

A portrait of Tan Sri Azman Hashim, an elderly man with a receding hairline, smiling slightly. He is wearing a dark grey suit jacket, a white collared shirt, and a red tie. The background is a blurred office setting.

“As the banking sector continues to navigate regulatory obligations, technological disruptions and socio-economic trends, we are now faced with the adverse impacts of the unprecedented COVID-19 pandemic. Despite the increasingly challenging landscape, AmBank Group is well prepared to do what is needed to take care of both our businesses and our stakeholders.”

TAN SRI AZMAN HASHIM

Non-Independent Non-Executive Chairman

Message from the Chairman



Bringing Solutions

**That Help Strengthen
Stakeholder Relationships.**

Dear Stakeholders,

These are unprecedented times. As the banking sector continues to navigate regulatory obligations, technological disruptions and socio-economic trends, we are now faced with the adverse impacts of the unprecedented COVID-19 pandemic. Despite the increasingly challenging landscape, AmBank Group is well prepared to do what is needed to take care of both our businesses and our stakeholders. In recent years, we have been building our resilience to emerging economic, environmental and social risks. Led by a strong leadership team, we continue to make progress on our sustainability agenda to future-proof our business. We implement measures and financial solutions that enable us to remain competitive in an increasingly digital environment, while also contributing to inclusive socio-economic development. Therefore, we are confident in our ability to overcome the uncertainties brought by the global health crisis and continue our growth trajectory as a sustainable bank.

Message from the Chairman

THE YEAR UNDER REVIEW

The financial year (FY2020) was tumultuous. Global growth for 2019 slowed to 2.9% (2018: 3.6%), with global trade and investments dampened by ongoing trade tensions and other geopolitical uncertainties that weighed on investors' confidence. Malaysia, being an open economy, was affected by muted demand for exports as well as reduced cross-border capital flows.

Nonetheless, Malaysia's macroeconomic fundamentals remained resilient due to private sector and consumer spending; ongoing infrastructure investments; a more business-friendly regulatory environment; low and predictable inflation; an accommodative monetary policy with interest rates that support sustainable economic activity and a flexible exchange rate policy that helped buffer against external shocks. With that, the banking system recorded a loans growth of 3.9% in 2019.

By Q42019, we started seeing positive signs of global market recovery and lower volatility in financial markets, while the Malaysian economy expanded by 4.6% with a decline in headline inflation. However, the shutdown of borders from the rise of COVID-19 in Q12020 impacted global demand and disrupted supply chains, resulting in a global economic contraction. The domestic financial market performance went on a decline.

As income potential shrank due to the closure of manufacturing units and downscaling operations, the inability of borrowers to keep up with repayment schedules became more evident. AmBank Group addressed the immediate challenges presented by the COVID-19 crisis by protecting our employees through remote working measures (Work-from-Home). We also provided much-needed financial assistance to customers, which include reassessing customers' debt classification and repayment structures, in addition to relief initiatives that cushion their financial burdens.

Moreover, Bank Negara Malaysia (BNM) introduced measures such as the automatic loan moratorium for businesses and individuals with an aim to ease cash flow strains that could arise during this crisis. BNM also reduced the Overnight Policy Rate (OPR) and Statutory Reserve Requirement to 2% respectively, in a move to support both growth and liquidity. These measures are among the key stabilisers for the economy, as the stress mounted with the extension of the Movement Control Order (MCO) amid ongoing global supply-and-demand shocks.



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TRANSFORMATION AT THE FOREFRONT

In the last four years, we have seen significant improvements across many key areas within the Bank. The Group and the leadership team has worked extremely hard to deliver the four-year strategic plans that were put in place, resulting in the solid foundation across key business parameters and corporate governance that we see today.

Despite strong economic and geopolitical headwinds intensified by the outbreak, AmBank Group continues to deliver a solid performance, largely due to efforts in driving the Group's Top 4 Strategy (FY2016-FY2020) that focused on our growth segments, key products, and sustaining our position in current engines. In FY2020, compared to other industry players, we consistently ranked Top 3 in terms of growth across most of our key performance metrics. Moreover, we ranked first for Net Interest Income (NII) growth, Cost-to-Income (CTI) ratio improvement, and Profit Before Provision (PBP) growth in Malaysia.

Net Interest Income

RM2,773.9
Million

Cost-to-Income Ratio

49.9%

Profit Before Provision

RM2,119.0
Million

STRONG CORPORATE GOVERNANCE

More than ever, good leadership is key to withstanding the major challenges of the banking landscape and delivering superior performance. Therefore, the Board remains committed to maintaining the highest standards of good governance. In FY2020, we continued to strengthen the Group's corporate governance with a common set of expected behaviours developed over time. Our corporate values and effective governance systems have created a strong ethical and governance culture across the Group. The principles governing our ethical standards are entrenched within our internal policies, such as the Code of Conduct, Code of Ethics and the Whistleblower Protection Policy.

Diversity within the leadership team is essential for innovation and effective decision-making. Currently, 25% of AmBank Group's board members are women, as we strive to achieve the 30% national target.

We are also committed to establishing a more well-balanced leadership team, with a range of competencies capable of addressing emerging risks in the conduct of our businesses. With the Group's ongoing transformation into a digitally-mature bank, we are pleased to welcome Aaron Loo as the Managing Director of Retail Banking. He has worked in the financial sector for almost 20 years, leading the digital transformation of major banks, as well as growing the Priority Banking and Retail SME businesses. With his invaluable experience, we look forward to gaining his insights into the digital growth of our Retail Banking segment.

Our leadership team's efforts in maintaining the highest standards of transparency, responsibility and good governance were recognised by several awards and accolades.



