

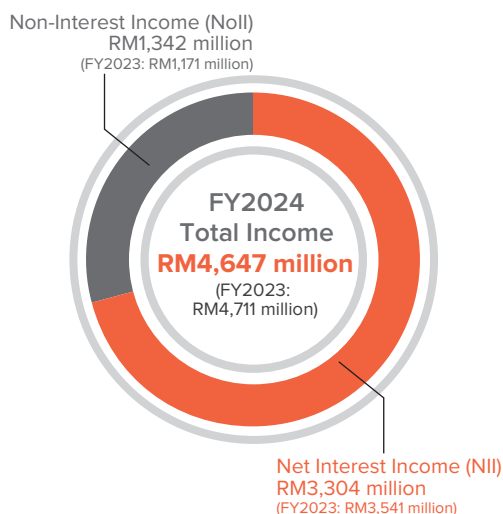
# Performance Review by **GROUP CHIEF FINANCIAL OFFICER**



“ FY2024 registered resilient total income, supported by strong Noll, cushioning the impact of industry-wide margin compression. We delivered improved PATMI, ROE of 10.0%, CET1 of 13.04%, and rewarded shareholders with dividend per share of 22.6 sen. Our improved performance was also recognised with a rating upgrade to AA2 by RAM Rating Services Berhad. ”



**SHAFIQ ABDUL JABBAR**  
Group Chief Financial Officer



### Resilient income, despite Net Interest Margin (NIM) compression

The Group demonstrated resilience with total income of RM4,646.6 million (FY2023: RM4,711.4 million) which was broadly in line with FY2023 despite lower FY2024 NIM of 1.79% (FY2023: 2.07%). Our Net Interest Income (NII) declined 6.7% to RM3,304.2 million but our Non-Interest Income (Noll) delivered a 14.7% year-on-year (YoY) growth to RM1,342.4 million. Noll growth was primarily contributed by higher investment income and trading gains from Group Treasury and Markets (GTM), improved fee income from Investment Banking, Fund and Wealth Management, and robust Foreign Exchange (FX) income from Business Banking and Retail Banking. Income from Continuing Operations<sup>1</sup> was marginally higher at RM4,595.5 million, led by a 19.2% growth in Noll, offset by a 5.5% drop in NII.

### Disciplined cost management softened income pressure resulting in marginally lower Profit Before Provisions (PBP)

Disciplined cost management reduced expenses by 2.3% to RM2,051.7 million, which softened the impact of lower income, improving CTI to 44.2% (FY2023: 44.6%) whilst registering PBP of RM2,594.9 million. Continuing Operations<sup>1</sup> CTI was 44.6% and Continuing Operations<sup>1</sup> PBP fell 1.5% YoY to RM2,543.8 million.

### Impairment included some one-off charges

Net impairment charge for the year was higher at RM769.7 million (FY2023: RM466.9 million). This included one-off charges of RM440.2 million taken in Q3FY2024 comprising additional credit impairment overlay of RM328.2 million and non-financial assets impairment of RM111.9 million. Excluding the one-off charges, net impairment amounted to RM329.6 million, lower than FY2023 impairment. This was mainly due to higher writebacks in Wholesale Banking (WB) which offset the higher impairment charges in Retail Banking (RB), Business Banking (BB) and Investment Banking (IB). Our net credit cost for FY2024 was 0.27% (excluding one-off charges), well within our guidance throughout FY2024.

The Group also recognised one-off provision of RM80.0 million in restructuring expenses in Q3FY2024. This brought total one-off charges in FY2024 (comprising additional credit impairment overlays, impairment of non-financial assets and restructuring expenses) to RM520.2 million, or RM402.5 million net of corporate tax.

