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 AmBank Group

## Business Banking

“Business Banking focuses on the small and medium-sized enterprises (SMEs), comprising of Enterprise Banking and Commercial Banking. Over the last year, together with Wholesale Banking and Retail Banking, we have onboarded more than 15,000 new SME accounts. SMEs are a key client segment for AmBank Group, and the potential for growth in the SME market is tremendous. Over the years, AmBank Group has grown its SME loan balances from approximately RM15 billion in 2017 to more than RM20 billion in 2019.”

### ABOUT US

AmBank Group’s Business Banking aims to nurture and grow Malaysia’s entrepreneurs. Since our establishment in 2017, we have widened our reach to SMEs via 26 Enterprise Banking Centres and 18 Commercial Banking Centres nationwide. We utilise and adopt a high-touch relationship model combined with a structured lending programme for a holistic understanding of our customers’ needs. Our areas of services include Commercial Banking, Enterprise Banking, Business Wealth, and Bancassurance. We also deliver tailor-made solutions and cash management tools that help our business customers operate efficiently and seamlessly.

### OUR PERFORMANCE

In the last year, we achieved a 13% growth in revenue, with a pricing discipline on high-yielding lending products as well as enhancing our business advisory capabilities and solutions for Forex and Cash Management, Bancassurance and Corporate Finance Advisory. We have achieved a Cumulative Average Growth Rate of 24% for loans and 30% for deposits from FY2017 to FY2020, with loans growth of 13% and deposit growth of 23% YoY.

**Total Income**  
**RM366.3** Million in FY2020

RM323.0 Million in FY2019

**Net Interest Income (NII)**  
**RM277.5** Million in FY2020

RM244.1 Million in FY2019

**Non-Interest Income (NOII)**  
**RM88.8** Million in FY2020

RM78.9 Million in FY2019

## OUR PERFORMANCE

## Cost-to-Income Ratio (CTI)

**39.7%** in FY2020

39.4% in FY2019

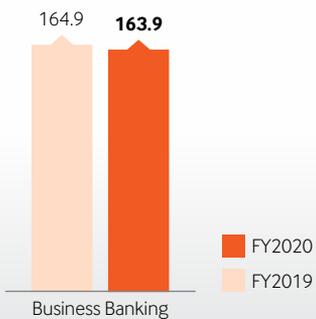
Bancassurance – Life Insurance  
Total Production Premium**RM39.9** Million in FY2020

RM37.3 Million in FY2019

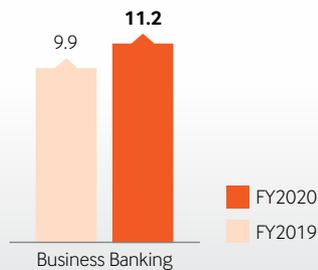
Bancassurance – General Insurance  
Total Gross Written Premium**RM20.4** Million in FY2020

RM16.6 Million in FY2019

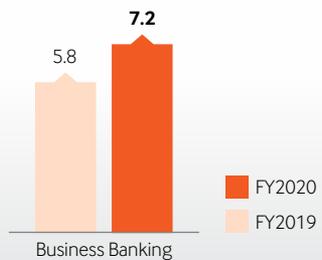
## Profit Before Tax (PBT) (RM Million)



## Gross Loans (RM Billion)



## Deposits (RM Billion)



## AWARDS &amp; RECOGNITION



- Global Banking and Finance Review UK – Best SME Bank Malaysia 2019
- Alpha Southeast Asia – Best SME Bank Malaysia 2019
- Asian Banking and Finance – SME Bank of the Year 2019
- Best SME Bank in Malaysia – Alpha Southeast Asia Best Financial Institutions Awards 2020

## KEY INITIATIVES &amp; OUTCOMES

## Key Initiatives

## Innovative Business Solutions

- Launched AmAce, a loan origination system that reduces turnaround time and delivers an enhanced experience to our business customers.
- Developed innovative lending solutions that allow the Group to offer banking products based on pre-determined criteria and customer needs.

## Strategic Partnerships

- Introduced the AmBank BizM.A.T.E programme to establish strategic collaborations with market leaders across various industries such as Microsoft, DiGi, ABSS.
- Through these partnerships, we have expanded our products and services to help our SME customers grow.

