PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

Delivering 10% ROE is a milestone for our FOCUS 8 strategy. The Group strengthened its capital levels further and declared a dividend payout of 35% for the year.

JAMIE LING FOU-TSONG

Group Chief Financial Officer

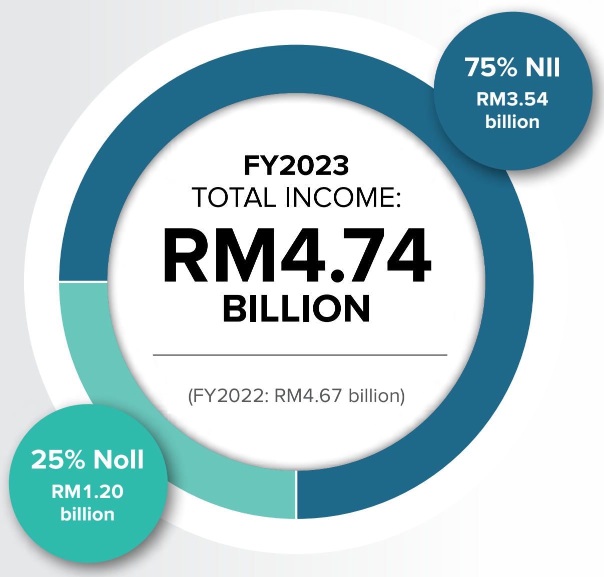
FY2023 KEY PERFORMANCE HIGHLIGHTS

INCOME GROWTH MOMENTUM

The Group reported its fourth consecutive year of income growth. Total income increased 1.6% to RM4,737.7 million from a year ago. This reflected the disposal of AmGeneral which we concluded partway through the financial year. Excluding the effects of this disposal, total income from our Continuing Operations[1] grew strongly at 12.4% year-on-year (YoY).

This higher income achievement was driven by net interest income (NII) which grew 8.1%, on the back of strong lending growth of 8.5%. NII represented approximately 75% or RM3,540.7 million of total income. The OPR hikes benefited our net interest margin (NIM) in the first three quarters of the financial year. However, the repricing effects of deposits and intense competition for funding in the final quarter of the year resulted in our NIM being largely unchanged YoY at 2.07%.

Non-interest income (NoII) declined by RM192.8 million or 13.9%, due to the effects of the AmGeneral divestment. On a Continuing Operations basis, NoII grew 16.9% YoY, with stronger income performance from Group Treasury & Markets and Corporate Banking comfortably offsetting the lower income contribution from Investment Banking and Retail Wealth Management as market conditions for investors remained challenging.



[1] Continuing Operations comprise Banking operations and Insurance. Insurance mainly consists of Life Insurance (as JV) and General Insurance (as associate from August 2022 to March 2023)

PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

COST MANAGEMENT AND OPERATING LEVERAGE

Total expenses for the year remained well managed at RM2,100.3 million (FY2022: RM2,094.2 million). Total reported CTI ratio of 44.3% was an improvement from 44.9% a year ago. On a Continuing Operations basis, CTI also improved to 43.4% from 43.6% a year ago. Continuing Operations' expenses increased 11.7%, largely driven by higher staff compensation expenses from salary adjustments, variable bonus provisions and recruitment expenses.

With positive operating leverage, profit before provisions (PBP) grew 2.6% to RM2,637.4, and on a Continuing Operations basis, PBP grew strongly by 12.9% YoY.

NET IMPAIRMENT CHARGES CONTINUED TO REDUCE

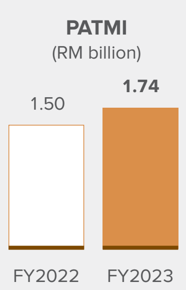
Net impairment charges fell significantly to RM466.9 million, a 39.1% reduction YoY. These charges included a one-off impairment charge of RM113.2 million for intangible assets written down as part of the AmGeneral disposal. The lower credit related impairment charges were driven by the non-repeat of the provisions taken in the previous year in Wholesale Banking, which more than offset the increase in impairment charges in Retail Banking and Business Banking as delinquency rates rose after the loan moratorium ended.

We continued to retain overlay provisions as an additional buffer, with total overlay provisions carried forward of RM461.3 million (FY2022: RM393.8 million) to cover the more vulnerable exposures identified. The portfolio of loans under our relief schemes has reduced in line with the recovering economy. LLC ratio stood at 127.7%, while GIL ratio was at 1.46% (FY2022: 1.40%).

Delinquency rates of our credit portfolios are reviewed vigilantly as we continued to take pre-emptive steps to manage risk exposures as well as initiating debt restructuring exercises as necessary.

DELIVERING 10% ROE

We achieved a robust 15.5% growth in PATMI to RM1,735.2 million. The Continuing Operations PATMI grew 27.5% to RM1,742.2 million. Consequently, ROE improved to 10% from 9.3% last year.



PATMI up 15.5% to RM1.74 billion

PBP grew 12.9% for Continuing Operations

	Reported		Continuing Operations	
	RM Million	YoY growth	RM Million	YoY growth
Income	4,737.7	1.6%	4,608.2	12.4%
- NII	3,540.7	8.1%	3,498.4	11.0%
- NoII	1,197.0	(13.9%)	1,109.8	16.9%
Expenses	2,100.3		1,999.1	
PBP	2,637.4	2.6%	2,609.1	12.9%
Net Impairment	466.9	(39.1%)	353.6	(53.9%)
PATMI	1,735.2	15.5%	1,742.2	27.5%
CTI	44.3%	(0.6%)	43.4%	(0.2%)

DIVIDENDS

We declared a final dividend of 12.3 sen per share, bringing the total dividends for this year to 18.3 sen per share, which translates to a dividend payout of 35%.

ENCOURAGING LOANS AND CASA GROWTH

Total gross loans and financing portfolio saw an expansion across all business segments, growing by 8.5% or RM10.2 billion to RM130.2 billion. Loans in Retail Banking grew RM4.0 billion (+5.8%), Wholesale Banking grew RM3.6 billion (+11.6%) and Business Banking grew RM2.5 billion (+13.1%).