Alpha Southeast Asia – 9th Annual Best Corporate-Institutional Investor Awards

- Best Senior Management Investor Relations Support
- Best Annual Report
- Best Strategic Corporate Social Responsibility

As the adverse impacts of COVID-19 continue to spread across the business community, the Group's leadership team remains proactive and agile in our response. We are considering the well-being of all stakeholders and regularly communicating on key developments and progress. For instance, we launched a dedicated COVID-19 microsite in our internal portal, which contains directives and advisory to employees concerning the crisis. Likewise, the management team formulated an integrated and succinct response plan that caters to the immediate needs of our staff and customers. This includes creating awareness internally and externally on the potential impact of COVID-19, the emergence of a new norm, and ways to quickly pivot the business model according to these rapid changes (e.g. increase in consumer spending online). We also worked with key partners from other industries to effectively enable businesses' transition online, enabling them to sustain alternative income streams during this period. Through an AmBank-Maxis collaboration, we are able to deploy and assist SMEs in migrating to e-commerce, providing an alternative option to help sustain their businesses. Our assistance extends to COVID-19 frontliners and the general public, in which we contribute to funds and programmes that aid communities and individuals affected by the pandemic.



Message from the Chairman

SUSTAINABLE BANKING

As a responsible bank, we are committed to balancing our profits with social and environmental well-being. The future growth of the company relies on our ability to mitigate Environmental, Social and Governance (ESG) risks. We cannot perform our duties as a financial institution if the prosperity of the people and the health of the planet is at risk. This understanding is what drives the Group's sustainability agenda. Therefore, we take a holistic approach to business decisions, allowing us to promote a more inclusive socio-economic growth that caters to current and future generations.

We developed the Group's Sustainability Framework to outline the parameters of our journey towards becoming a sustainable bank. Through the implementation of this Framework, we integrate ESG and Value-Based Intermediation (VBI) considerations into our decision-making processes without compromising our financial objectives. The Framework aligns with the Group's business priorities as well as key principles that contribute to positive social and environmental impact. The Sustainability Framework is governed by an enhanced sustainability governance structure consisting of new roles that are critical to effectively execute our sustainability strategies.

In support of our long-term aspiration to become a leading responsible financier in Malaysia, we launched AmBank Group's 10-Year Responsible Financing Strategic Plan in FY2020. The plan includes the establishment and implementation of the ESG Risk Framework, as well as the integration of ESG risks into the credit assessment. Through our sustainability efforts, our rating from RAM Sustainability Sdn Bhd's (RAMSus, formerly known as RAM Consultancy Sdn Bhd) improved from Silver to Gold in 2019.

**RAMSus Sustainability
Rating 2019
SILVER > GOLD**

PEOPLE-ORIENTED BANK

We are a people-oriented bank – our work revolves around creating value for people and is simultaneously driven by people. Our business objectives rely on the capability and well-being of our workforce. In line with our transformation into the new era of banking, we are providing opportunities for employees to leverage their various skill-sets with the power of data and advanced analytics. Our efforts in retraining, reskilling and redeploying resources are a continuous process that aims to improve the optimisation, competency and timing of our operations whilst concurrently gearing our workforce for the future.

During the year, we invested over RM24.7 million in employee training and development programmes designed to future-proof the workforce. Employees were provided with an average of 66 training hours each to sharpen their leadership, technical and soft skills, thus maximising their potential to thrive in the long-term.



...we invested over RM24.7 million in employee training and development programmes designed to future-proof the workforce.”

It is also our responsibility as an employer to protect the health and well-being of our people. We implement measures and campaigns that safeguard the mental and physical health of employees, which is essential to improving their engagement, productivity and overall performance. Amid the health risk of COVID-19, we swiftly introduced the necessary procedures to minimise their exposure to contamination. This includes controlling movement into AmBank Group premises; implementing travel directives and advisory; frequent disinfecting and cleaning; quarantine protocols; and higher digital communications. As we prepare for the challenging times ahead, we will not falter to take care of our people and reinforce our position as being the "Employer of Choice".

SHAREHOLDER VALUE

The Board remains committed to enhancing shareholder value according to regulatory buffer and working capital requirements. We strive to ensure that our proposed dividend payout remains appropriate for the Group to continuously fulfil both our financial and prudential objectives.

**Dividend
Payout Ratio
30%**

For this financial year, we are pleased to declare a final dividend of 7.3 sen per share, bringing the total dividend to 13.3 sen. This year's dividend payout ratio of 30% is a reflection of a more cautious outlook on the near-term economic conditions.

With the completion of AmBank Group's Top 4 Strategy, we begin the next stage of our transformation journey. We will focus on building new areas of growth surrounding the Group's renewed vision of **Growing Trust, Connecting People.**

LOOKING AHEAD

In the upcoming year, we anticipate the economic effects of the COVID-19 pandemic onto the business climate. While Malaysian banks' capital and liquidity are substantial enough to absorb losses in the current economic conditions, we are entering uncharted territory. It is difficult to fully predict where a shock is going to come from as there is limited visibility on how the shocks will transmit and evolve. We expect that the pandemic, compounded by domestic challenges, will contribute to a decline in overall loans growth. There are also several key areas that demand the banking sector's attention beyond business continuity, namely credit management, supporting our customers, digitalising service offering, and cost management.

After COVID-19, there will likely be a 'new normal' affecting the entire banking ecosystem. The knock-on effects from such a global pandemic crisis will exacerbate changes in customer expectations, investor decisions and regulatory outcomes. Throughout the world, businesses are adapting and learning to communicate, collaborate, and coordinate activities and interactions on virtual platforms, as well as developing new business models in which such modalities of work can be supported.

To effectively mitigate the impacts of the current crisis, AmBank Group remains proactive in our response to emerging challenges. We will take a vigilant approach to credit monitoring and credit assessments; observe the facility utilisation rates of customers and how operating account balances are developing; as well as reaching out to customers to support their recovery plans.

