

Chairman's Statement

Becoming a Bank of the Future



“Our strategic journey in striving for excellence kept pace with the global technology phenomenon in FY2019, acquiring scale for our customer-centric, differentiated and secure solutions in a much faster and more cost-efficient manner.”

TAN SRI AZMAN HASHIM
Non-Independent Non-Executive Chairman

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Our journey for excellence took another major step in FY2019.

As we progressed into the third year of our business transformation journey, the Malaysian banking industry continued to grow at a steady pace. Concurrently, the operating space between banks and non-bank payment platforms narrowed, catalysed by advancement of mobile technology and instant connectivity.

To maintain and grow our position in the Malaysian banking industry, our transformation exercise to 'Change the Bank' continued to deliver strong results, as we emerged as the top three banks with the most assertive growth across the key performance indicators during the year.

In achieving this, significant focus was directed at aligning our workforce to our new purpose, instilling culture change, driving new synergies across our businesses and subscribing to the highest ethical conduct and professionalism. The progress made has meant that we have a more effective operating model to 'Run the Bank Better'.

FORGING A STRONGER SUSTAINABILITY FOOTPRINT

In our bid to stay at the forefront of innovation, AmBank Group reviewed how we manage our growth capitals – which are essentially defined by our relationship with the people and our planet and how our interactions with the environment and stakeholders play a crucial role in sustaining and growing our profits.

This renewed approach saw us re-double our efforts in the way we manage our social, environmental and financial risks, while meeting our obligations to stakeholders, and capturing new opportunities.

Moving forward, sustainability will be the common thread that binds our business transformation initiatives, where the end-goal is to change the way we work in order to remain relevant to all our stakeholders.

I am proud that our efforts in improving AmBank Group's environmental, social and governance ("ESG") performance – under our 'Responsible Banking', 'Positive Societal Impact', and 'Employer of Choice' sustainability pillars – has garnered us recognition during FY2019.



Being a constituent of the FTSE4GOOD Index Series allows AMMB Holdings Berhad to use the FTSE4Good logo accompanied by the explanatory text below:

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that AMMB Holdings has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices.

The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



FTSE4Good

AMMB Holdings Berhad, the investment holding company for the AmBank Group, was among the few ESG advocates to join the FTSE4GOOD Index Series, namely the FTSE4GOOD Bursa Malaysia Index, the FTSE4GOOD Emerging Markets Index, and the FTSE4GOOD ASEAN 5 Index, effective June 2018.

We remain committed to consistently improve on our ESG performance and reporting going forward. We have broadened the areas of our sustainability measures this year to cover nine United Nations Sustainable Development Goals, compared with four in FY2018. We aim to provide a more in-depth review into how we continue to align and shape our sustainable practices as we make progress in these areas.

The policies and guidelines to which we abide by in managing our relationships with employees, suppliers, clients and the communities, underscore AmBank Group's purpose as a bank that helps our customers win and move forward in their daily endeavours.

We strive towards becoming an 'Employer of Choice', by instilling proactive measures to empower AmBankers by rewarding good performance, encourage teamwork and collaboration and to attract top talents in the industry.

In doing so, the Group is also committed to make working in AmBank Group's fun and enjoyable, yet effective and engaging. Since 1 January 2019, we have introduced a dress-down attire code and staggered work hours to provide flexibility for our workforce to match individual lifestyles and family obligations.

Additionally, some of the new employment features that we now provide to our colleagues are accessible anytime, anywhere - digital business cards (via QR code), and a "Digital Garage" to foster new and innovative ideas.

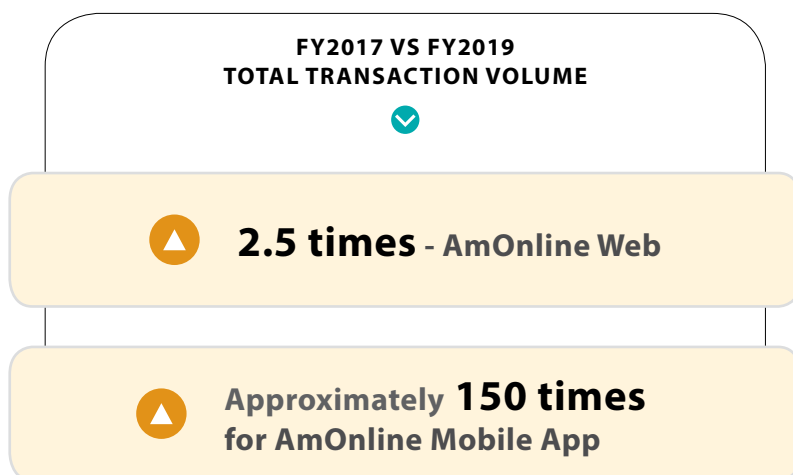
In all that we do for the community, for the environment, and for our colleagues, we are driven by a desire to be a bank that grows with the people.