Customer deposits increased 6.3% to RM130.3 billion (FY2022: RM122.6 billion), primarily driven by consistent growth in Retail deposits. Time deposits increased 2.6%. CASA balances showed a more substantial increase of 13.2% to RM48.8 billion. Consequently, CASA mix was higher at 37.4% (FY2022: 35.2%).

Loans grew by 8.5% or RM10.2 billion across all segments

PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

CAPITAL AND LIQUIDITY SUPPORTIVE OF FUTURE GROWTH

Strengthening our capital and liquidity positions remained a key agenda to support our future growth. Post dividend payout, the Group's Common Equity Tier 1 (CET1) ratio (with transitional arrangement (TA)) increased to 12.51% (FY2022: 12.20%) and CET1 ratio (without TA) improved to 12.10% (FY2022: 11.65%). The Group continues to be well capitalised with Total Capital Ratio (TCR) improving to 15.65% (FY2022: 15.32%).

The Group remained liquid, with a LCR of 149.2% (FY2022: 158.5%) and net stable funding ratio (NSFR) at 107.3% (FY2022: 114.2%).

CET1	TCR
12.5%	15.7%
LCR	**NSFR**
149.2%	107.3%

FY2023 FINANCIAL SNAPSHOT

Profitability (RM million)	Income	**4,738** FY2022: 4,665	2%	• Continuing Operations, income grew 12%
	Expenses	**(2,100)** FY2022: (2,094)		• Continuing Operations, expenses grew 12% • Reported CTI 44.3%
	PBP	**2,637** FY2022: 2,571	3%	• Continuing Operations, PBP grew 13%, CTI 43.4%
	Impairment	**(467)** FY2022: (766)	(39%)	• Significantly lower WB provisions, partially offset by higher RB and BB provisions • Including AmGeneral's net impairment of RM113 million
	PATMI	**1,735** FY2022: 1,503	15%	• Continuing Operations, PATMI grew 28%
	ROE	**10.0%** FY2022: 9.3%	0.7%	• ROTE: 10.3%
Assets & Liabilities (RM billion)	Gross Loans	**130.2** FY2022: 120.0	9%	• Broad-based loans and CASA growth across segments
	Customer Deposits	**130.3** FY2022: 122.6	6%	• CASA grew 13%, CASA ratio 37.4% (FY2022: 35.2%)
Capital & Liquidity	FHC CET1[1] (with TAs)	**12.51%** FY2022: 12.20%	0.31%	• Capital build on track • FHC CET1 (without TA) = 12.10% (FY2022: 11.65%)
	FHC LCR	**149.2%** FY2022: 158.5%	(9.3%)	• Sector liquidity tightening
	Dividend per share	**18.3 sen** FY2022: 5.0 sen	13.3 sen	• Dividend payout ratio 35% (FY2022: 11%)

[1] After deducting proposed dividend

PRIORITIES FOR FY2024

In FY2023, our strategy execution allowed us to take advantage of the economy's strong rebound to deliver a commendable set of financial results. We remain optimistic that the momentum we have will carry into FY2024, albeit at a more moderate pace. At the same time, we remain mindful of external headwinds including weaker-than-predicted global growth and ongoing geopolitical tensions that may impact our plans.

- Driving ROE improvements
- Manage asset quality proactively
- Execute on non-core divestitures
- Embedding ESG in our businesses
- Digitalising the Group