With the completion of AmBank Group's Top 4 Strategy, we begin the next stage of our transformation journey. We will focus on building new areas of growth surrounding the Group's renewed vision of **Growing Trust, Connecting People.** This will be our key theme moving forward, which reflects our strong belief in the legacy and solid relationships we have built over decades – servicing our customers for generations; cementing our trusted partnerships; and witnessing their growth from the beginning to where they are today. With the progress made, we remain confident in AmBank Group's ability to successfully move forward. We will continue to establish ourselves as an innovative bank that connects people. As the banking industry evolves, our key differentiator will be to actively respond to customers' needs while providing convenient access to our people and services – anytime, anywhere.

The Group will stay abreast of the evolving regulatory and policy landscape in Malaysia, as well as other changes in our ecosystem. As we roll out the Group's next four-year strategic plan, we will deploy a mix of defensive, offensive and tactical strategies to remain relevant to our stakeholders and emerge as a more competitive and responsible business that remains committed to both value creation and value preservation.

CLOSING REMARKS

I take this opportunity to recognise the extensive work undertaken throughout the four years of AmBank Group's Top 4 Strategy. Through the hard work and dedication of our people, we went above and beyond in achieving our goals. I am proud to report that we are well-equipped and ready to enter into the next phase of excellence, navigating the rapidly changing banking landscape.

On behalf of the Board, I would like to acknowledge the efforts that have been undertaken across the Group by my fellow Board Members, Senior Management and by our operating teams, who have been working tirelessly throughout this period to preserve the health and safety of our employees, the satisfaction of our stakeholders, and the growth of our business. Also, I am very grateful for the continued trust and support of our shareholders. Finally, to all stakeholders, we will continue to improve our performance in creating value for all of you. With the challenging times ahead, we will work to emerge from a post-pandemic world together, stronger than before.

TAN SRI AZMAN HASHIM

Non-Independent Non-Executive Chairman



“Today, we are well-positioned among the top three industry players in terms of our targeted growth areas. We are differentiated by our efforts in growing trust and connecting people in the ecosystems where we operate.”

Dato' Sulaiman Mohd Tahir
Group Chief Executive Officer

Group Chief Executive Officer's Message

Dear Stakeholders,

FY2020 signified an important juncture for AmBank Group, as we marked the completion of our Top 4 transformation strategy. When we commenced our transformation journey, we had a clear goal in mind – to be Top 4 in key areas across several key parameters. We are pleased to be part of the Top 3 in most growth areas, outgrowing some of our fiercest competitors.

It has been an intense four years for all of us, but I must say I am glad to have faced it with a dedicated management team by my side, assembled at the beginning of the transformation journey. Indeed, we could not have reached this momentous milestone without the collective effort of each and every AmBanker.

In the last four years, we progressively established a strong foundation for the Group, drumming in the key pillars to become digitally sound and competitive. We took a conscious effort to invest in strategic areas to create a holistic and seamless customer-experience-centric bank. As we move into the new fiscal year, we will pivot towards a new strategic focus underpinned by the renewed vision of **Growing Trust, Connecting People.**

We are facing significant changes in customer behaviour and, in order to adapt, we must spearhead changes that are focused on weaving banking as a day-in-the-life concept. We will do this by integrating customer needs at every touchpoint and further simplifying banking access.

Our move to strategically forge partnerships across various industries has been key in building the right ecosystem for our customers, allowing us to offer end-to-end solutions that are capable of seamlessly meeting customer needs.

By continuously future-proofing the business in tandem with the changing dynamics of the banking sector, we are well-equipped to manage and mitigate risks. An important case in point has been the COVID-19 pandemic. The importance of digital initiatives is prevalent now more than ever, highlighted by the need for social distancing amidst the outbreak. We have been able to transform the business and effectively navigate the evolving social and economic environment, ensuring that we emerge stronger from the crisis despite intense competition.

We have become more resilient to various challenges and were ultimately able to thrive. Today, we are well-positioned and are among the top three industry players in our targeted growth areas. We differentiate ourselves through our efforts in growing trust and connecting people within the ecosystems where we operate. To do so, we leverage emerging technologies to innovate and produce solutions that help bridge and strengthen relationships between our multiple stakeholders. In our journey to build a credible and profitable business, AmBank Group continues to champion community development and address various sustainability issues, as we grow from strength to strength.

In everything that we do as a bank and as a responsible community leader, we not only recognise the role of our people, but we also continue to seek ways to add value to our community. With the rise of economic uncertainties due to the global health crisis, we recognise the need to stay collectively strong, helping our customers and their businesses weather through the harsh conditions. We remain committed to supporting the needs of all customers in times like these. We recognise the current anxiety as we stabilise and pivot towards the new norm. Nevertheless, we would like to assure our stakeholders, customers and customers that we are here to help you by growing and winning together.

RESPONDING TO COVID-19

The Group's unwavering commitment to our fellow Malaysians was reinforced amidst these trying times. We continue to implement measures that protect the physical and financial health of our employees and customers. AmBank Group is offering automatic deferment of loans and financing repayments for all eligible individuals and SMEs for six months, effective 1 April 2020. This move is expected to ease the financial burden of our customers. We are also open to discussing the temporary deferment or restructuring of instalment repayments for other affected customers whose loans and financing do not fall under automatic deferment.

In line with our strong focus on supporting the SME sector, we have committed to offering a Special Relief Facility comprising collateral-free financing of up to RM1 million to aid SMEs under financial stress. A simplified process has been established to facilitate those applying for this facility, with approval provided within 24 hours and disbursement within five days of approval. In addition to this, AmMetLife and AmMetLife Takaful introduced supportive financial relief to assist policy owners. Both insurance companies will cover hospital admission due to the virus at designated government hospitals as per the Ministry of Health's directive.

On top of that, AmBank Group is lending a hand to the general public through funding and sponsorships. We have pledged our support and contribution to MERCY Malaysia's COVID-19 Strategic Preparedness and Response Plan, which aims to ease the severely strained healthcare system and reach communities in need through its COVID-19 Pandemic Fund. As a small token of appreciation for their services and dedication, we also distributed over 200 food packs to healthcare frontliners.