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PROVIDING A DIGITAL-FIRST BANK PLATFORM

The changing consumer preferences increasingly requires real-time products and services to be delivered, with banks having to adapt and augment existing capabilities to deliver simplified, safe and seamless solutions.

We released the first multi-lingual online and mobile banking platform, known as AmOnline. We have seen a shift in the way people perform their banking transactions from over the counter to online and mobile banking, which increased by 2.5 times and approximately 150 times, respectively, since FY2017.



We have come a long way since our digitalisation push with a 70% progress to-date on a plan to digitalise our customer journey.

To this end, the bank continues to innovate for new ideas and work collaboratively with industry leaders to address the needs of consumers. Our goal is to provide a comprehensive range of financial solutions that cuts across our Group-wide offerings.

As part of our digitalisation efforts, AmBank Group is also launching our SME online banking platform, AmAccess Biz, to cater to the growing demand of the Business Banking and SME Banking segments.

“AmBank Group is a leading financial services group with over 40 years of heritage in supporting Malaysians in their economic development and wellbeing.”

BANKING A DEVELOPED NATION

As a diversified Malaysian financial services Group with over four decades of understanding and meeting the needs of Malaysians, the AmBank Group of tomorrow will be much more than just a banking partner to individuals and businesses.

Whilst we position AmBank Group to lead in specific areas within our Top 4 Strategy, we continue to work closely with the regulators to ensure the collective vision of Malaysia's financial institution industry is realised.



Among the key efforts undertaken by the Group during the financial year in supporting to accomplish Malaysia's agenda for progressive, sustainable and inclusive development, are summarised as below:

- Developing an efficient, advanced, and convenient e-payment infrastructure to support the transition towards becoming a cashless society.
- Creating a vibrant, innovative and sustainable funding ecosystem to catalyse growth of higher value-added economic activities, including start-ups and SMEs.
- Preserving the stability and resilience of the financial system through a more robust surveillance, regulatory and supervisory regime; while raising the standards of governance.
- Strengthening Malaysia's position as an international Islamic financial centre with diverse players and instruments and strong connectivity.
- Nurturing skilled talents to support the growth of Malaysia's financial services sector.
- Addressing affordable home ownership among the lower-income groups, first-time homebuyers and civil servants.