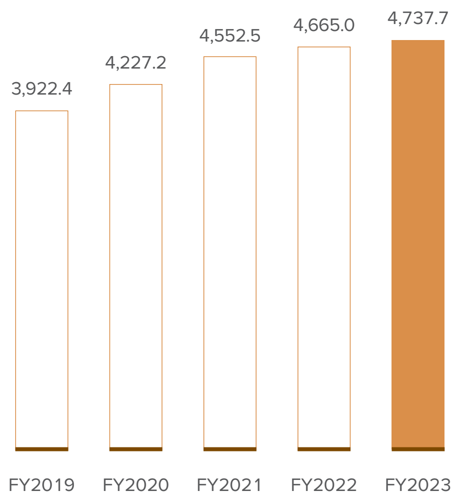
5-YEAR GROUP FINANCIAL HIGHLIGHTS

		FINANCIAL YEAR ENDED 31 MARCH				
		2019	2020	2021	2022	2023
1	**STATEMENT OF PROFIT OR LOSS (RM MILLION)**					
i	Total income	3,922.4	4,227.2	4,552.5	4,665.0	**4,737.7**
ii	Operating profit before impairment losses, estimated loss on disposal of subsidiary and settlement	1,791.5	2,119.0	2,420.2	2,570.8	**2,691.3**
iii	Writeback of/(allowances for) impairment on loans, advances and financing	301.3	(321.9)	(913.2)	(314.2)	**(421.8)**
iv	Allowances for impairment on financial investments and other financial assets	(6.7)	(36.5)	(184.2)	(270.3)	**(6.9)**
v	Provision for commitments and contingencies - writeback/(charge)	9.2	22.3	(39.3)	(177.0)	**77.8**
vi	Impairment of Kurnia Brand, agent relationship and other assets	-	-	-	-	**(116.0)**
vii	Impairment of goodwill	-	-	(1,789.2)	-	**-**
viii	Impairment of investment in associate	-	-	(147.8)	(4.6)	**-**
ix	Estimated loss on disposal of subsidiary	-	-	-	-	**(53.9)**
x	Settlement	-	-	(2,830.0)	-	**-**
xi	Profit/(loss) before taxation and zakat	2,095.4	1,782.9	(3,483.5)	1,804.7	**2,170.4**
xii	Profit/(loss) attributable to shareholders	1,505.3	1,340.7	(3,826.5)	1,502.7	**1,735.2**
2	**STATEMENT OF FINANCIAL POSITION (RM MILLION)**					
	Assets					
i	Total assets	158,793.4	169,203.1	170,178.3	174,858.9	**197,540.6**
ii	Loans, advances and financing (gross)	101,844.6	106,768.6	112,692.2	119,993.3	**130,226.8**
iii	Loans, advances and financing (net)	100,544.0	105,501.6	110,616.5	118,065.7	**128,242.6**
	Liabilities and Shareholders' Equity					
i	Total liabilities	140,103.0	149,643.0	154,587.9	156,900.0	**179,404.7**
ii	Deposits from customers	106,916.0	112,966.7	120,543.2	122,592.9	**130,315.1**
iii	Paid-up share capital	5,751.6	5,851.6	5,951.6	6,776.2	**6,376.2**
iv	Shareholders' equity	17,691.0	18,580.8	14,640.8	16,759.8	**18,135.0**
	Commitments and Contingencies	131,016.8	133,474.7	136,999.7	122,661.4	**124,873.0**
3	**PER SHARE (SEN)**					
i	Basic/diluted net earnings/(loss)	50.0	44.6	(127.2)	45.5	**52.4**
ii	Net assets	586.9	618.0	486.7	506.2	**548.4**
iii	Single tier dividend	20.0	13.3	-	5.0	**18.3**
4	**FINANCIAL RATIOS (%)**					
i	Post-tax return on average shareholders' equity[1]	8.8	7.4	(20.2)	9.3	**10.0**
ii	Post-tax return on average total assets	1.08	0.89	(2.19)	0.92	**0.90**
iii	Loans-to-deposits[2]	95.3	94.5	93.5	97.9	**99.9**
iv	Cost-to-income	54.3	49.9	46.8	44.9	**44.3**
v	CET1 Capital Ratio[3]	11.89	12.44	11.33	12.20	**12.51**
vi	Total Capital Ratio[3]	15.43	15.80	14.48	15.32	**15.65**
5	**SHARE PRICE (RM)**					
i	High	4.61	4.55	3.71	3.71	**4.24**
ii	Low	3.45	2.90	2.80	2.81	**3.39**
iii	As at 31 March	4.56	3.00	2.93	3.71	**3.75**

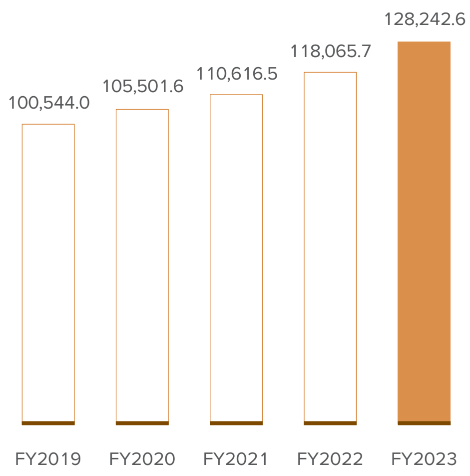
[1] Adjusted for non-controlling interests.
[2] Loans-to-deposits is gross loans divided by deposits from customers.
[3] Pursuant to the revised BNM policy documents issued on 9 December 2020, the capital ratios computed for FY2023, FY2022 and FY2021 had applied the TAs on provision for Expected Credit Loss (ECL). Under the TAs, 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.

GROUP FINANCIAL HIGHLIGHTS

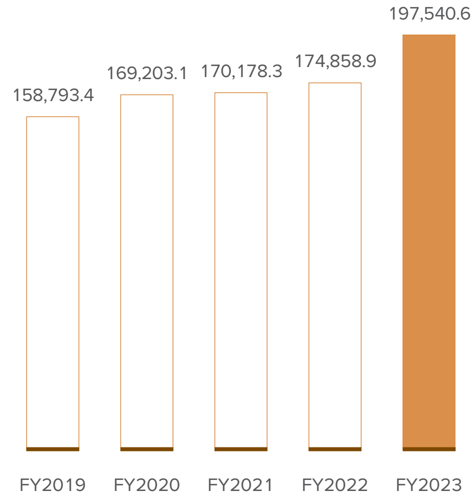
TOTAL INCOME (RM MILLION)



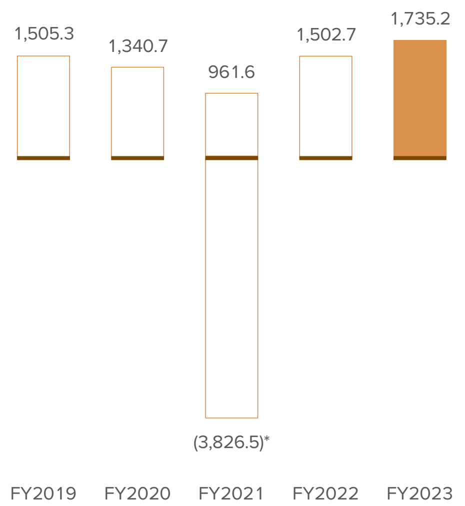
LOANS, ADVANCES AND FINANCING (NET) (RM MILLION)



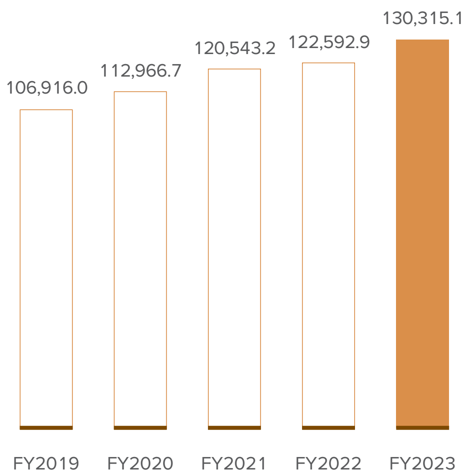
TOTAL ASSETS (RM MILLION)



