

## BUSINESS REVIEW

### AmBank Islamic

#### Our Competitive Advantage

**AmBank Islamic is the primary Islamic banking arm of the Group, offering a comprehensive range of Shariah-compliant retail and non-retail banking products and services, including investment, treasury and trade solutions. We anchor our primary role as a credit intermediary on the tenets of VBI, which is key to accelerating our journey towards becoming a purpose-based organisation that is also mindful of financial returns to our shareholders.**

**Our strategic direction is aligned with the Group and we continue to add further value by penetrating niche markets that naturally gravitate towards Islamic banking. We are poised to further improve our income and profitability through the execution of strategies in line with the Group's Focus 8 strategies and aim to deliver sustainable returns to our shareholders whilst maintaining optimal capital and funding profiles.**



**EQHWAN MOKHZANEE BIN MUHAMMAD**

Chief Executive Officer  
AmBank Islamic Berhad

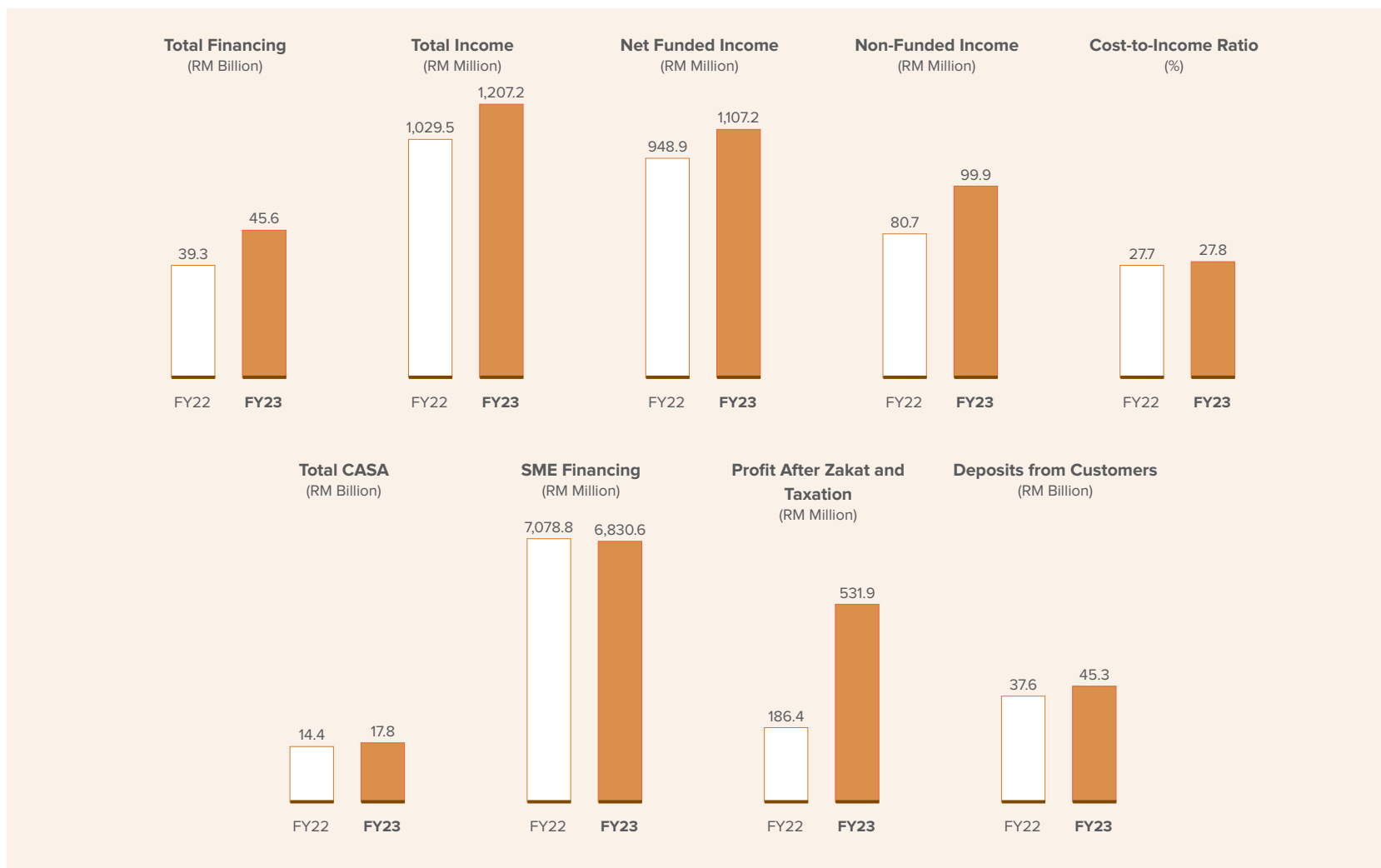
## PERFORMANCE OVERVIEW

The Bank delivered commendable financial results in FY2023 with profit after zakat and taxation (PAZT) almost tripling to RM531.9 million from the RM186.4 million recorded the year before. Profit before impairment improved by 17.1% to RM872.0 million. The strong financial performance came on the back of financing and deposits growth of 16.0% and 20.4% respectively, which led to total income growth of 17.3% to RM1,207.2 million.

In addition, our proactive risk management measures resulted in the net impairment charge for the financial year falling by 64.5% from RM506.9 million to RM179.9 million whilst gross impaired financing (GIF) ratio dropped by 46 basis points to 1.14%, demonstrating our commitment to maintaining solid asset quality. The Bank's CET1/ Tier 1 and Total Capital ratios stood at 12.6% and 17.1% respectively as underpinned by the Bank's improved profitability.