Safeguarding our people will always be a foremost priority for AmBank. Amidst the pandemic, AmBankers have been encouraged to work from home, whenever possible, with increased utilisation of digital communications. We are also frequently disinfecting and cleaning our premises while restricting movement between AmBank locations. Through Kelab AmBank Group (KAG), we also distributed hand sanitisers and face masks to employees working at all corporate offices, to minimise their exposure to the virus.

THE OPERATING MARKET

During the financial year, trade disputes between global leaders contributed to lower economic growth worldwide, with key indicators of economic activity declining to levels comparable to the global financial crisis of 2008. Weaker exports and supply chains impacted regional growth within ASEAN, including the Malaysian market. All these notwithstanding, the nation's economy rose by 4.6% as a result of stable labour market conditions and the growth in private consumption.

In May 2019, Bank Negara Malaysia (BNM) reduced the Overnight Policy Rate (OPR) to 3% to aid Malaysians in mitigating global economic uncertainties. Nevertheless, the banking sector remained profitable as a result of the practical risks taken by local banks to cushion the cuts in the policy rate. Capital buffers for banks also remained elevated, compounded by enhanced capital adequacy, liquidity and risk management standards. With these measures in place, the national financial system improved its resilience in 2019.

The banking industry started 2020 with a strong total capital ratio of 18.4%, excess capital of RM121 billion, a common equity tier-1 capital ratio of 14.4%, and gross impaired loan ratio of 1.6% in February. Liquidity continued to be ample with a coverage ratio of 148%, while loan loss coverage ratio stood at 125% as of end-February.

However, during the first quarter of 2020, the world struggled with the unprecedented COVID-19 pandemic that resulted in the disruption of businesses and supply chain, causing a significant contraction of the global and local economy.

In response, the Government announced stimulus packages aimed at reducing the economic impact of COVID-19, by providing financial support to households and businesses. Furthermore, the strong buffers of the Malaysian financial system are expected to absorb most of the shock, with the banking sector being able to mitigate the impact of credit quality deterioration. Importantly, the banking sector is well-equipped to provide support in continued lending which is imperative for the economy to bounce back.

“
 We registered a 7.8% increase in total income from **RM3,922 million** in FY2019 to **RM4,227 million** in FY2020, propelling AmBank Group as one of the Top 3 Banks in Malaysia in terms of revenue growth.”

KEY PERFORMANCE HIGHLIGHTS

Despite economic and geopolitical uncertainties, the Group recorded solid growth for the financial year. We registered a 7.8% increase in revenue from RM3,922 million in FY2019 to RM4,227 million in FY2020, propelling AmBank Group as one of the Top 3 Banks in Malaysia in terms of revenue growth. The Top 3 ranking also extends to the growth of both Total Loans and Total Deposits, which registered a 5.3% growth (RM107.2 billion) and 5.7% growth (RM113.0 billion) respectively. Our Loan-to-Deposit ratio stood at 94.9%. The Group's Net Interest Margin (NIM) rose by 5 bps to 1.94%, the second-highest growth in the industry and a significant advantage compared to industry peers who are largely recording negative growth. As such, AmBank Group is placed within the Top 3 Banks for NIM improvement, as well as for our underlying Return on Equity (ROE) growth.

Net Profit After Tax and Minority Interests (PATMI) declined by 10.9% to RM1,340.7 million. Underlying PATMI was up 15.4% (adjusted for the gain on retail debt sales of RM285 million in FY2019 and the macro provision of RM167.3 million in FY2020). We saw an 18.3% growth in Profit Before Provision (PBP) to RM2,119 million. With this double-digit growth, we are placed in the first position within the industry in terms of PBP growth.

In addition, we achieved the number one ranking in our Net Interest Income (NII) growth which grew 7.5% to RM2,774 million in FY2020. We also ranked first for our improvement in Cost-to-Income ratio, which improved from 54.3% in FY2019 to 49.9% this financial year primarily due to the BET300 cost-saving initiative, in which we saved RM380 million in costs over three years against a RM300 million target. AmBank Group also took the top spot in Current Account Savings Account (CASA) growth, recording a strong growth of 15.9% from the previous year. The Group has been building its CASA base steadily through AmSignature Priority Banking, customised cash management solutions, JomPAY and enhanced digital capabilities for business customers such as e-AmBiz and AmAccess.

Cost-to-Income Ratio 49.9%
CASA Growth 15.9%

Group Chief Executive Officer's **Message**

THE TOP 4 STRATEGY

As part of AmBank Group's Top 4 Strategy which spanned four years from 2016 to 2020, we strategised 33 initiatives across six pillars namely Retail Banking, Business Banking, Wholesale Banking, Islamic Banking, Digital & Analytics, and Enablers. Through this strategy, we have focused our priorities on streamlining our internal operations and processes, realigning our diverse business segments, as well as strengthening our digital foundation. We are pleased to report tangible results which positively contributed towards achieving our Top 4 aspirations.

TO BE TOP 4 in each of our 4 GROWTH SEGMENTS

• Mass Affluent • Affluent • SME • Mid-Corp

A key contributor to our solid financial performance is the growth in our target segments. During the year under review, we recorded significant growth in our Retail Banking's Mass Affluent customer base. Our customer base grew by 24.4%, which translates to more than 143,000 customers. We now also have a base of more than 85,900 Priority Banking customers.

For the SME segment, we currently have over 101,000 customers, including more than 7,400 customers under the Business Banking division in FY2020. The growth is driven by effective AmBank BizCLUB community engagement initiatives, such as the AmBank BizRACE that provides support and guidance to SMEs in achieving their entrepreneurial ambitions. This reinforces our commitment to grow together with SMEs, from cradle to initial public offering (IPO) and is aligned with the Government's strategic initiative to encourage entrepreneurship in Malaysia.

We also achieved strong growth in the Mid-Corp segment, with a 9.5% increase in loans (RM16.0 billion) and RM214.2 million in Profit After Tax and Minority Interests (PATMI), making up 27.7% of Wholesale Banking's overall PATMI of RM772.0 million. This was largely the result of our assertive efforts in increasing the customer base, resulting in a 3.2% growth YoY.

