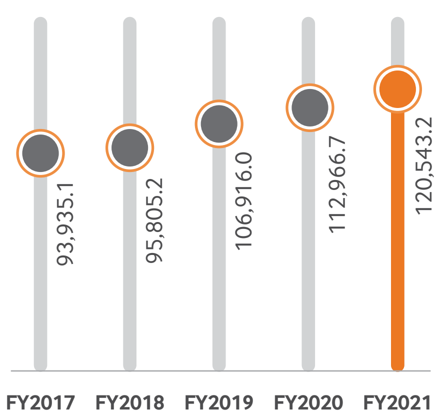
LOANS, ADVANCES AND FINANCING (NET) (RM Million)



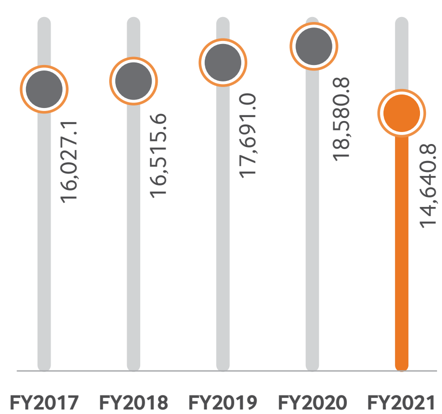
TOTAL LIABILITIES
(RM Million)



DEPOSITS FROM CUSTOMERS
(RM Million)



SHAREHOLDERS' EQUITY
(RM Million)



* *Including one-off exceptional charges of RM4,767.0 million and related legal and professional expenses of RM21.1 million.*

FIVE-YEAR GROUP FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 31 MARCH				
	2017[1]	2018	2019	2020	2021
1 STATEMENT OF PROFIT OR LOSS (RM MILLION)					
i. Total revenue	3,765.6	3,979.2	3,922.4	4,227.2	4,552.5
ii. Operating profit before impairment losses and settlement	1,605.1	1,558.4	1,791.5	2,119.0	2,420.2
iii. Writeback of/(Allowances for) impairment on loans, advances and financing	173.5	1.1	301.3	(322.6)	(1,116.9)
iv. Impairment of goodwill	(1.3)	–	–	–	(1,789.2)
v. Impairment of investment in associate	–	–	–	–	(147.8)
vi. Settlement	–	–	–	–	(2,830.0)
vii. Profit/(Loss) before taxation and zakat	1,801.2	1,542.7	2,095.4	1,782.9	(3,483.5)
viii. Profit/(Loss) attributable to shareholders	1,324.6	1,132.1	1,505.3	1,340.7	(3,826.5)
2 STATEMENT OF FINANCIAL POSITION (RM MILLION)					
Assets					
i. Total assets[2]	134,767.6	137,881.2	158,793.4	169,203.1	170,178.3
ii. Loans, advances and financing (net)	89,865.1	95,377.9	100,544.0	105,950.9	112,478.3
Liabilities and Shareholders' Equity					
i. Total liabilities[2]	117,614.7	120,221.2	140,103.0	149,643.0	154,587.9
ii. Deposits from customers	93,935.1	95,805.2	106,916.0	112,966.7	120,543.2
iii. Paid-up share capital	5,551.6	5,551.6	5,751.6	5,851.6	5,951.6
iv. Shareholders' equity	16,027.1	16,515.6	17,691.0	18,580.8	14,640.8
Commitments and Contingencies	134,563.3	143,672.5	131,016.8	133,474.7	136,999.7
3 PER SHARE (SEN)					
i. Basic net earnings/(loss)	44.1	37.6	50.0	44.6	(127.2)
ii. Fully diluted net earnings/(loss)	44.0	37.6	50.0	44.6	(127.2)
iii. Net assets	531.7	547.9	586.9	618.0	486.7
iv. Single tier/gross dividend	17.6	15.0	20.0	13.3	–
4 FINANCIAL RATIOS (%)					
i. Post-tax return on average shareholders' equity[3]	8.5	7.0	8.8	7.4	(20.2)
ii. Post-tax return on average total assets	1.1	0.9	1.1	0.9	(2.2)
iii. Loans to deposits[4]	95.3	98.1	91.1	89.8	90.4
vi. Cost-to-income	57.4	60.8	54.3	49.9	46.8
5 SHARE PRICE (RM)					
i. High	4.99	5.62	4.61	4.55	3.71
ii. Low	3.90	3.88	3.45	2.90	2.80
iii. As at 31 March	4.65	3.89	4.56	3.00	2.93

1 *After adjusting for restatement pursuant to clarification provided in Bank Negara Malaysia circular on Classification and Regulatory treatment for structured products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 that have been applied retrospectively for one financial year.*