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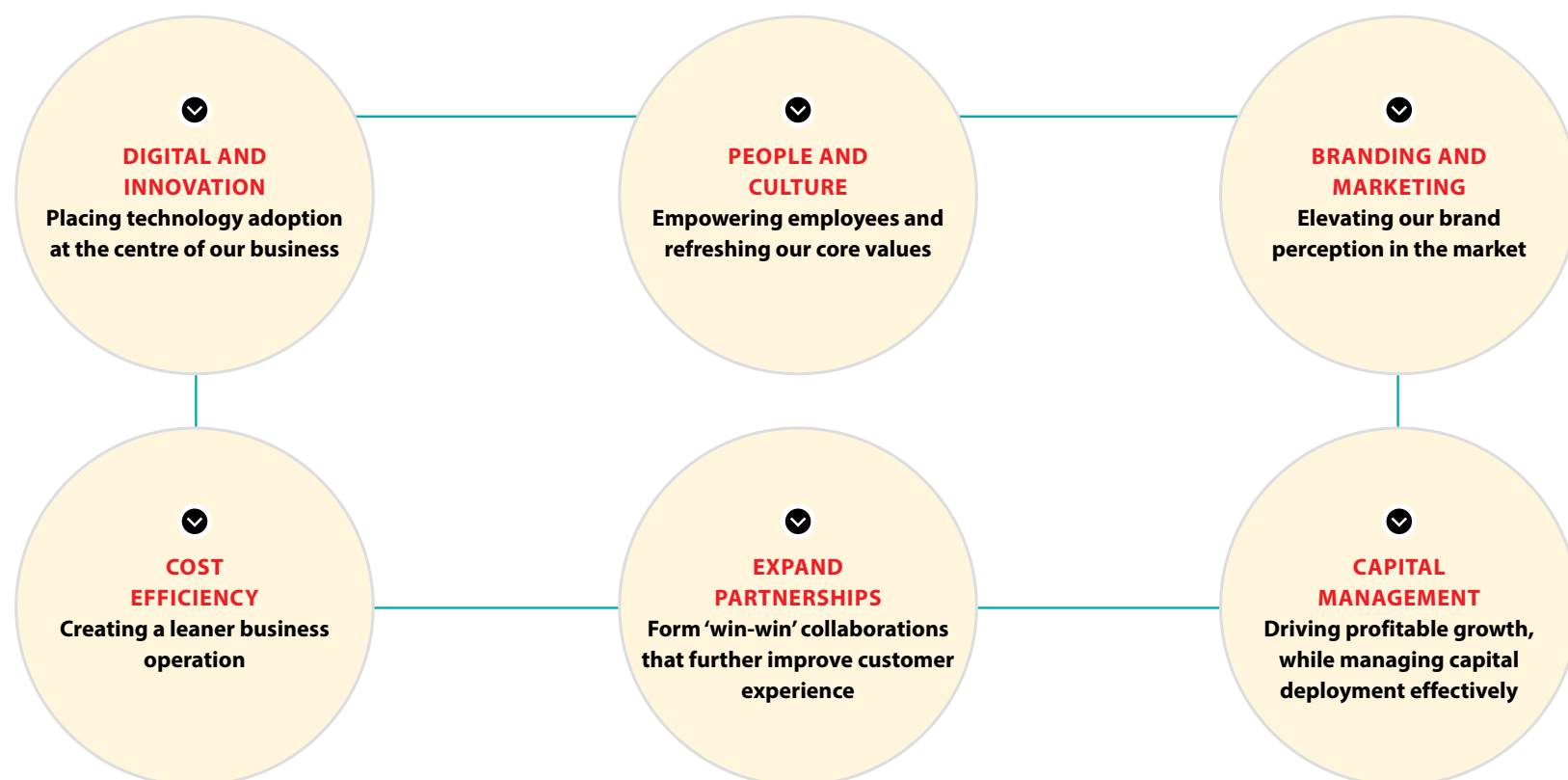
DIVIDEND

On behalf of the Board, I propose a final, single-tier dividend of 15 sen per share for the financial year, bringing the total dividend declared to our valued shareholders to 20 sen (single-tier interim dividend of 5.0 sen per share). This is equivalent to 40% of our PATMI and is consistent with our market guidance payout ratio.

The Board has reviewed, after consideration and evaluation of regulatory buffer and working capital requirements, that the proposed dividend payout will not impose any discernable impact to the Group's ability to carry out its strategic growth initiatives and financial obligations moving forward.

WHAT'S AHEAD

When we commenced our business transformation plan in 2016, the goal was to reassess our strengths and future direction, by benchmarking ourselves against leading industry players. To-date, we have shown encouraging results. We continue to move forward in FY2020 with the following focus:



ACKNOWLEDGMENT

It has been my privilege to work with a team of AmBankers who have shown dedication and commitment in collectively realising our end-goals. I am inspired by the team's spirit of unitedness in rallying towards our cause and what it means to the Group and our shared future. My sincere gratitude also goes to my fellow Board colleagues, who have provided their guidance and wisdom in steering the Group in times of rapid industry changes and challenges.

Also, a word of appreciation goes to our partners, suppliers and vendors for believing in AmBank Group and for having trust in what we aspire to achieve. Lastly, my appreciation extends to all our customers for your support and for being the cornerstone of our growth throughout the years.

The next financial year marks the culmination of our Top 4 journey. I look forward to another strong performance ahead, one where all of us at AmBank Group can look back and say, "We have grown and won together with all Malaysians".