Retail Banking
Mass Affluent Customers
143,000
24.4% Growth

SME Segment
101,000 Customers

Mid-Corp Segment
Loan RM16.0 Billion
9.5% Growth

TO BE TOP 4 in each of our 4 FOCUS PRODUCTS

• Cards • Transaction Banking • Markets • Wealth Management

In FY2020, we established dedicated taskforces to drive the performance of our target products. Rigorous execution and disciplined tracking have resulted in tremendous uplifts. Total Group deposit grew 5.7% to RM113.0 billion, higher than the industry average of 2.1%. CASA rose in tandem by a substantial 15.9% YoY to RM28.8 billion against the industry average of 10.3%, with CASA mix at 25.5% compared with 23.3% in the previous financial year.

Additionally, Wealth Management fee-based income (FBI) substantially expanded by 32.7% to RM92.5 million, primarily through retail banking, private banking, funds, and stockbroking push. Consequently, cards revenue recorded a surge of 26% to RM272 million in FY2020.

Total Group Deposit
RM113.0 Billion
5.7% Growth
Higher than Industry Average of 2.1%

Cards Revenue
RM272 Million
26% Growth

CASA
RM28.8 Billion
15.9% Growth

Wealth Management Fee-Based Income
FBI RM92.5 Million
Expanded by 32.7%

TO SUSTAIN TOP 4 in each of our CURRENT ENGINES

• Asset Management • Corporate Finance • Debt Capital Markets

While we make significant strides in terms of our Top 4 aspirations, we also aim to sustain the Group's Top 4 position in our current engines.

Asset Management achieved a record asset under management (AUM) of RM42 billion in FY2020, marking a 6.9% increase from the previous financial year. Subsequently, we were named Malaysia's Best Overall Asset & Fund Manager at the Alpha Southeast Asia Fund Management Awards 2019.

Corporate Finance recorded a strong 65.6% growth in profit before provision (PBP), driven by an increase in revenue of 28.3%. As a result, we maintained our number four ranking YoY, with a 10.6% market share in mergers and acquisitions (M&A). We are pleased to note that the Group's Corporate Finance team was recognised as Malaysia's Best Corporate & Institutional Adviser at the Asset Triple A Awards 2019.

Debt Capital Market posted a 17.7% growth in revenue due to higher Fee & Trading income. Moreover, we gained 13.3% and 17.9% market share in Bonds and Islamic Sukuk respectively. This improved our YoY position for Bloomberg MYR League Table, in which we are currently ranked number two for both categories. Throughout the financial year, we received a total of 16 awards recognising our work in the segment.

Asset Management

Asset Under Management (AUM) **RM42 Billion**

Corporate Finance

Profit Before Provision (PBP) **65.6% Growth**
Revenue **28.3% Growth**

Debt Capital Market

Revenue **17.7% Growth**
Market Share in Bonds **13.3%**
Market Share in Islamic Sukuk **17.9%**

To be Among the TOP EMPLOYERS in Malaysia

Recognising the pivotal role our employees play in our growth, we are committed to continuously invest in our talent pool through training & development programmes, employee engagement sessions as well as welfare and well-being initiatives. In FY2020, our efforts to create a conducive and engaging workplace was recognised via numerous awards in talent management. Key awards include HR Excellence Awards 2019; Malaysia Best Employer Brand Awards; Malaysia 100 Leading Graduate Brands Award (ranked 60); and Malaysia Globally Recognised Employer Brand Awards. These achievements demonstrate our commitment to people-building and becoming the 'Employer of Choice'.



**HR Excellence
Awards 2019**

**Malaysia Best Employer
Brand Awards**

**Malaysia 100 Leading
Graduate Brands Award**

Group Chief Executive Officer's Message

UNLEASHING THE DIGITAL POTENTIAL

The dynamics of banking is changing as digital boundaries continue to blur. The consumer market, which is now dominated by Millennials and Gen-Y, are expecting smarter, faster and more accessible financial services. This bodes well for AmBank Group given our focus on delivering products and services that cater to the evolving needs of our customers, thus allowing us to remain competitive amidst this fast-changing era of globalisation.

During the financial year, we recorded a significant step forward in digital solutions to better serve our customers. We introduced the Wealth feature on AmOnline, our flagship online and mobile banking platform. The new feature is designed to make investments simpler and more accessible to budding investors. Furthermore, we launched AmAccess Biz and AmAccess Corporate to provide an easier and faster way for non-retail and corporate segments to manage their day-to-day business banking. The platform includes innovative features such as digital tokens, DuitNow payments and foreign remittance. To this end, we are also working towards incorporating new features in AmAccess Biz, such as FPX and Payroll functions, which will be introduced to customers in phases.

Furthermore, we are continuously enhancing our AMY™ Chatbot, a virtual financial assistant that is the first of its kind in Malaysia, designated to provide critical customer support on our AmOnline platform. Since its launch in 2018, we have seen significant growth in the number of customers who utilise AMY™ and AmOnline for services such as credit card application, card activation, pin reset, and credit limit increase. Almost all card application status checking is now done through AMY™.

As a result of its convenience and effectiveness, AmBank Group was bestowed the Best Automated Chatbot Initiative, Application or Programme Award from the Asian Banker. Apart from this, our digital efforts were also recognised with several other awards, including the Most Innovative Mobile Banking App and Best Mobile Banking App from The Global Business Outlook Awards 2019, and the Best Retail Mobile Banking Experience and Best Wealth Management Experience from The Asset Triple A Awards 2020.