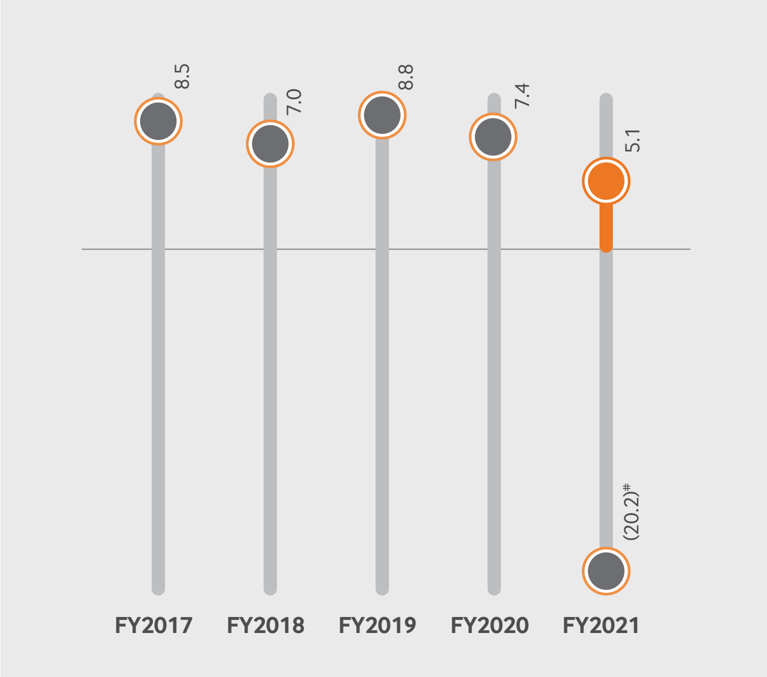
2 *The Group adopted MFRS 16, Leases for the first time since 1 April 2019. In its transition, the Group has elected to apply the simplified transition approach whereby the comparative amounts were not restated with the right-of-use assets in Total assets and lease liabilities in Total liabilities.*

3 *Adjusted for non-controlling interests.*

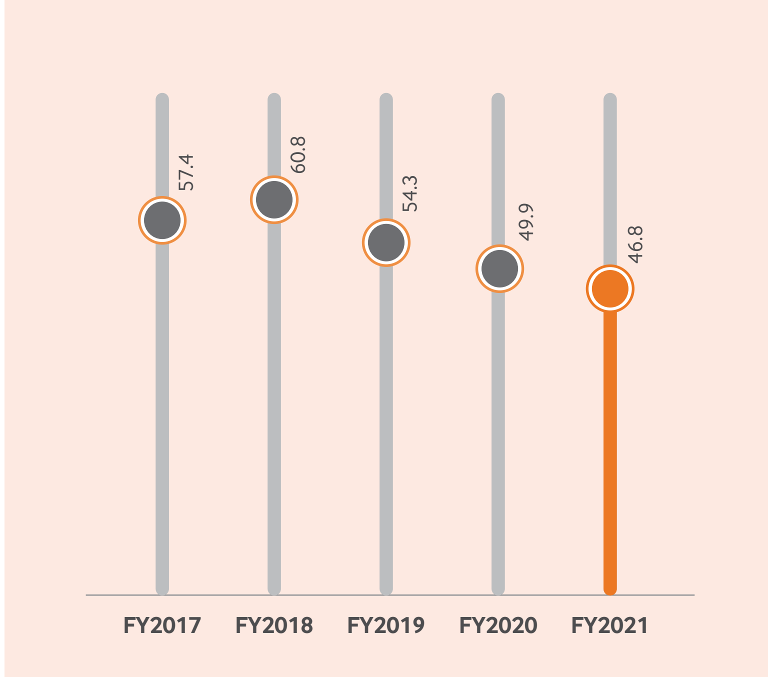
4 *Loans to Deposits is gross loans divided by deposits from customers and financial institutions, excluding interbank borrowings.*

FINANCIAL INDICATORS

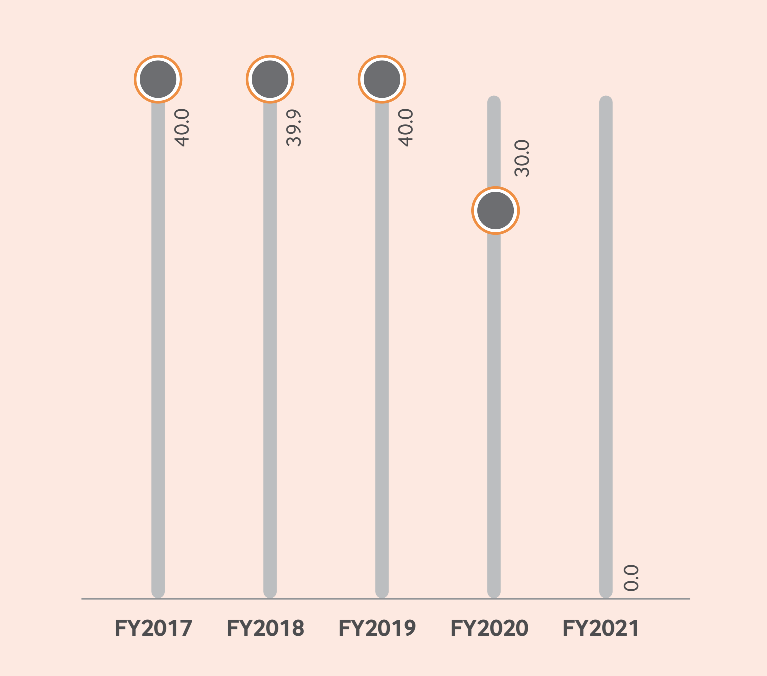
RETURN ON EQUITY (%)



