Building Alliances to Improve Lives

38th ANNUAL GENERAL MEETING

19 August 2020
Contents

1 FY20 Financial Performance

2 FY20 Transformation Achievements

3 FY21 Strategic Priorities
Business growth: funding grew faster than loans

Key Highlights:

- Gross loans: +2.2%
  - SME: +7.6%
    (vs industry: -10.4%)
  - Consumer: +2.8%
    (Alliance ONE Account & personal financing)

- Customer based funding: +6.5%
  - Alliance SavePlus
  - Alliance@Work

- CASA ratio: 37.4%

Gross Loans: driven by SME growth

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>+2.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM bil</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross</td>
<td>42.7</td>
<td>43.7</td>
<td></td>
</tr>
<tr>
<td>Corp Cm</td>
<td>11.4</td>
<td>11.0</td>
<td></td>
</tr>
<tr>
<td>SME</td>
<td>8.7</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td>Cons</td>
<td>22.6</td>
<td>23.2</td>
<td></td>
</tr>
</tbody>
</table>

Customer Based Funding: strong CASA growth

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>+6.5%</th>
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</thead>
<tbody>
<tr>
<td>RM bil</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>35.5</td>
<td>37.4</td>
<td></td>
</tr>
<tr>
<td>Fixed Dep</td>
<td>45.9</td>
<td>48.9</td>
<td></td>
</tr>
<tr>
<td>CASA</td>
<td>25.6</td>
<td>26.9</td>
<td></td>
</tr>
<tr>
<td>CASA Ratio</td>
<td>16.0</td>
<td>18.1</td>
<td></td>
</tr>
</tbody>
</table>
Revenue grew 4.1% year-on-year

Key Highlights:

- **Revenue**: +4.1%

- **Non-interest income**: +25.2%, driven by:
  - Wealth management fee
  - Treasury income

- **Net interest income**: Flat
  (impacted by Overnight Policy Rate (OPR) cuts)

  - Net interest margin: -10 bps to 2.40%
    (vs industry: 2.13%)

**Revenue grew despite OPR cut**

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,622</td>
<td>1,689</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>292</td>
<td>366</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,330</td>
<td>1,324</td>
</tr>
</tbody>
</table>

**NIM better than Industry**

<table>
<thead>
<tr>
<th>Year</th>
<th>ABMB</th>
<th>Industry^</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>2.15%</td>
<td>2.17%</td>
</tr>
<tr>
<td>FY17</td>
<td>2.18%</td>
<td>2.26%</td>
</tr>
<tr>
<td>FY18</td>
<td>2.25%</td>
<td>2.40%</td>
</tr>
<tr>
<td>FY19</td>
<td>2.20%</td>
<td>2.50%</td>
</tr>
<tr>
<td>FY20</td>
<td>2.13%</td>
<td>2.40%</td>
</tr>
</tbody>
</table>

^Based on local peers’ average
With a stable cost to income ratio, PPOP grew 4.1%
FY20 Financial Performance

Net credit cost* at 72.1 bps; implemented proactive actions

<table>
<thead>
<tr>
<th>FY19^</th>
<th>Mainly from AOA &amp; Classic Mortgage</th>
<th>FY20</th>
<th>One large corporate account</th>
<th>Early COVID19 impact + Expected Credit Losses model review</th>
<th>Reported FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>33.2</td>
<td>+14.6</td>
<td>47.8</td>
<td>+13.8</td>
<td>+10.5</td>
<td>72.1</td>
</tr>
</tbody>
</table>

*Net credit cost (including bond impairment)
^Excluding debt-sale of -1.7 bps
Net profit after tax at RM 424 million

**Profitability & ROE**

*Profit Before Tax - RM mil*

- **Revenue impact**
  - **FY19**
  - **BAU business growth**
    - +40
  - **OPR cut + COVID19 impact on bonds**
    - -75

- **Two credit issues**
  - **Corporate account impairment**
    - -60
  - **Early COVID-19 impact & Expected Credit Losses model review**
    - -45

- **FY20**
  - **NPAT**
    - 568
  - **ROE**
    - 7.3%
  - **Profit before tax**
    - RM 568 million
  - **Net profit after tax**
    - RM 424 million
  - **ROE**
    - 9.9%
Prioritising capital conservation

Capital Position

- **Total Capital**
- **Tier 1**
- **CET 1**

FY20 Financial Performance

- **FY20 total dividend:** 6.0 sen (payout ratio: 21.9%)
  - 1st interim: 6.0 sen
  - No 2nd interim dividend

- To consider future dividend proposals (once full COVID-19 impact is clearer)
Contents

1 FY20 Financial Performance

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FY20 Transformation Achievements

1. Accelerate core businesses
   - Consumer:
     a. AOA: +54% y-o-y to >RM5.0 billion
     b. Personal Financing: +10% y-o-y to ~RM2.2 billion
     c. CASA: 56k new consumer CASA
   - Business:
     d. SME loans: +8% y-o-y to RM9.4 billion
     e. Alliance@Work: +26% y-o-y to ~1,750 new Payroll Companies

2. Partnerships
   - Ecosystem partnerships
     - Signed Memorandum of Understanding (MoU) with Celcom to acquire SME clients

3. Digital
   - Branch-in-a-Tablet
     - Digital account opening for individuals and businesses
## Contents

1. FY20 Financial Performance

2. FY 20 Transformation Achievements

3. FY21 Strategic Priorities
FY21 Strategic Priorities

1. Covid-19 management
   a) Helping employees
   b) Helping customers
   c) Helping community

2. Accelerate digitisation & Branch transformation
   a) Accelerate remote banking
   b) Branch transformation

Keeping the Bank Safe: Ensure ample liquidity and enhanced credit control
Keeping Our Stakeholders and the Bank Safe During COVID-19