The Asset Triple A Awards 2020

- Best Retail Mobile Banking Experience
- Best Wealth Management Experience

The Global Business Outlook Awards 2019

- Most Innovative Mobile Banking App
- Best Mobile Banking App

The Asian Banker Malaysia Awards 2019

- Best Automated Chatbot Initiative, Application or Programme

EMPOWERING THE SME ECOSYSTEM

Small and medium-sized enterprises (SMEs) are not only an important customer segment to AmBank Group, but also embody the backbone of the Malaysian economy. SMEs represent over 98% of business establishments in Malaysia and contribute to more than 38% of the national GDP. With this in mind, AmBank Group is committed to supporting the SME ecosystem, leveraging on the opportunity to tap into the segment's market potential while contributing to economic development.

AmBank BizCLUB

Through AmBank Group's BizCLUB events, we enabled over 5,000 SMEs and private business owners from across the country to hear directly from some of the top trainers and business leaders on topics pertinent to their business growth. This includes leadership, understanding their business health, HR readiness, and business culture. Through these events, AmBizCLUB aims to support the scaling and growth of SMEs into competitive and lucrative businesses.

In May 2019, BizCLUB launched the BizCONFERENCE: SME Beyond Financing Series, covering four key business areas – the Internet of Things, the Halal industry, Digital Marketing & Branding, and Building a Green Business. The series was organised in an effort to provide the 900 participating SMEs with an understanding of these crucial topics. On top of that, the conferences also served as a networking platform for the SME community, bringing together business owners, subject matter experts and pioneers from a wide range of industries. Following on the heels of success of our AmBank BizRACE last year, we continued organising the BizRACE this year. Established as a platform where SMEs can connect and showcase their business ideas, we sponsored the top five finalists for a learning field trip to China, providing them with an opportunity to network and exchange insights with major industry players, including Alibaba Group, Food Vending China, Zendai Group and many more.

Furthermore, as part of the Group's vision to grow, nurture and help businesses graduate from cradle to Initial Public Offering (IPO), the "Road to IPO" initiative was launched in November 2019 to educate and guide our SME customers in their journey towards becoming a publicly listed company. The inaugural event saw participation from high-potential customers who were guided on the benefits of embarking on an IPO; the potential risks and upsides to consider; and the requirements needed to take their company public.

The Group also has various channels in place to ease the financial burden of business owners who are facing difficulties during these unprecedented times. We strive to provide the provision of additional value for their operating account, payroll and transactional services as well as quick access to working capital financing, amongst others. In FY2020, AmBank Group contributed RM20.6 billion to the SME sector through loans and financing, with 19% of our total loan portfolio consisting of these businesses.

As a testament to our extensive initiatives in support of SMEs, we have been established as one of the leading SME banks in Malaysia. Throughout the year, we were awarded several accolades, including the SME Bank of the Year in Malaysia from Asian Banking & Finance Awards 2019; Best SME Bank in Malaysia from Alpha Southeast Asia Best Financial Institution Awards 2019; Best SME Bank Malaysia 2019 from Global Banking & Finance Awards (2nd consecutive year); and Best Islamic Finance SME Bank Malaysia from Alpha Southeast.

AmBank Group Contributed
RM20.6 Billion
to the SME Sector



Alpha Southeast Asia Best Financial Institution Awards 2019

- Best Financial Institution Awards 2019

Asian Banking & Finance Awards 2019

- SME Bank of the Year in Malaysia

Alpha Southeast

- Best Islamic Finance SME Bank Malaysia

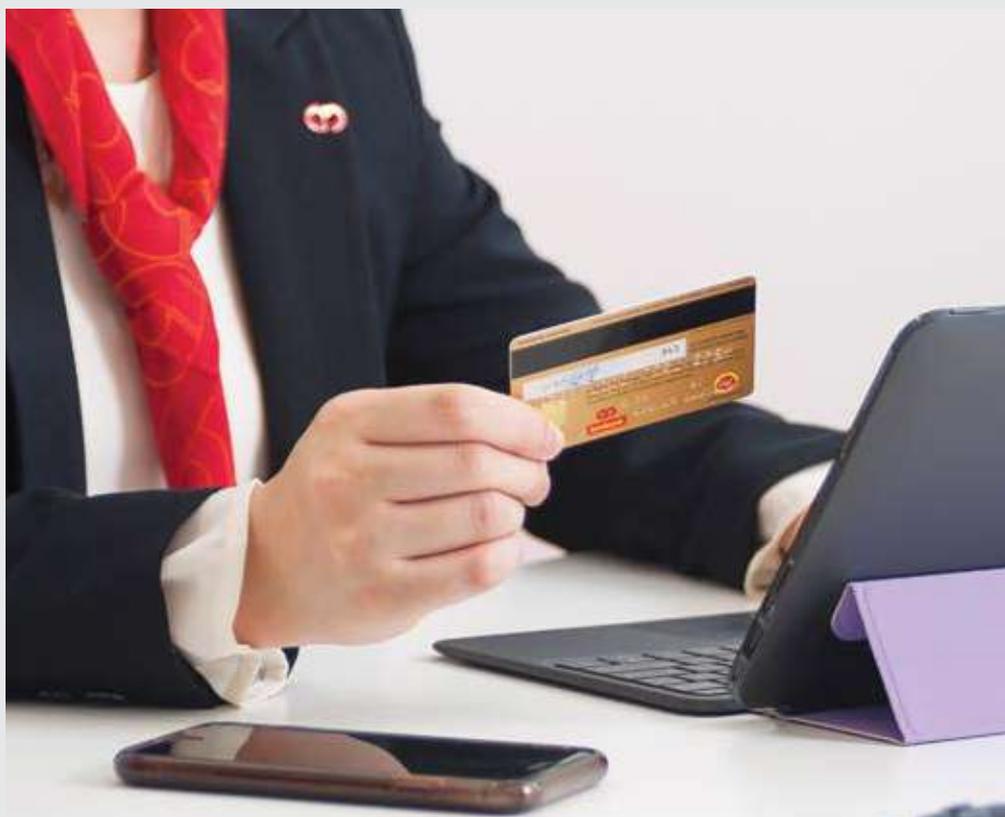
Global Banking & Finance Awards

- Best SME Bank Malaysia 2019

EXPANDING STRATEGIC PARTNERSHIPS

In this day of globalisation, AmBank Group recognises the need to work with partners from different fields and industries, delivering propositions with the best interests of our customers in mind to win in this changing environment. As such, we focus on building cross-industry partnerships with both banking and non-banking players.