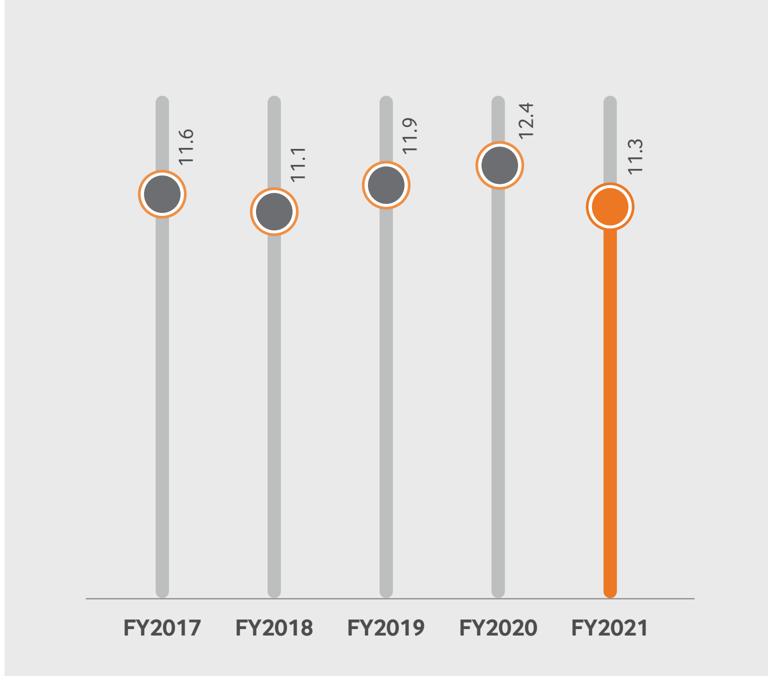
COST-TO-INCOME (%)



DIVIDEND PAYOUT (%)



CET 1* (%)



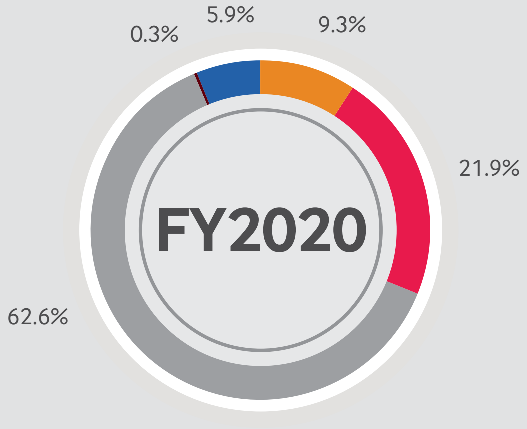
* *Proforma aggregated for FY2017; Financial Holding Company basis (FHC) for FY2018 onwards.*

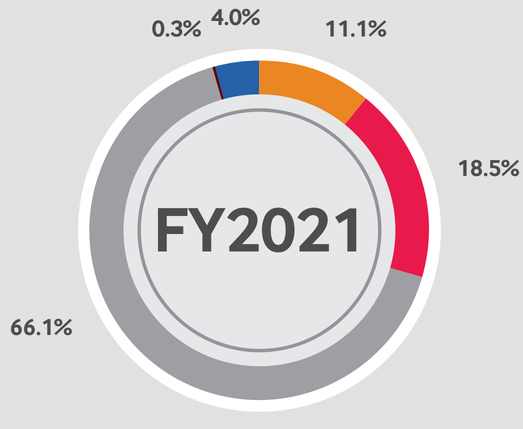
Pursuant to the revised BNM policy documents issued on 9 December 2020, the capital ratios computed as at 31 March 2021 had applied the transitional arrangements on provision for Expected Credit Loss ("ECL"). Under the transitional arrangements, the Group is allowed to add back the amount of loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital.

\# *Including one-off exceptional charges of RM4,767.0 million and related legal and professional expenses of RM21.1 million.*