### Profit Before Tax (PBT) lowered by one-off charges

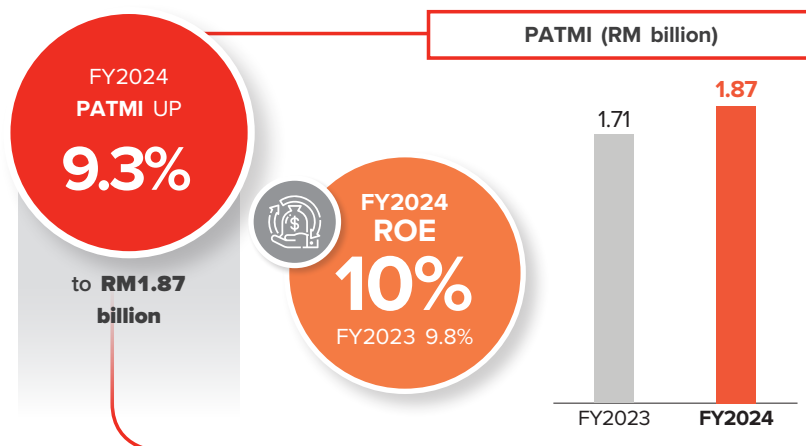
As a result of these one-off charges, PBT declined 18.6% YoY to RM1,745.2 million. Excluding these one-off charges, the Group's PBT grew 5.7% YoY to RM2,265.4 million. Continuing Operations<sup>1</sup> PBT (excluding one-off charges) fell marginally by 0.7% YoY to RM2,214.2 million.

### Tax benefit lifting the bottom line

The Inland Revenue Board granted the Group a one-off tax deduction of RM772.3 million for exceptional expenses incurred in FY2021. Of this amount, RM234.1 million was recognised in FY2022 with the remaining tax credit of RM538.2 million recognised in Q3FY2024.

### 9.3% increase in PATMI, registering 10.0% ROE

PATMI improved 9.3% YoY to RM1,868.1 million, resulting in a milestone double-digit ROE of 10.0% (FY2023: 9.8%), a key target of our Focus 8 strategy. Continuing Operations<sup>1</sup> PATMI (including tax benefit) improved 7.4% to RM1,842.0 million.



### Asset quality an area of continued focus

The Group's Gross Impaired Loans (GIL) ratio was at 1.67% (FY2023: 1.46%) with a Loan Loss Coverage (LLC) (including regulatory reserves) of 109.5% (FY2023: 127.7%). The Group will continue to monitor its asset quality vigilantly, taking pre-emptive steps to manage risk exposures and initiate regularisation plans as necessary.

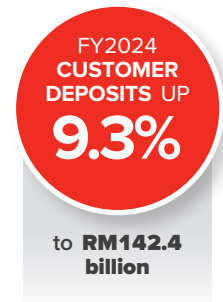
We continue to retain overlay reserves in our balance sheet for identified vulnerable credit portfolios. As at 31 March 2024, total overlay provisions amounted to RM502.0 million (FY2023: RM461.3 million). It is important to note that, in line with the recovering Malaysian economy, our portfolio of loans under relief schemes have reduced significantly.

### Loans growth in line with GDP, distorted by a large loan repayment in WB

Total gross loans and financing grew 3.0% YoY to RM134.1 billion (FY2023: RM130.2 billion), primarily from BB (up RM3.6 billion or +10.4% YoY) and RB (up RM1.7 billion or +2.3% YoY), offset by a decline in WB loans growth (down RM1.4 billion or -6.5% YoY) due to an early repayment of a large loan during the year.

### Strong growth in customer deposits, driven by time deposits and CASA growth

Total customer deposits grew 9.3% YoY to RM142.4 billion (FY2023: RM130.3 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 at the end of FY2024 stood at 37.1%.



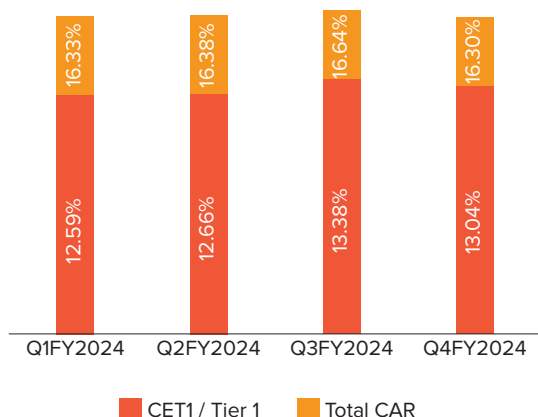
### Capital rebuild completed, liquidity levels strong

Our capital ratios improved with organic profit accretion and Risk Weighted Assets optimisation. Post FY2024 dividend, the Group's CET1 without Transitional Arrangements (TA) improved to 13.04% (FY2023: 12.10%), a 94 basis point increase compared to FY2023. Total Capital Ratio (TCR) improved to 16.30% (FY2023: 15.47%), representing an 83 basis point increase. With TA, CET1 was higher at 13.30% (FY2023: 12.51%) while TCR improved to 16.49% (FY2023: 15.65%). The Group remained highly liquid, with Liquidity Coverage Ratio (LCR) of 164.6% (FY2023: 149.2%), Net Stable Funding Ratio (NSFR) at 113.1% (FY2023: 107.3%) and Loan-to-Deposit Ratio also improved to 94.2% (FY2023: 99.9%).