During the financial year, we partnered with Maxis to expand our support for SMEs in Malaysia; leveraging and harnessing the power of technology and data-driven insights to provide personalised offers to SMEs. As a result, we were able to successfully launch the "SME-in-a-Box" bundled proposition which aims to help businesses migrate onto e-commerce platforms to provide SMEs with much-needed telco and financing facilities, especially in these challenging times.



“AmBank Group is the first bank to provide business-to-business (B2B) Application Programming Interface (API) services via real-time retail payments (RPP) DuitNow.”

FY2020 was an exciting year for us as we achieved multiple 'Firsts' in terms of partnerships. In February 2020, AmBank Group entered into a collaboration with Rakuten Trade (Rakuten), a joint venture between Malaysia's leading independent investment bank, Kenanga Investment Bank Berhad and Japan's Rakuten Securities, Inc. which is part of the Rakuten Group. This makes AmBank Group the first bank to provide business-to-business (B2B) Application Programming Interface (API) services via real-time retail payments (RPP) DuitNow. Through this bespoke solution, we facilitated Rakuten's non-face-to-face customer onboarding verification by leveraging PayNet's DuitNow platform via this API, succeeding their traditional customer onboarding method. We also provide First-Party Account verification to Rakuten Trade, which is part of the Securities Commission (SC)'s onboarding requirements.

We are also working with our partners Shell and Parkson, as shareholders of BonusLink, to transform BonusLink loyalty and rewards to a more strategic play by expanding into currency and wallet payment solution.

AmBank Group also partnered with LUNO, the first regulated cryptocurrency exchange in Malaysia. LUNO, which is based in London, facilitates cryptocurrency storage and transactions such as buying, selling and paying through their customers' cryptocurrency wallet services. They also operate an exchange between traditional currencies and cryptocurrencies. As the primary banker appointed by LUNO to support the operations of its exchange, AmBank Group is the first conventional bank in Malaysia to offer such banking services. Through this partnership, we facilitate the screening of LUNO's pre-approved customers during the onboarding process, while also providing Cash Management Solutions that facilitate transaction reconciliation, report on collections, and fund transfer payments received from LUNO customers. Currently, we are in the midst of onboarding LUNO onto a Financial Payment Exchange (FPX) channel, allowing first-party fund transfer into LUNO's Trust Account before purchasing a cryptocurrency. Subsequently, we will also onboard LUNO onto DuitNow Payment API for a more efficient settlement (selling of cryptos for MYR) process with faster turnaround time.

AmBank Group is also the first local bank in Malaysia to partner with UnionPay for a credit card collaboration. Through this collaboration, we are able to leverage on UnionPay's strong global presence while also gaining access to the organisation's exclusive deals, ultimately offering new channels for the Group. This includes the U Collection, a global privilege programme that brings together hotels, shopping and specially-curated dining offers for its premium cardholders.

Under the AmBank BizM.A.T.E. programme, we forged partnerships with businesses across various industries to build on the innovative tools that we offer our SME customers to grow their business and improve productivity. Throughout the year, we successfully established 19 strategic partnerships with key players, such as Maxis, Microsoft, DiGi, GDex, Boost and iPay88. We are confident that our efforts are in line with the aim of the programme to improve SME's scalability in the most cost-efficient manner, delivering products and solutions that help digitise and manage their businesses from the ground up.

During the year, AmBank Islamic also entered into a collaboration with Amanah Raya Berhad to offer legacy planning solutions. This enables our customers to seek will writing services at AmBank Group branches, including at AmBank Signature Priority Banking centres nationwide, thus providing an additional revenue stream to the Group. The new service aligns with AmBank Islamic's strategy to offer a complete suite of wealth management products and services, including wealth distribution.

RM850 Million of Financing Distributed to Affordable Housing Schemes

“...established the AmBank Group Green Financing Plan to develop our capacity in providing financing to green projects, with **RM26 million in green loans and financing under the Green Technology Financing Scheme.”**

BALANCING PEOPLE, PLANET AND PROFIT

The banking industry is now in a new age of responsibility. Investors, regulators, employees, community and other stakeholders have increasing expectations pertaining to the integration of environmental, social and governance (ESG) considerations into a bank's business decisions. AmBank Group has long been committed to positive environmental and social impact as we strive to continuously improve our sustainability journey. Through AmBank Islamic, we integrate the principles of Value-Based Intermediation (VBI) into our financing strategy of financial inclusion and responsible lending. This is aligned with Shariah principles of responsible behaviour towards the community and the environment.

In FY2020, we continued to participate in inclusive and responsible financing programmes. This includes RM850 million of financing distributed to affordable housing schemes such as *Perumahan Rakyat 1Malaysia – Skim Pembayaran Fleksibel* (PR1MA SPEF); *Skim Rumah Pertamaku* (SRP); and BNM Affordable Houses Schemes 1 & 2. We also established the AmBank Group Green Financing Plan to develop our capacity in providing financing to green projects, with RM26 million in green loans and financing under the Green Technology Financing Scheme.

**Reduced Carbon
Footprint by
11% in
FY2020**

**Invested
RM1.8
Million
in Community
Outreach
Programmes**

In addition to assessing the impact of our financing decisions, we also monitor the impact of our own operations. Guided by our Environmental Policy, we ensure that all facets of our operations consistently adhere to environmental laws and regulations. Beyond compliance, we also actively identify and implement green initiatives that minimise our potential environmental impact.