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

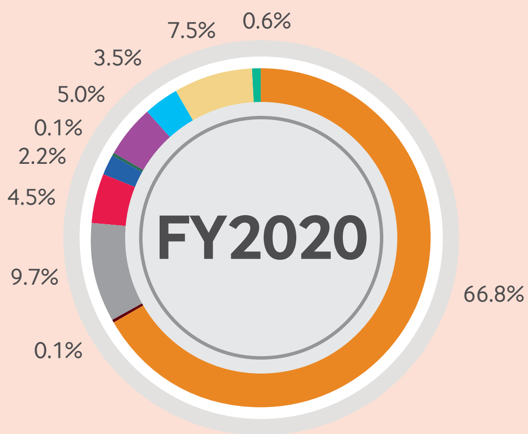
TOTAL ASSETS

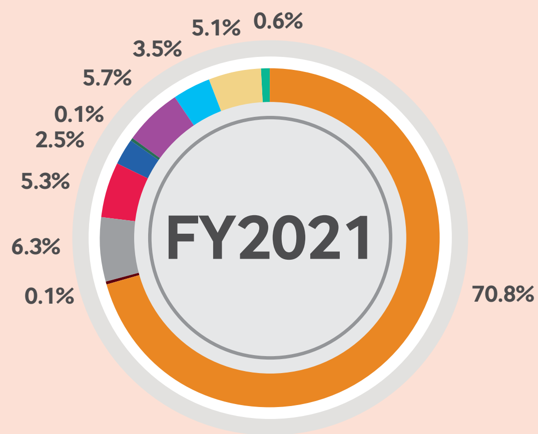




- Cash and short-term funds and deposits and placements with banks and other financial institutions
- Investments in securities
- Loans, advances and financing
- Statutory deposits with BNM
- Other assets

TOTAL LIABILITIES AND EQUITY





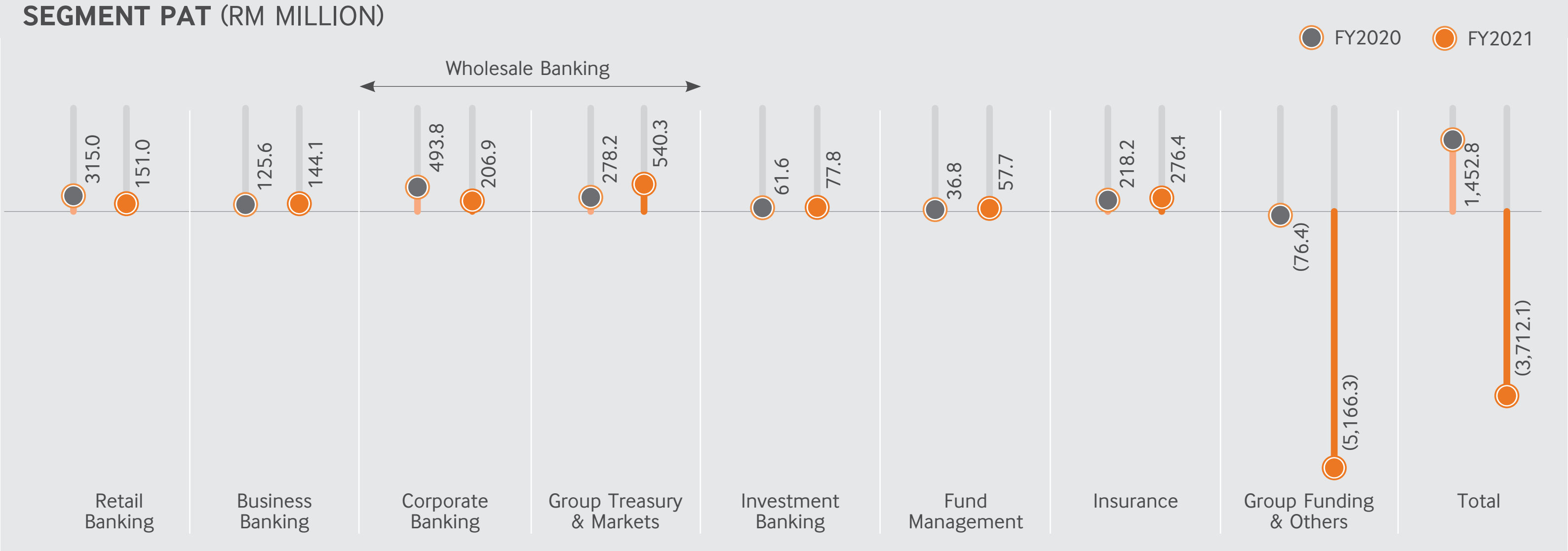
- Deposits from customers
- Investment accounts of customers
- Deposits and placements of banks and other financial institutions and securities sold under repurchase agreements
- Term funding and other borrowed funds
- Debt capital
- Redeemable cumulative convertible preference share
- Other liabilities
- Share capital
- Reserves
- Non-controlling interests

SEGMENTAL ANALYSIS

AmBank Group's businesses are grouped in the following business activities: Retail Banking, Business Banking, Wholesale Banking, Investment Banking, Fund Management, Insurance and Group Funding and Others.

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third-party transactions and are eliminated on consolidation under Group Funding and Others.

SEGMENT PAT (RM MILLION)



RETAIL BANKING

Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

Income increased 9.0% to RM1,597.8 million. Net interest income ("NII") rose 8.6% in line with loans expansion. Non-interest income ("NoII") increased by 11.0%, attributable to higher fee income from wealth, foreign exchange and personal financing products. Expenses were flat Year-on-Year ("YoY"). Net impairment charge was higher at RM533.7 million (FY2020: RM187.1 million), due to higher overlays of RM279.0 million and non-performing loans inflow. Consequently, Profit after tax ("PAT") was down 52.0% to RM151.0 million.