<table>
<thead>
<tr>
<th>Keeping Our Stakeholders Safe</th>
<th>Keeping the Bank Safe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td><strong>Liquidity Management</strong></td>
</tr>
<tr>
<td><em>Helping our staff to stay safe and protected at the workplace</em></td>
<td><em>Ensure the Bank continues to have ample liquidity</em></td>
</tr>
<tr>
<td>Working Environment</td>
<td></td>
</tr>
<tr>
<td>Split Operations &amp; &gt;65% Work-from Home</td>
<td></td>
</tr>
<tr>
<td>Enhanced hygiene measures</td>
<td></td>
</tr>
<tr>
<td>Employee Welfares</td>
<td></td>
</tr>
<tr>
<td>Expanded family medical benefit</td>
<td></td>
</tr>
<tr>
<td><strong>Community</strong></td>
<td></td>
</tr>
<tr>
<td><em>Helping the underserved in our communities during this difficult time</em></td>
<td></td>
</tr>
<tr>
<td>COVID-19 funds</td>
<td></td>
</tr>
<tr>
<td>Contributed &gt;RM650k</td>
<td></td>
</tr>
<tr>
<td>SocioBiz</td>
<td></td>
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<tr>
<td>Raised RM300k</td>
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</table>

- **Sufficient liquidity** to mitigate any payment shock
  - Liquidity Coverage Ratio >150%
  - Loan-to-Funds ratio 84%
# Keeping Our Stakeholders and the Bank Safe During COVID-19

## Keeping Our Stakeholders Safe

<table>
<thead>
<tr>
<th>What do we offer?</th>
<th>Result so far</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td></td>
</tr>
<tr>
<td>1 Automatic</td>
<td>RM23.2 billion or <strong>53%</strong></td>
</tr>
<tr>
<td>Moratorium (individual &amp; SME)</td>
<td>High Opt out: <strong>19%</strong></td>
</tr>
<tr>
<td>2 Special Relief</td>
<td>&gt;RM620 million</td>
</tr>
<tr>
<td>Facility (“SRF”)</td>
<td></td>
</tr>
<tr>
<td>3 Corporate &amp;</td>
<td>RM1.6 billion</td>
</tr>
<tr>
<td>Commercial</td>
<td><strong>20%</strong> of loan book</td>
</tr>
<tr>
<td>moratorium / R&amp;R</td>
<td></td>
</tr>
<tr>
<td>(restructuring &amp;</td>
<td></td>
</tr>
<tr>
<td>rescheduling)</td>
<td></td>
</tr>
<tr>
<td>4 #Support Lokal</td>
<td><strong>3 million views</strong></td>
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## Keeping the Bank Safe

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<tr>
<th>Credit Risk Management</th>
<th>1 Conducted portfolio review</th>
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<tr>
<td></td>
<td>&lt;5% loan exposure to <strong>high-risk sectors</strong> (significantly impacted by COVID-19)</td>
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<table>
<thead>
<tr>
<th>Credit Risk Management</th>
<th>2 Enhanced credit risk framework</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>100% Engage with <strong>all customers</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Medium/ high risk:</strong> R&amp;R (restructuring &amp; rescheduling)</td>
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</tbody>
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<table>
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<tr>
<th>Credit Risk Management</th>
<th>3 Payment Relief Assistance</th>
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<tr>
<td></td>
<td>Post Moratorium</td>
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Help

- **Medium/ high risk:** R&R (restructuring & rescheduling)
- **Viable business:** Grant additional facilities

Engage with all customers

- **100%**
- **RM23.2 billion or 53%**
- **High Opt out: 19%**
- >RM620 million
- Helped >900
- **RM1.6 billion**
- **20%** of loan book
- **3 million views**
- >50,000 link clicks

**#Support Lokal**

- 3 million views
- >50,000 link clicks

**Payment Relief Assistance**

- Post Moratorium

---

**Enhancing our credit controls**

1. Conducted portfolio review
   - <5% loan exposure to **high-risk sectors** (significantly impacted by COVID-19)

2. Enhanced credit risk framework
   - 100% Engage with **all customers**
   - **Medium/ high risk:** R&R (restructuring & rescheduling)

3. Payment Relief Assistance
   - Post Moratorium

---

**Help**

- **Medium/ high risk:** R&R (restructuring & rescheduling)
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**Grow**

- **Viable business:** Grant additional facilities

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**Payment Relief Assistance**

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**#Support Lokal**

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- >50,000 link clicks

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**Payment Relief Assistance**

- Post Moratorium
## COVID-19: Managing the Bank’s financial impact in FY21

### Key Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Financial Impact</th>
<th>Mitigating Action Plans</th>
</tr>
</thead>
</table>
| **Revenue** | **OPR cut:**  
  *NIM lower by ~24bps*  
  *(Permanent OPR cut impact: -7bps)* | Grow core segments & lower cost deposits  
  Manage Available-For-Sale (AFS) investment portfolio |
| **Operating expenses** | **Cost management:**  
  *Maintain similar level* | Moderated payroll & stringent hiring  
  Manage discretionary expenses |
| **Net credit cost** | **Asset quality management:**  
  <100bps  
  *(Industry: double)* | Proactive customer engagement post internal diagnosis  
  Targeted assistance & payment relief assistance |
Industry-wide Recognition of our Digitisation Efforts

20 Best Banks 2020 in Asia/Pacific

Best Digital Bank in Malaysia

2019 Digital Transformation Award

By IDC Financial Insights Asia Pacific

By Red Hat APAC Innovation Awards
Thank You.

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