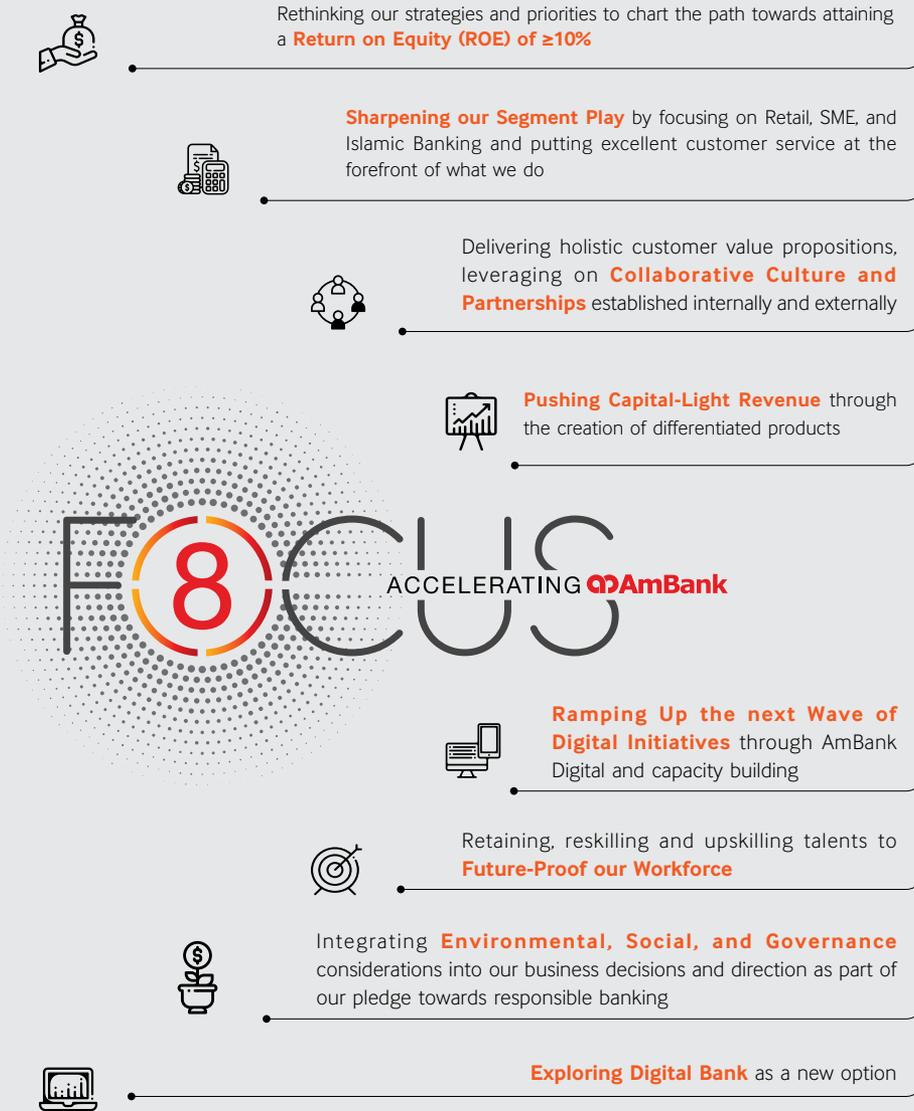
During the reporting year, we rationalised our vehicle fleet from 37 to 30 vehicles, thus reducing fuel consumption by 17%. We also invested in hybrid cars, which are more fuel-efficient and generate fewer carbon emissions. For energy efficiency, we replaced conventional lights with an LED lighting system for 17 AmBank Group branches, with an aim to complete installation at the remaining branches by FY2021. As a result of our efforts, we successfully reduced the Group's carbon footprint by 11% in FY2020 and had even received an upgrade in RAMSUS Environment Rating from Bronze to Silver.

The Group also contributes to the socio-economic empowerment of communities. We actively organise and participate in programmes that enable social mobility and inclusive development across all levels of society. In FY2020, we invested RM1.8 million in community outreach programmes. This includes the AmKasih E-Wallet CSR Programme for the Urban Hardcore Poor, in which, for one year, we upload RM100 of spending credit monthly to the MyKads of targeted households to facilitate their expenditure on essential food items.

MOVING FORWARD

The financial services industry is responding to an increasingly turbulent business environment. In the upcoming year, as Malaysia's economy recovers from the COVID-19 pandemic, AmBank Group will remain active in taking care of our customers and stakeholders. We will continue embarking on recovery efforts to help contain any financial anxiety and protect the country's strong financial system. We view the current turbulent times as an opportunity to create new value propositions for customers while simultaneously charting new growth for the Group.

Therefore, whilst we have completed the Group's transformation journey through implementation of the Top 4 Strategy, we are cognizant of the need to continue along this trajectory of transformational change, particularly in the face of unprecedented challenges. Our new strategy for the upcoming year is based on a holistic approach to market trends, regulatory changes, customer behaviour, and most importantly, the post-pandemic financial landscape. Our strategy for the upcoming year is premised on the following eight focus areas underpinned by the Group's renewed vision of **Growing Trust, Connecting People.**



ACKNOWLEDGEMENTS

As we end FY2020 on a strong note, we are more determined than ever to commence on the next phase of our journey of growth. On behalf of the senior management team, I would like to take this opportunity to thank Tan Sri Azman Hashim, AmBank Group Chairman, and the Board of Directors who have been instrumental in providing support and advice to the management team, steering our continuous efforts, focus and dedication to driving the transformation journey and delivering the results that we see today. I would also like to express my deepest gratitude to each and every AmBanker. Helmed by a strong management team and handpicked to collectively spearhead this journey together, each AmBanker has, in one way or another, contributed to our joint success. We value your continued commitment and hard work as we move to greater heights as we face our next frontier.

Last but not least, our deepest gratitude to all AmBank Group stakeholders – customers, shareholders, business partners and regulators – for their continuous trust and loyalty. We strive to create value for each one of you, despite the challenges ahead. Together, we will prevail, win and grow with all Malaysians – **Growing Trust and Connecting People**, as we weave banking into everyday life and business.

DATO' SULAIMAN MOHD TAHIR
Group Chief Executive Officer