Gross loans increased by 10.0% YoY to RM64.8 billion, mainly from growth in mortgages, personal financing and Retail SME. Customer deposits increased 3.9% YoY to RM47.3 billion, largely from CASA balances which grew 25.3%.

BUSINESS BANKING

Business Banking focuses on the small and medium-sized enterprises segment, which comprises of Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management, and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Loans, and Project Financing.

Income rose by 6.4% to RM389.9 million. NII increased by 7.0% on the back of strong loans growth but partially offset by margin compression. NoII increased by 4.8%, mainly attributable to higher forex income. Net impairment charge at RM62.7 million, compared to RM57.0 million a year ago. Consequently, PAT increased by 14.7% to RM144.1 million.

Gross loans expanded by 11.9% YoY to RM12.6 billion while customer deposits increased by 14.5% YoY to RM8.2 billion.

WHOLESALE BANKING

Wholesale Banking comprises of Corporate Banking and Group Treasury & Markets. Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking and cash management solutions to wholesale banking clients. Group Treasury & Markets provides a full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants.

Income growth of 22.0% YoY to RM1,509.2 million, underpinned by higher NII from increased holding in fixed income securities and higher NoII driven by Markets trading revenues and also from sales of equity derivatives and shares revaluation gain. Expenses fell by 7.0% YoY to RM281.7 million. PAT decreased 3.2% YoY, mainly due to higher impairment.

Gross loans stable at RM35.6 billion while customer deposits were 8.8% higher YoY at RM65.3 billion.

SEGMENTAL ANALYSIS

INVESTMENT BANKING AND FUND MANAGEMENT

Investment Banking offers investment banking solutions and services, encompassing capital markets (primary) activities, broking, private banking services, corporate advisory and fund raising services (equity and debt capital).

Fund Management comprises of asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.

Overall income grew by 13.3% to RM346.1 million, mainly led by higher fee income from Fund Management, Private Banking and Stockbroking. Operating expenses fell by 3.0% to RM181.1 million. Overall, PAT increased 37.7% YoY to RM135.5 million.

INSURANCE

Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and Takaful products namely wealth protection/savings, health and medical protection and family Takaful solutions provided through our joint venture operations.

General Insurance income grew 3.6% YoY to RM615.7 million, underpinned by lower claims, partially offset by lower net earned premiums and investment income. Operating expenses increased by 5.5% to RM356.6 million from higher marketing cost. PAT up by 1.9% to RM232.5 million.

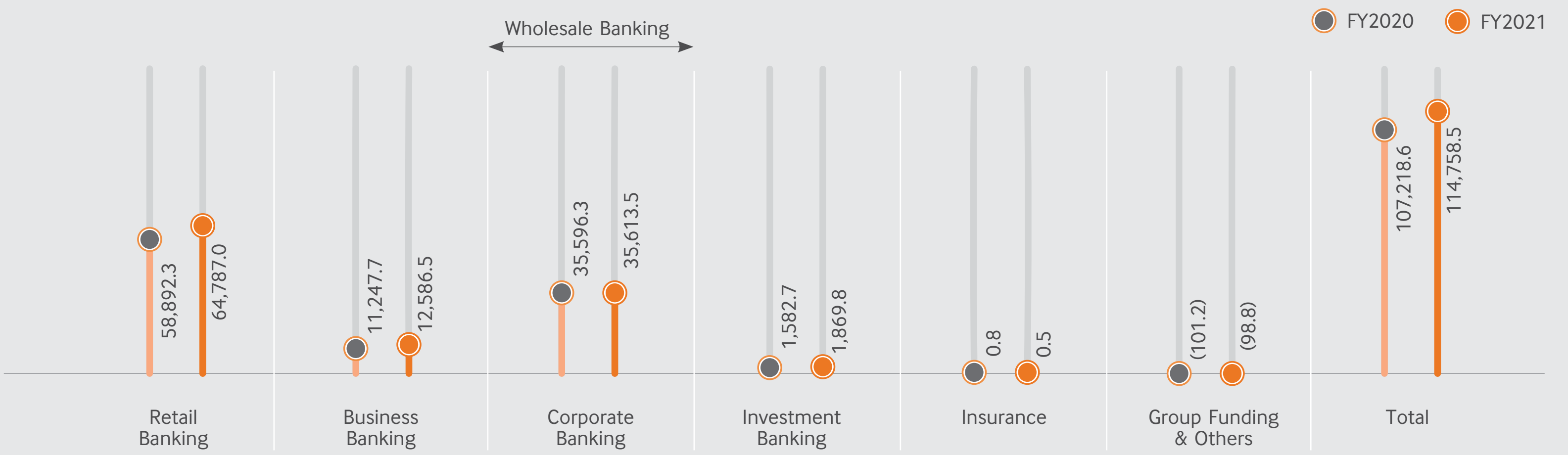
The Life Insurance and Family Takaful businesses recorded a strong improvement in PAT of RM43.9 million compared to a loss of RM9.9 million a year ago, mainly attributable to higher net earned premium, in addition to lower claims and lower reserving. The Group has equity accounted the results of the Life Insurance and Family Takaful business to reflect the Group's effective equity interests in the joint venture.