In the year under review, the Bank continued its strategy in growing profitable portfolios such as, financing for Amanah Saham Bumiputera (ASB), wealth management and transaction banking. The Bank also enhanced its penetration into the SME segment while managing the mortgage portfolio. Concurrently, the Bank continued to focus on growing its CASA portfolio which grew by 23.1%, resulting in a CASA ratio of 39.3%.

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### KEY INITIATIVES & OUTCOMES

#### Key Initiatives

#### Small and Medium Enterprises



#### Outcomes

- The Bank continued to be recognised as supporting the SMEs in Malaysia where the Bank has been recognised as the “Best Islamic SME Bank Malaysia 2022” by The Asset Triple A, Global Banking and Finance Review, Global Islamic Finance Awards and Global Business Review Magazine.
- These awards will spur the Bank to continue to serve the SMEs which are the backbone of Malaysia’s economy.
- The Bank remained committed in supporting Malaysian SMEs and where applicable, participated in the various BNM financing schemes for SMEs such as Targeted Relief and Recovery Facility (TRRF).

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#### Key Initiatives

##### Mass Segment

- The Bank continued to target the mass segment with key products such as ASB Financing-i, Auto Financing-i, Personal Financing-i and AmWafeeq Savings Account-i.



- Auto Financing-i (AF-i): Due to the refinements in our strategies and processes, our AF-i portfolio recorded a growth of 17.8%.
- Personal Financing-i for public sector: 4.3% growth.
- AmWafeeq Savings Account-i: This Islamic savings account was promoted through the AmRewards Campaign 2.0 with prizes totalling RM1.7 million.

##### Affluent Segment

- The Bank provided wealth management services to our affluent customers by distributing Islamic unit trusts and other Shariah-compliant investment products.
- The Bank enhanced its AmOnline platform which allows eligible customers to perform transactions with their Tabung Haji accounts.



- A total of RM614.3 million Islamic AUM as at 31 March 2023.
- Higher CASA growth seen in certain segments following the linkage of AmOnline accounts to Tabung Haji accounts.

##### VBI & Sustainability

- The Bank's Group CEO is responsible for driving the Group's Sustainability/ ESG agenda in his capacity as the Group Sustainability Champion. In addition, he is responsible for overseeing the Group's Sustainability Department and is closely involved in VBI and sustainability-related initiatives at the industry level.



- Implemented mandatory Islamic Banking 101 online training to Group employees that includes updates on how sustainability fits into the Group's Sustainability Agenda.
- A number of the Bank's personnel were also members of the VBI Sectoral Guide Working Group to develop sectoral guidelines for construction & infrastructure and transportation & storage.
- AmBank Islamic became the first Islamic bank in Malaysia which successfully bid for carbon credit during the inaugural auction of carbon credit by BCX.

For more details on the Group's VBI and sustainability contributions to the industry, refer to our Sustainability Report.

##### Community Contributions

- The Bank has recalibrated its zakat distribution strategy from providing sustenance to the creation of long-term impact by widening the scope to capacity-building and funding for micro businesses.



- As at 31 March 2023, the Bank has fulfilled its responsibility through business zakat distribution in the sum of RM991,087 to state zakat collection centres and other entities such as charities, students and asnaf entrepreneurs.
- The Bank's participation in the iTEKAD programme was manifested via the distribution of RM280,000 of funding to 59 Asnaf microentrepreneurs in the form of financial grant and capacity building initiatives.

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**AmBank Islamic**

**Awards & Recognition**

**1. Global Banking and Finance Review**

- Best Islamic Bank Malaysia 2022
- Best Islamic Corporate Bank Malaysia 2020, 2021 and 2022
- Best Islamic SME Bank Malaysia 2020, 2021 and 2022
- Best Islamic Banking CEO Malaysia 2019, 2020 and 2021
- Most Promising Islamic Bank Malaysia 2019

**2. The Asset Triple A**

- Best Islamic SME Bank Malaysia 2021 and 2022
- Best Corporate Hybrid Sukuk 2021 (Shariah Adviser)
- Best Bank Capital Sukuk Malaysia 2020 (Shariah Adviser)
- Best NBF Sukuk Malaysia 2020 (Shariah Adviser)

**3. Alpha Southeast Asia**

- Best Islamic Finance Bank Malaysia 2022
- Best Project Finance Deal of the Year 2022 (Financier)
- Best Islamic Finance SME Bank Malaysia 2019, 2020 and 2021
- Best FIG Islamic Finance Deal of the Year 2020 (Shariah Adviser)

**4. Global Islamic Finance Awards**

- Best Islamic Bank for SME Banking 2022
- GIFA CEO of the Year 2021 and 2022
- Best Islamic Wholesale Banking Solutions Award 2021
- Most Improved Islamic Bank 2019
- Islamic Banker of the Year 2019

**5. Global Business Review Magazine Award**

- Best Islamic Bank Malaysia 2022
- Best Islamic SME Bank Malaysia 2022
- Best Islamic Corporate Bank Malaysia 2022

**6. IFN Deal of the Year Awards**

- Malaysia Deal of the Year 2022 (Shariah Adviser)
- Structured Finance Deal of the Year 2022 (Shariah Adviser)
- Perpetual Deal of the Year 2022 (Shariah Adviser)

**OUTLOOK**

We anticipate a challenging market ahead due to global financial market volatility and geopolitical uncertainties. Notwithstanding this, the Bank is set to build on the strong momentum coming from our performance in FY2023. We will continue to maintain efficient operations, prudence in managing risks, and strong corporate governance and risk management practices. The Bank is also embarking on a journey to build capabilities in climate risk management to address the rise in climate-related risks.

To meet the evolving demands of customers, we will expand our digital banking operations and enhance our information and communication technology infrastructure to provide better customer experience. In addition, we will continue to incorporate VBI-related principles and focus on social finance to empower microentrepreneurs.