## Outcomes

- Documentation and Disbursement capabilities have been built into AmACE. AmBank Group is now on the next wave of development to cover discretionary non-retail lending in addition to program lending in AmACE.

- The AmBank BizM.A.T.E programme has expanded the numbers of essential industry offerings for SMEs to 18 partners. The partners are categorised as below:
  1. Accounting & HR Solutions – four partners
  2. Payment & Marketing Solutions – five partners
  3. Communications & Internet – three partners
  4. Operations & Administration – four partners
  5. Logistics & Workspace – two partners

## KEY INITIATIVES & OUTCOMES

Key Initiatives	Outcomes
<b>Sectoral Strengthening</b> <ul style="list-style-type: none"> <li>AmBank BizCLUB continues to provide SMEs with solutions beyond banking and financing that will help them scale, go international and reduce failure rates.</li> <li>Conducted five BizCONFERENCE Beyond Financing sessions in 2019 which covered topics such as the Internet of Things, the Halal Industry, Digital Marketing &amp; Branding and Green Business.</li> <li>Organised our first "Road to IPO" session which aims to help high potential SMEs explore opportunities to become listed companies.</li> </ul>	<ul style="list-style-type: none"> <li>Over 5,000 SMEs in AmBank BizClub's database.</li> <li>1,000 SMEs attended the Beyond Financing Series, CEO Chat and Road to IPO sessions.</li> </ul>

## CHALLENGES & RISKS

Challenges/Risks	Mitigation Strategies	Results
<b>Operational Inefficiencies</b> Manual submissions and approvals increase error margins and delivery times.	<ul style="list-style-type: none"> <li>Improve operational efficiency through innovative systems (e.g. AmACE System) that address manual tasks related to the loan origination process.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced functionalities on AmACE system, such as documentation and disbursement capabilities.</li> </ul>
<b>Crowded SME Space</b> Aggressive competition in the SME sector has brought some challenges to our market share.	<ul style="list-style-type: none"> <li>Forge new mutually beneficial partnerships to develop innovative products and value-added services.</li> </ul>	<ul style="list-style-type: none"> <li>The AmBank BizCLUB platform provides SMEs with education and networking opportunities.</li> <li>Established strategic collaborations with market leaders across industries such as Microsoft, DiGi, Maxis and ABSS.</li> </ul>
<b>Margin Compression</b> Increased competition and lower sales lead to margin compression for products and services.	<ul style="list-style-type: none"> <li>Continuously focus on high-yielding products.</li> <li>Collaborate with AmInvestment Bank to help SMEs transition into public-listed companies.</li> </ul>	<ul style="list-style-type: none"> <li>SMEs are given the opportunity to receive some guidance and advice on alternative financing to expand their business, which includes potential financing to Mergers &amp; Acquisitions for larger SMEs.</li> </ul>
<b>Credit Risk (COVID-19)</b> The global pandemic impacts borrowers' financial ability in maintaining their loan contracts.	<ul style="list-style-type: none"> <li>Periodic review of loan portfolios by Relationship Managers.</li> </ul>	<ul style="list-style-type: none"> <li>Effective monitoring and management of each borrower's financial health.</li> </ul>

## PROSPECTS & OUTLOOK

The upcoming financial year will be significantly shaped by the COVID-19 pandemic. SMEs today need to digitalise and innovate, resulting in a shift towards a 'new normal'. With this change, Business Banking will be introducing various new initiatives and opportunities to help SMEs accelerate their digital strategy, which includes establishing an online community that allows SMEs to trade with each other. We will also continue to bring awareness, provide knowledge and networking opportunities in areas such as Industry 4.0, Digitalisation and Halal Certification, which are important components for SMEs to future-proof their business. In terms of mitigating the immediate economic setbacks of COVID-19, our Relationship Managers will continue to conduct monthly portfolio reviews on borrowers and regularly engage with customers, thus determining their financial health and cash flow to identify key focus areas.

Business Banking will also continue to enhance our product offerings and lending programmes to help our customers' business. Our FY2021 focus is to leverage on strategic collaborations and deliver improved services to business customers, as well as innovative products and financial solutions for the entire business eco-system. We will also continue to upgrade our AmACE system for the improved automation of credit processes, such as introducing new features and methods to serve our customers. We will also focus on the end-to-end digitalisation of processes in order to further enhance our efficiency and customer experience.