GROUP FUNDING AND OTHERS

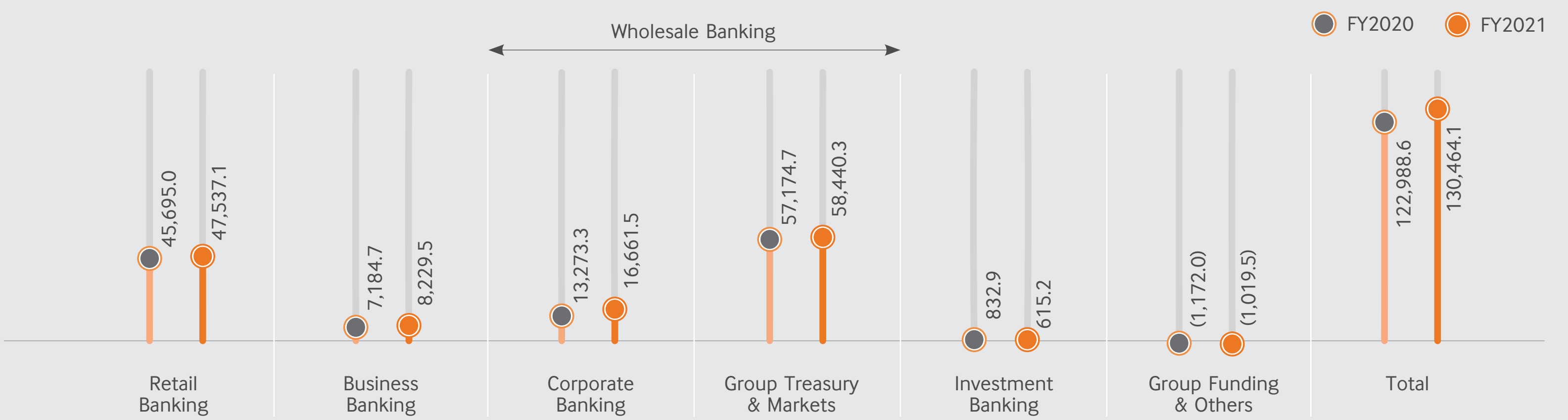
Group Funding and Others comprise of activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

The loss of RM5,166.3 million reflected the exceptional charges from the settlement of RM2.83 billion, goodwill and other impairment of RM1.9 billion and central COVID-19 overlay provisions of RM299.2 million.

GROSS LOANS (RM MILLION)



DEPOSITS (RM MILLION)



GROUP QUARTERLY FINANCIAL PERFORMANCE

FY2021

All in RM Million unless stated otherwise	Q1	Q2	Q3	Q4	
Operating revenue	2,214.6	2,138.0	2,090.1	1,969.9	
Net interest income	444.4	531.8	543.0	572.7	
Net income from Islamic banking	180.1	243.4	304.6	201.6	
Net income from insurance business	124.0	117.4	115.4	137.5	
Other operating income	321.1	263.7	197.3	210.7	
Share in results of associates and joint ventures	22.9	(1.5)	15.5	6.9	
Other operating expenses	(538.6)	(523.8)	(545.2)	(524.7)	
Impairment and provisions	(49.9)	(332.5)	(262.1)	(2,429.2)	*Note 1*
Settlement	–	–	–	(2,830.0)	*Note 2*
Profit/(Loss) before taxation and zakat	504.0	298.5	368.5	(4,654.5)	
Profit/(Loss) attributable to equity holders of the Company	365.2	237.3	263.8	(4,692.8)	
Earnings/(Loss) per share (sen)	12.1	7.9	8.8	(156.0)	
Dividend per share (sen)	–	–	–	–	

FY2020

All in RM Million unless stated otherwise	Q1	Q2	Q3	Q4
Operating revenue	2,390.4	2,349.3	2,370.1	2,214.8
Net interest income	468.3	472.9	504.9	492.5
Net income from Islamic banking	230.0	246.1	213.4	330.1
Net income from insurance business	121.2	112.5	105.1	101.9
Other operating income	232.4	245.4	276.0	77.6
Share in results of associates and joint ventures	12.8	(8.0)	5.2	(13.1)
Other operating expenses	(528.6)	(526.2)	(552.3)	(501.1)
Impairment and provisions	32.4	(109.1)	(56.9)	(202.5)
Profit before taxation and zakat	568.5	433.6	495.4	285.4
Profit attributable to equity holders of the Company	391.5	319.6	382.1	247.5
Earnings per share (sen)	13.0	10.6	12.7	8.3
Dividend per share (sen)	–	6.0	–	7.3

Note 1: Included in Q4FY2021 are impairment of goodwill and impairment of investment in an associate of RM1,789.2 million and RM147.8 million respectively.