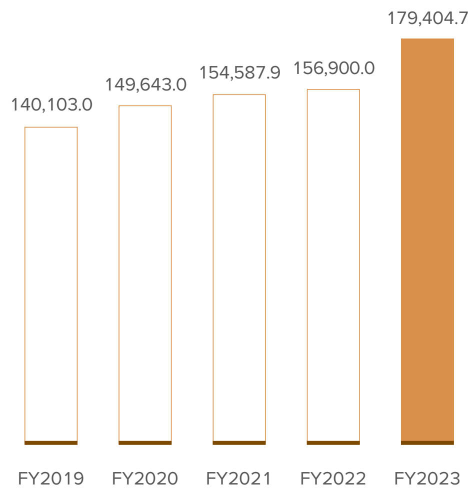
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS (RM MILLION)



DEPOSITS FROM CUSTOMERS (RM MILLION)



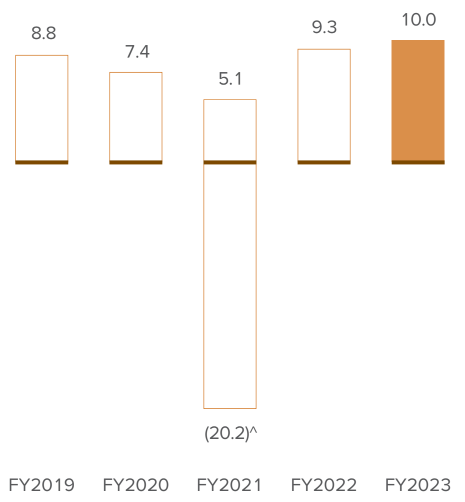
TOTAL LIABILITIES (RM MILLION)



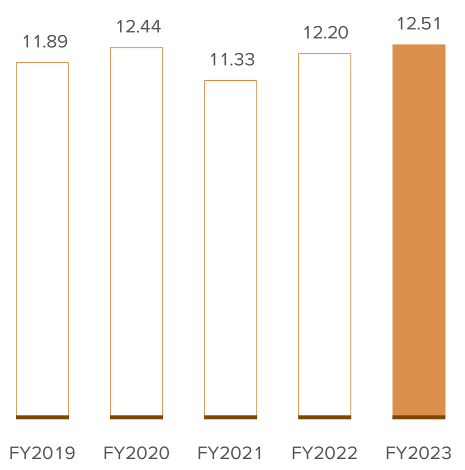
* Including one-off exceptional charges of RM4,767.0 million and related legal and professional expenses of RM21.1 million.

FINANCIAL INDICATORS

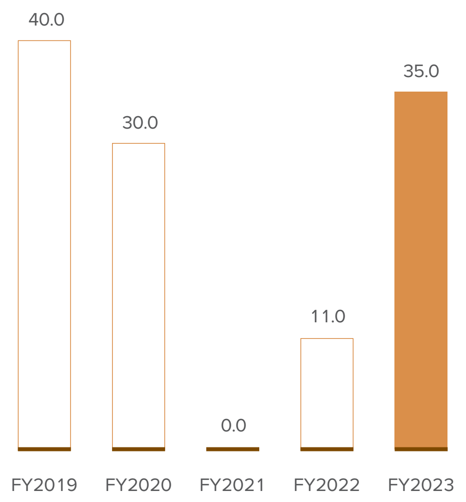
RETURN ON EQUITY (%)



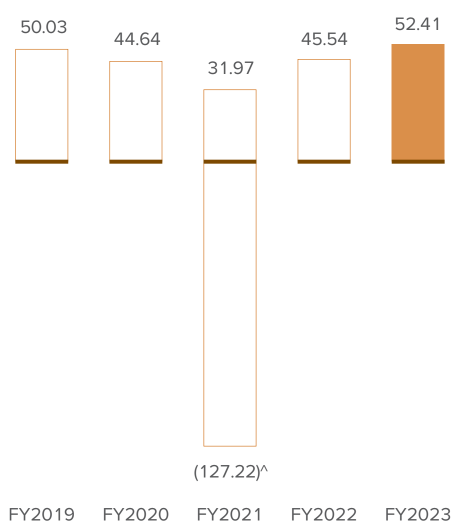
COMMON EQUITY TIER 1# (%)



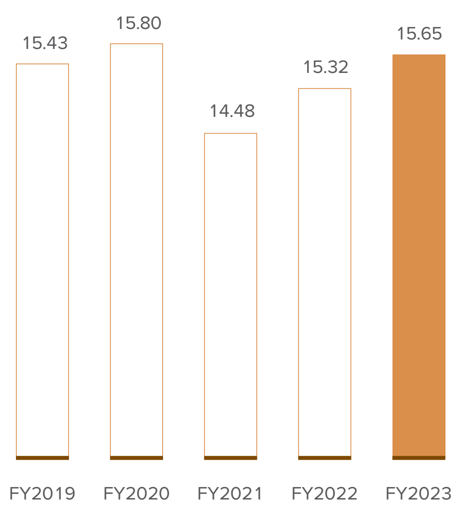
DIVIDEND PAYOUT (%)



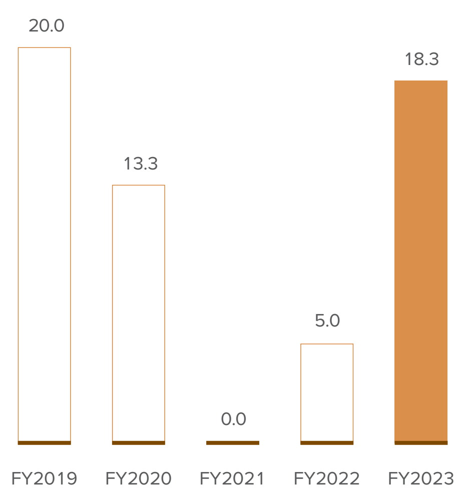
EARNINGS/(LOSS) PER SHARE (SEN)



TOTAL CAPITAL RATIO# (%)



DIVIDEND PER SHARE (SEN)