1. Continuing Operations comprise Banking operations and Insurance. Insurance mainly consists of Life Insurance and Family Takaful (as Joint Ventures) and General Insurance (as an associate from 1 August 2022). Discontinued Operation refers to General Insurance as a subsidiary for a 4-month period from April 2022 to July 2022.

## Performance Review by Group Chief Financial Officer

### Capital Adequacy Ratios (CAR)\* without TA



\* After deducting proposed dividends

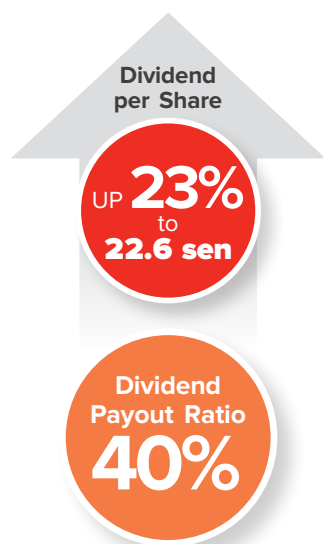
### Liquidity Metrics



### Rewarding shareholders with increased dividend payout

The Group proposed a final dividend of 16.6 sen per share in Q4FY2024. Together with the interim dividend of 6.0 sen per share declared in Q2FY2024, FY2024 total annual dividends amounted to 22.6 sen per share, an increase of 23% YoY, translating to a dividend payout ratio of 40% (FY2023: 35%), and an equivalent dividend yield of 5.4% (FY2023: 4.9%).

### FY2024 Dividend



### FY2024 FINANCIAL SNAPSHOT

	FY2024 Reported Financials		Variance
Profitability (RM million)	Income	4,647 <i>FY2023<sup>1</sup>: 4,711</i>	▼ (1%)
	Expenses	(2,052) <i>FY2023: (2,100)</i>	▼ (2%)
	PBP	2,595 <i>FY2023<sup>1</sup>: 2,611</i>	▼ (1%)
	Impairment	(330) <i>FY2023: (467)</i>	▼ (29%)
	PBT before one-off charges	2,265 <i>FY2023<sup>1</sup>: 2,144</i>	▲ 6%
	One-off charges	(520) <i>FY2023: Nil</i>	N/A
	Reported PBT	1,745 <i>FY2023<sup>1</sup>: 2,144</i>	▼ (19%)
	Tax credit/(expenses) & zakat expenses	148 <i>FY2023: (494)</i>	▲ >100%
	PATMI	1,868 <i>FY2023<sup>1</sup>: 1,709</i>	▲ 9%
	ROE	10.0% <i>FY2023<sup>1</sup>: 9.8%</i>	▲ 0.2%
Assets & Liabilities (RM billion)	Gross Loans, Advances and Financing	134.1 <i>FY2023: 130.2</i>	▲ 3%
	Customer Deposits	142.4 <i>FY2023: 130.3</i>	▲ 9%
Capital & Liquidity	CET1 <sup>2</sup> (with Transitional Arrangements ("TA"))	13.30% <i>FY2023: 12.51%</i>	▲ 0.79%
	LCR	164.6% <i>FY2023: 149.2%</i>	▲ 15.4%
	Dividend per share	22.6 sen <i>FY2023: 18.3 sen</i>	▲ 4.3 sen

1. Restated for the impact of adoption of MFRS 17 Insurance Contracts  
2. After deducting proposed dividend

**FY2025 PRIORITIES**

We closed FY2024 on a strong footing, our capital position is robust and our liquidity levels are healthy, forming a solid foundation for future growth. We foresee FY2025 being a confluence of challenges and opportunities. Challenges are expected to arise from volatile financial markets, inflationary pressures, and external headwinds largely centred around global geopolitical conflicts and its knock-on effects. Opportunities lie in strong domestic demand, resilient external trade, and robust private investments which are supportive of domestic economic activity. Looking ahead, we have identified seven key priorities for FY2025, and these are detailed in the diagram below. We remain cautiously optimistic, with a hopeful outlook towards a better FY2025.