Note 2: Relates to the settlement with the Ministry of Finance ("MOF") Malaysia on historical transactions of the Group with 1Malaysia Development Berhad ("1MDB") and its related entities.

KEY INTEREST BEARING ASSETS AND LIABILITIES

	FY2020			FY2021		
	Average Balance RM Million	Average Rate %	Interest Income/ Expense RM Million	Average Balance RM Million	Average Rate %	Interest Income/ Expense RM Million
INTEREST EARNING ASSETS						
Short-Term Funds, Deposits and Placements with Banks and Other Financial Institutions	5,239	2.37%	124	**9,357**	**1.44%**	**135**
Financial Assets at Fair Value Through Profit or Loss	14,295	3.55%	507	**11,458**	**2.70%**	**309**
Financial Investments at Fair Value Through Other Comprehensive Income	16,903	4.01%	678	**18,389**	**3.59%**	**661**
Financial Investments at Amortised Cost	5,034	4.34%	218	**4,759**	**4.36%**	**207**
Loans, Advances and Financing	102,598	5.20%	5,339	**109,996**	**4.16%**	**4,572**
INTEREST BEARING LIABILITIES						
Deposits from Customers[1]	104,346	3.03%	3,159	**115,522**	**2.01%**	**2,324**
Deposits and Placements of Banks and Other Financial Institutions	9,513	2.83%	270	**8,888**	**1.56%**	**139**
Recourse Obligation on Loans and Financing Sold to Cagamas Berhad	4,548	4.00%	182	**5,081**	**3.27%**	**166**
Term Funding, Debt Capital and Other Borrowed Funds	12,349	4.01%	495	**8,363**	**3.81%**	**318**

[1] *Deposits from customers includes Investment accounts of customers*

STATEMENT OF VALUE ADDED

VALUE ADDED	FY2020 RM million	FY2021 RM million
Net interest income	1,938.6	**2,091.9**
Net income from Islamic Banking	1,019.6	**929.7**
Income from Insurance Business	1,428.7	**1,398.5**
Other operating income	831.4	**992.8**
Share in results of associates and joint ventures	(3.1)	**43.8**
Insurance claims and commissions	(988.0)	**(904.2)**
Other operating expenses excluding personnel and depreciation and amortisation	(614.2)	**(589.2)**
Allowances for impairment on loans, advances and financing	(322.6)	**(1,116.9)**
Other impairment and provisions	(13.5)	**(19.8)**
Value added available for distribution	3,276.9	**2,826.6**

DISTRIBUTION OF VALUE ADDED	FY2020 RM million	FY2021 RM million	FY2020 %	FY2021 %
To employees:				
Personnel expenses	1,241.0	**1,280.2**	37.9	**45.3**
To the Government:				
Taxation	327.0	**227.6**	10.0	**8.1**
Settlement	–	**2,830.0**	–	**100.1**
To state collection centres and community:				
Zakat	3.0	**1.0**	0.1	**0.1**
To providers of capital:				
Dividends to shareholders	400.9	**–**	12.2	**–**
Non-controlling interests	112.1	**114.4**	3.4	**4.0**
To reinvest to the Group:				
Depreciation and amortisation	253.0	**262.9**	7.7	**9.3**
Retained profits/(accumulated loss)	939.9	**(3,826.5)**	28.7	**(135.4)**
Impairment of goodwill	–	**1,789.2**	–	**63.3**
Impairment of investment in an associate	–	**147.8**	–	**5.2**
	3,276.9	**2,826.6**	100.0	**100.0**

CAPITAL MANAGEMENT

AmBank Group's capital management approach remains focused on maintaining a healthy capital position that supports the Group's strategic objectives and risk appetite. This is achieved through building an efficient capital structure that optimises return on capital and provides sustainable returns to shareholders.

The Group's capital management is guided by the Group Capital Management Framework of which the objectives of capital management are to:

Meet regulatory capital requirements at all times → **Support risk appetite, business growth and strategic objectives** → **Achieve or maintain a desired credit rating**

The Group's capital management is also supplemented by the Group's Annual Capital Plan which covers a horizon of three years to establish the forward-looking capital requirements. The Annual Capital Plan is approved by the Board of Directors for implementation at the beginning of the financial year, followed by quarterly updates on the capital management to inform the Board of Directors on the latest progress of capital initiatives planned.

The Group evaluates its approach to capital management through the Internal Capital Adequacy Assessment Process (ICAAP) where it integrates the risk and capital management process. The Group's ICAAP document is prepared annually and approved by the Board of Directors annually of which includes the following:

- Calibration of the Internal Capital Targets for the Group and entities
- Comprehensive assessment on material risks
- Stress testing exercise to evaluate the capacity of the Group and the banking entities to withstand stress scenarios
- Adequate capital levels consistent with the risk profile, taking into account the Group's strategic focus, business plans and control environment

In relation to the Settlement that has resulted in a reduction of the Group's Core Capital Equity Tier 1 (CET1) by 2.49% as at 31 March 2021, the Group has accelerated the capital restoration plan by undertaking a private placement on 14 April 2021 which raised approximately RM825 million. This will increase the Group's CET1 by 0.71% to 12.04% on a proforma 31 March 2021 basis. Besides, the other ongoing initiatives would be the implementation of a foundation internal ratings-based approach and the potential non-core asset divestitures, which will supplement the organic capital generation.