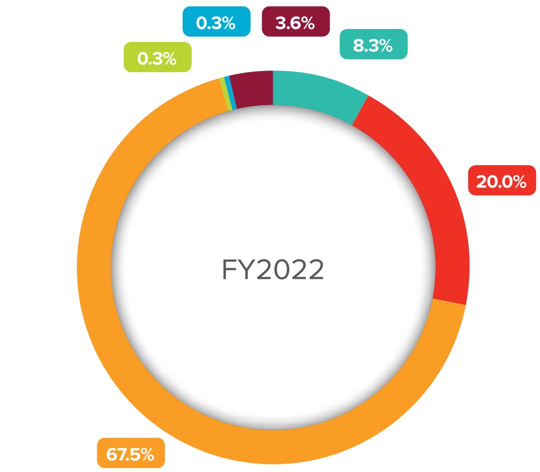
^ Including one-off exceptional charges of RM4,767.0 million and related legal and professional expenses of RM21.1 million.

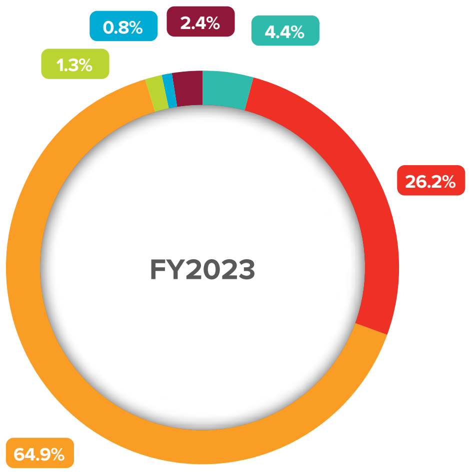
Pursuant to the revised BNM policy documents issued on 9 December 2020, the capital ratios computed for FY2023, FY2022 and FY2021 had applied the TAs on provision for ECL. Under the TAs, the Group is allowed to add back the amount of loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital.

SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

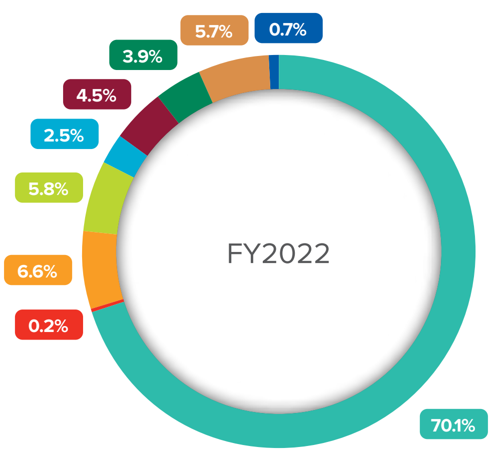
- Cash and short-term funds and deposits and placements with banks and other financial institutions
- Investments in securities
- Loans, advances and financing
- Statutory deposits with BNM
- Investments in associates and joint ventures
- Other assets

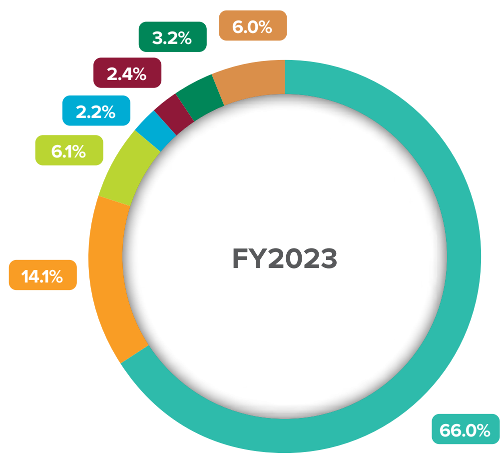




TOTAL LIABILITIES AND EQUITY

- 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
- Other liabilities
- Share capital
- Reserves
- Non-controlling interests



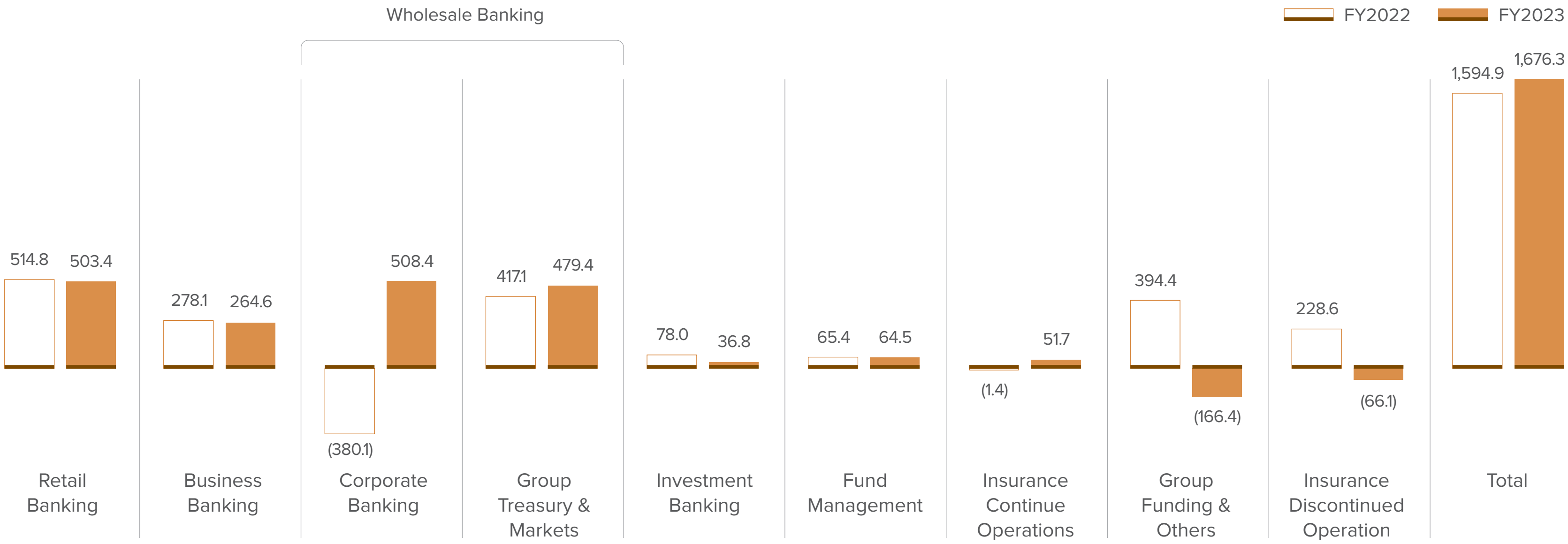


SEGMENTAL ANALYSIS

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 PROFIT AFTER TAX (RM MILLION)