The Group's key initiatives that were undertaken during the financial year 2021 as outlined below:

(a) RM400 million Basel III Tier 2 Subordinated Sukuk Murabahah on 8 December 2020;

(b) RM400 million Basel III Tier 2 Subordinated Debt on 30 March 2021;

(c) Equity Injection of RM650 million into AmBank via subscription of 66,394,280 new ordinary shares issued by AmBank;

(d) Equity Injection of RM130 million into AmInvestment Bank via subscription of 114,035,088 new ordinary shares issued by AmInvestment Bank.

CREDIT RATINGS

From a credit rating perspective, we believe in providing our stakeholders with an independent view of our banking subsidiaries as well as that of the Company. As such, we continue to maintain credit ratings with Moody's Investors Service, S&P Global Ratings and RAM Rating Services Berhad, both solicited and unsolicited.

RATING AGENCY	RATING CLASSIFICATION	RATING ACCORDED
The Company		
RAM Rating Services Berhad	Long-term Corporate Credit Rating Short-term Corporate Credit Rating Outlook	AA3 P1 Stable
AmBank (M) Berhad		
Moody's Investors Service	Long-term Bank Deposits (Foreign) Rating Short-term Bank Deposits (Foreign) Rating Outlook	A3 P-2 Negative
S&P Global Ratings	Long-term Foreign Currency Rating Short-term Foreign Currency Rating Outlook	BBB+ A-2 Negative
RAM Rating Services Berhad	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Stable
AmBank Islamic Berhad		
RAM Rating Services Berhad	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Stable
AmInvestment Bank Berhad		
RAM Rating Services Berhad	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Stable

BALANCE SHEET MANAGEMENT

Balance sheet management involves the management of AmBank Group's structural funding and liquidity. It also maintains the Funds Transfer Pricing (FTP) framework which is governed by the Group Assets and Liabilities Committee (GALCO).

Structural funding and liquidity are managed by targeting a diversified funding base and avoiding concentrations by depositor and investor type, product, maturity or currency and implementing wholesale funding diversification and maturity concentration limits. In setting its funding diversification policy, the Group will take into consideration the cost/benefit trade-off to ensure optimum level of funding cost.

To sustain a diversified funding profile and monitor the liquidity risk of the Group, we are guided by the Basel III liquidity framework, namely the:

(1) Liquidity Coverage Ratio (LCR), with a primary focus of ensuring a sufficient buffer of liquid assets that could be easily converted into cash to meet the liquidity needs for up to 30 calendar days; and

(2) Net Stable Funding Ratio (NSFR), outlining the requirements on maintaining a stable funding profile vis-à-vis the composition of assets and off-balance sheet commitments in order to reduce the likelihood of disruption to liquidity position.

The FTP framework promotes a Groupwide allocation of funding costs to the business units by taking into account the interest rate and liquidity positions of the Group. The FTP mechanism is refined according to market conditions and relevant strategies approved by the management and it is derived to reflect regulatory principles.

To fund our businesses, a liquidity premium is charged to the business units based on the contractual tenor of the transactions. Business units that generate long-term, stable funding are incentivised in the form of liquidity credit. Presently the key funding growth agenda is as follows:

(1) To strengthen the deposit franchise, by focusing on lower-cost current accounts and savings accounts (CASA) and gathering term deposits to build sufficient base to fund the loans growth; and

(2) To diversify the sources of funding to build a more sustainable base and reduce reliance on non-core deposits.

FUNDING STRUCTURE FY2021

Loans are the largest component of the Group's assets and are generally funded by core customer deposits. Our core customer deposits increased by RM7.5 billion from RM113.0 billion in FY2020 to RM120.5 billion in FY2021, a 6.6% growth. We will continue to prioritise growth in core customer deposits, which are a stable and resilient source of funding. We have outlined plans to lower the cost of funding by growing CASA composition, tapping on alternative funding sources and optimising a stable funding mix.

FINANCIAL CALENDAR

FY2020

27
February 2020
Announcement of Unaudited Consolidated Results for the Financial Third Quarter Ended 31 December 2019

29
June 2020
Announcement of Audited Consolidated Results for the Financial Year Ended 31 March 2020

30
July 2020
Payment of Final Single Tier Dividend of 7.3 sen per Share for the Financial Year Ended 31 March 2020

30
November 2020
Announcement of Unaudited Consolidated Results for the Financial Half Year Ended 30 September 2020

FY2021

1
March 2021
Announcement of Unaudited Consolidated Results for the Financial Third Quarter Ended 31 December 2020

31
May 2021
Announcement of Audited Consolidated Results for the Financial Year Ended 31 March 2021

30
July 2021
Notice of 30th Annual General Meeting

2
September 2021
30th Annual General Meeting