RETAIL BANKING

Income grew 12.3% YoY to RM1,878.0 million. NII was 15.4% higher, primarily driven by higher NIM and loans growth. NoII was lowered by 5.1% due to lower fee income from Wealth Management. Expenses increased 8.9% YoY. Net impairment was higher at RM302.2 million compared with RM157.7 million last year, as a consequence of higher forward-looking provisions and higher delinquency rates. As a result, profit after taxation (PAT) experienced a marginal decrease of 2.2% settling at RM503.4 million. Gross loans grew by 5.8% YoY to RM72.4 billion, mainly driven by Mortgages, Auto Finance, and Retail SME. Customer deposits grew 15.1% YoY to RM61.9 billion.

BUSINESS BANKING

Income rose by 22.0% YoY to RM681.2 million. NII was 20.6% higher, underpinned by NIM expansion and strong loans growth, while NoII increased by 27.4% due to higher loan-related and trade finance-related fees. Expenses were up 36.9% to RM209.5 million. Net impairment charge was higher at RM122.9 million compared to RM44.3 million last year, mainly due to higher specific provisions. PAT stood at RM264.6 million. Gross loans increased 13.1% YoY to RM21.2 billion, while customer deposits increased 7.4% YoY to RM16.4 billion.

WHOLESALE BANKING

Income exhibited a robust growth of 16.7% YoY, reaching RM1,501.3 million, supported by an uplift in both NII and NoII. NII was up 9.1%, propelled by a considerable expansion in loans and deposit margins. NoII demonstrated a substantial 50.2% growth, attributable to an upswing in sales income, trading gains in Group Treasury & Markets, and an increase in loan-related and trade finance-related fees. Expenses increased 5.9% YoY. Wholesale Banking also reported a net recovery of RM46.0 million compared to net impairment charge of RM1,013.0 million due primarily to the non-recurrence of impairment charges taken on Oil and Gas accounts last year. Consequently, PAT improved significantly to RM987.8 million from RM37.0 million last financial year. Gross loans grew 11.6% YoY to RM34.7 billion, while customer deposits reduced 4.1% YoY to RM51.4 billion.

INVESTMENT BANKING AND FUND MANAGEMENT

Income reduced by 7.3% YoY to RM321.9 million, mainly due to lower Investment Banking fee income affected by volatile financial market conditions and lower customer activities. Operating expenses increased 10.2% YoY to RM194.1 million, and as a result, PAT reduced by 29.4% YoY to RM101.3 million.

INSURANCE

Continuing Operations

Insurance businesses generated PAT of RM51.7 million as compared to loss after taxation (LAT) of RM1.4 million last year. This was primarily due to higher net earned premium and investment income, partially offset by higher claims. The Group has equity accounted for the results of the life insurance, family takaful and general insurance businesses to reflect the Group's effective equity interests in the respective joint ventures and associates.

Discontinued Operation

LAT of RM66.1 million (FY2022: PAT of RM228.6 million) comprised mainly of four months of profit contribution as a subsidiary, offset by net impairment of RM113.2 million as well as a RM53.9 million estimated loss from the disposal of AmGeneral. After adjusting for loss from discontinued operation attributable to IAG International Pty Limited (minority interest) of RM59.1 million, LATMI from discontinued operation stood at RM7.0 million.

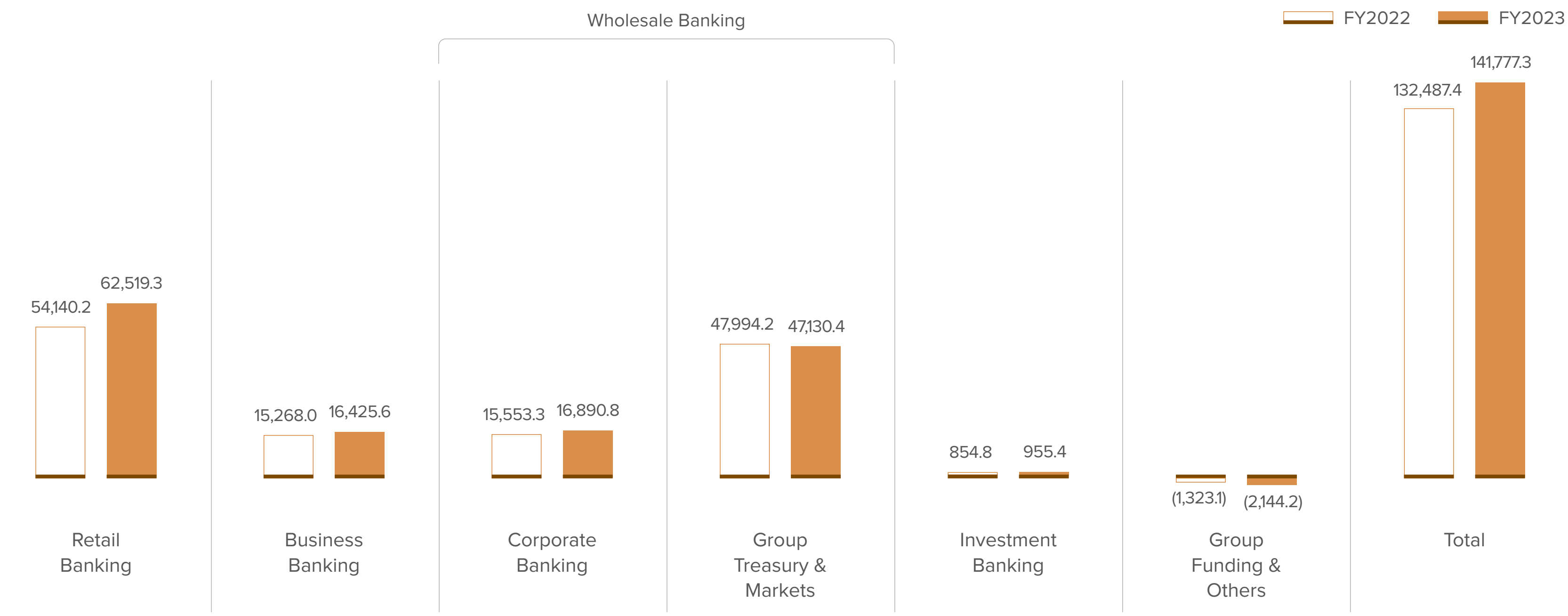
GROUP FUNDING AND OTHERS

Income reduced by 26.0% YoY to RM169.0 million. Expenses up 15.7% to RM406.9 million. Net impairment writeback was lower at RM26.1 million compared to RM435.8 million last year.

SEGMENTAL ANALYSIS

GROSS LOANS (RM MILLION)

DEPOSITS (RM MILLION)



GROUP QUARTERLY FINANCIAL PERFORMANCE

FY2023

All in RM Million unless stated otherwise	Q1	Q2	Q3	Q4	Total
Net interest income	566.4	600.0	592.5	521.7	2,280.6
Net income from Islamic banking	282.8	363.5	338.8	316.2	1,301.3
Other operating income	191.8	197.7	279.8	287.1	956.4
Share in results of associates and joint ventures	2.8	11.9	20.0	35.1	69.8
Other operating expenses	(468.6)	(477.6)	(497.3)	(555.6)	(1,999.1)
Impairment and provisions	(65.9)	(87.7)	(149.2)	(50.8)	(353.6)
Profit before taxation and zakat from continuing operations	509.3	607.8	584.6	553.7	2,255.4
Profit/(loss) before taxation from discontinued operation	44.6	(129.6)	-	-	(85.0)
Total profit before taxation and zakat	553.9	478.2	584.6	553.7	2,170.4
Profit after taxation and zakat from continuing operations	395.4	466.3	452.7	428.0	1,742.4
Profit/(loss) after taxation from discontinued operation	38.5	(104.6)	-	-	(66.1)
Total profit for the financial quarter/year	433.9	361.7	452.7	428.0	1,676.3
Profit attributable to equity holders of the Company	419.2	435.4	452.7	427.9	1,735.2
Earnings per share (sen)	12.7	13.1	13.7	12.9	52.4
Dividend per share (sen)	-	6.0	-	12.3	18.3

FY2022

All in RM Million unless stated otherwise	Q1	Q2	Q3	Q4	Total
Net interest income	536.7	532.3	568.4	534.4	2,171.8
Net income from Islamic banking	280.8	235.9	267.5	277.9	1,062.1
Other operating income	223.8	215.6	218.5	164.5	822.4
Share in results of associates and joint ventures	26.2	5.5	3.1	9.2	44.0
Other operating expenses	(424.2)	(437.0)	(449.6)	(478.2)	(1,789.0)
Impairment and provisions	(203.4)	(172.8)	(338.2)	(53.3)	(767.7)
Profit before taxation and zakat from continuing operations	439.9	379.5	269.7	454.5	1,543.6
Profit before taxation from discontinued operation	100.1	53.9	47.2	59.9	261.1
Total profit before taxation and zakat	540.0	433.4	316.9	514.4	1,804.7
Profit after taxation and zakat from continuing operations	338.9	292.5	376.5	358.4	1,366.3
Profit after taxation from discontinued operation	83.3	45.5	40.3	59.5	228.6
Total profit for the financial quarter/year	422.2	338.0	416.8	417.9	1,594.9
Profit attributable to equity holders of the Company	386.6	321.0	403.3	391.8	1,502.7
Earnings per share (sen)	11.9	9.6	12.2	11.8	45.5
Dividend per share (sen)	-	-	-	5.0	5.0

KEY INTEREST BEARING ASSETS AND LIABILITIES

	FY2022			FY2023		
	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	10,468	1.49%	156	**7,851**	**2.94%**	**231**
Financial Assets at Fair Value Through Profit or Loss	9,086	2.87%	260	**7,691**	**2.98%**	**229**
Financial Investments at Fair Value Through Other Comprehensive Income	18,405	3.32%	610	**21,495**	**3.37%**	**724**
Financial Investments at Amortised Cost	7,152	4.37%	312	**11,728**	**4.15%**	**487**
Loans, Advances and Financing	115,050	3.97%	4,565	**123,809**	**4.57%**	**5,661**
INTEREST BEARING LIABILITIES						
Deposits from Customers[1]	118,085	1.68%	1,980	**123,567**	**2.18%**	**2,700**
Deposits and Placements of Banks and Other Financial Institutions	9,369	1.38%	129	**11,056**	**2.54%**	**281**
Recourse Obligation on Loans and Financing Sold to Cagamas Berhad	8,707	2.68%	233	**8,831**	**2.94%**	**259**
Term Funding, Debt Capital and Other Borrowed Funds	7,654	3.84%	294	**15,495**	**3.71%**	**575**

Notes:
1 Deposits from customers includes Investment accounts of customers

STATEMENT OF VALUE ADDED

	FY2022 RM Million	FY2023 RM Million
VALUE ADDED		
Net interest income	2,171.8	**2,280.6**
Net income from Islamic Banking	1,062.1	**1,301.3**
Other operating income	822.4	**956.4**
Share in results of associates and joint ventures	44.0	**69.8**
Other operating expenses excluding personnel and depreciation and amortisation	(424.7)	**(477.9)**
Allowances for impairment on loans, advances and financing	(314.2)	**(421.8)**
Other impairment and provisions - (charge)/writeback	(453.5)	**68.2**
Profit/(loss) before taxation from discontinued operation excluding personnel and depreciation and amortisation	455.3	**(19.7)**
Value added available for distribution	3,363.2	**3,756.9**

	FY2022 RM Million	FY2023 RM Million	FY2022 %	FY2023 %
DISTRIBUTION OF VALUE ADDED				
To employees:				
Personnel expenses*	1,310.5	**1,371.7**	39.0%	**36.5%**
To the Government:				
Taxation*	207.6	**490.3**	6.2%	**13.1%**
To state collection centres and community				
Zakat	2.2	**3.7**	0.1%	**0.1%**
To providers of capital:				
Dividends to shareholders	165.5	**605.3**	4.9%	**16.1%**
Non-controlling interests	92.2	**(58.8)**	2.7%	**-1.6%**
To reinvest in the Group:				
Depreciation and amortisation*	248.0	**214.8**	7.3%	**5.7%**
Retained profits	1,337.2	**1,129.9**	39.8%	**30.1%**
	3,363.2	**3,756.9**	100.0%	**100.0%**

* Comprise continuing and discontinued operations.

CAPITAL MANAGEMENT

AmBank Group's capital management approach remains focused on maintaining a sound 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 Capital Management Framework guides the Group's capital management, and its objectives are to:

Meet regulatory capital requirements at all times

Support risk appetite, business growth and strategic objectives

Achieve or maintain the 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 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 capital management to inform the Board of Directors of the latest progress of the planned capital initiatives.

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

- Calibration of the Internal Capital Targets for the Group and entities
- Comprehensive assessment of 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.

The Group's key initiatives undertaken during the financial year 2023 are outlined below:

- Redeemed RM570.0 million (17 October 2022), RM175.0 million (23 February 2023) and RM350.0 million (14 March 2023) Basel III Tier 2 Subordinated Debt
- Issued RM745.0 million and RM350.0 million Basel III Tier 2 Subordinated Debt on 12 October 2022 and 28 March 2023, respectively
- Redeemed RM150.0 million Basel III Tier 2 Subordinated Sukuk Murabahah on 23 February 2023
- Issued RM150.0 million Basel III Tier 2 Subordinated Sukuk Murabahah on 28 March 2023.

CET1^
12.51%

TOTAL CAPITAL RATIO^
15.65%

^ With TAs.

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. Our credit ratings are provided below.

RATING AGENCY	RATING CLASSIFICATION	RATING ACCORDED
THE COMPANY		
RAM Rating Services Berhad	Long-term Corporate Credit Rating	**AA3**
	Short-term Corporate Credit Rating	**P1**
	Outlook	**Positive**
AMBANK (M) BERHAD		
Moody's Investors Service	Long-term Bank Deposits (Foreign) Rating	**A3**
	Short-term Bank Deposits (Foreign) Rating	**P-2**
	Outlook	**Stable**
S&P Global Ratings	Long-term Foreign Currency Rating	**BBB+**
	Short-term Foreign Currency Rating	**A-2**
	Outlook	**Stable**
RAM Rating Services Berhad	Long-term Financial Institution Rating	**AA3**
	Short-term Financial Institution Rating	**P1**
	Outlook	**Positive**
Fitch Ratings	Long-term Foreign Currency Rating	**BBB-**
	Short-term Foreign Currency Rating	**F3**
	Outlook	**Stable**
AMBANK ISLAMIC BERHAD		
RAM Rating Services Berhad	Long-term Financial Institution Rating	**AA3**
	Short-term Financial Institution Rating	**P1**
	Outlook	**Positive**
AMINVESTMENT BANK BERHAD		
RAM Rating Services Berhad	Long-term Financial Institution Rating	**AA3**
	Short-term Financial Institution Rating	**P1**
	Outlook	**Positive**

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 requirements 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 our 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) 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 the next 30 calendar days; and

(2) 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 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 FY2023

Loans are the largest component of the Group's assets and are generally funded by core customer deposits. Our core customer deposits increased by RM7.7 billion from RM122.6 billion in FY2022 to RM130.3 billion in FY2023, a 6.3% growth. We will continue to prioritise growth in core customer deposits, which are a stable and resilient source of funding. We have plans to lower the cost of funding by growing CASA composition, tapping on alternative funding sources and optimising a stable funding mix.

The Group has maintained sound liquidity levels above regulatory requirements, with LCR of 149.2% and NSFR of 107.3% as at 31 March 2023 (31 March 2022: LCR of 158.5% and NSFR 114.2%).

LCR	NSFR
149.2%	107.3%

FINANCIAL CALENDAR

Date	Event
31 May 2022	Announcement of Audited Consolidated Results for the Financial Year Ended 31 March 2022
06 July 2022	Payment of Final Single Tier Dividend of 5.0 sen per Share for the Financial Year Ended 31 March 2022
17 August 2022	Announcement of Unaudited Consolidated Results for the Financial First Quarter Ended 30 June 2022
30 November 2022	Announcement of Unaudited Consolidated Results for the Financial Half Year Ended 30 September 2022
28 December 2022	Payment of Interim Single Tier Dividend of 6.0 sen per Share for the Financial Year Ended 31 March 2023
23 February 2023	Announcement of Unaudited Consolidated Results for the Financial Third Quarter Ended 31 December 2022
29 May 2023	Announcement of Audited Consolidated Results for the Financial Year Ended 31 March 2023
07 July 2023	Payment of Final Single Tier Dividend of 12.3 sen per Share for the Financial Year Ended 31 March 2023
23 August 2023	32^{nd} Annual General Meeting