

Strategic Review

HOW WE CREATE VALUE

We believe our business model through business lines, distribution network and customer relations, enhances our ability to adapt swiftly to changes in the external environment. In addition, we harness the benefits of diversification through efficient delivery of synergies across the Group. We also leverage our rich resource of experiences and relationships as key elements in our business model, which in turn enables us to produce long-term sustainable outputs for our stakeholders. These outputs provide compounded values to our stakeholders, facilitating both individuals and businesses to achieve their ambitions.

WHAT WE DO



Our business model aims to meet robust consumer needs by delivering simple, seamless, convenient and holistic financial services and solutions for our customers, enabling them to navigate the evolving business environment.



We connect with our customers via our extensive and growing touch points to improve accessibility to our offerings, while balancing our physical presence in recognition of the importance of the 'human touch'.



We offer innovative financial products and services in Wholesale Banking, Investment Banking, Retail Banking, Business Banking, Islamic Banking, Insurance and Takaful.



We work hand-in-hand with our customers to deliver the right financial solutions that cater to their needs and help them grow.

Key Resources and Relationships



We focus on these key areas

Ensuring Operational Efficiency

- Driving operational efficiency across the Group
- Deepening relationships with our customers
- Enhancing the funds management performance of AmFunds

Driving Productivity

- Driving productivity in the Business and Retail Banking divisions
- Pushing income through ancillary products
- Focus on capital-light assets – i.e. ASB, Card, Wealth Management, etc.

Improving Cost Efficiency

- Delayering management structure and processes for a flatter and leaner organisation
- Cost Structure Optimisation initiatives under Business Efficiency Transformation (“BET300”)






Enablers

- Continuously drive digital adoption at the heart of our businesses through implementation of our Digital blueprint
- Intensify Cyber Security
- Continuously inculcating a culture of compliance and embedding them in our performances
- Improve Credit Risk Rating
- Implement a robust and strategic talent management framework

Strategic Focus

- Ensuring capital and funding efficiency
- Grow our core business and form new strategic business partnerships
- Diversify revenue through Digital Partnerships and Ecosystem Build

Create sustainable value for our shareholders, customers, the community and the country

 <p>Wholesale Banking</p> <ul style="list-style-type: none"> • Building Cash Net Interest Income • Enhance ROCE • Grow Non-Interest Income • Recalibrate Balance Sheet 	 <p>Investment Banking</p> <ul style="list-style-type: none"> • Grow Private Banking Business • Grow Retail and Institutional Businesses • Focus on Strategic Bond Placements and Swaps • Focus on Privatisation and Opportunistic Consolidation Play (Mergers and Acquisitions) 	 <p>Retail Banking</p> <ul style="list-style-type: none"> • Capital • CASA Drives • Process Optimisation and Branch Digitalisation • Compliance • Collaboration 	 <p>Business Banking</p> <ul style="list-style-type: none"> • CASA Focus • Higher Risk-adjusted Returns • Asset Focus • FX • Portfolio Actions • Deposit Hunting Team 	 <p>Digital and Group Information and Operations</p> <ul style="list-style-type: none"> • Protect the Enterprise from Cyber Threats • Improve Price Performance • Improve Business Resilience • Build Business Capability
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

✓

FOR CORPORATE CUSTOMERS

We help our corporate customers raise their competitive edge in local markets by supporting them with services ranging from corporate loans to debt capital markets and asset management.

✓

FOR UNDERSERVED SEGMENTS

We reach out to the underserved market such as small and medium-sized enterprises to help them grow and expand; whilst meeting the needs of the growing Mass Affluent and Affluent retail segment.

✓

FOR MALAYSIA

As a Malaysian bank, we possess a comprehensive understanding of the local environment and the Malaysian way of doing business and we share our unique insights with local companies and multinationals.

✓

FOR THE FINANCIAL MARKET

Build and strengthen financial market confidence through strong compliance and governance practices.

✓

FOR OUR CUSTOMERS

We partner with other organisations to develop value-driven products and services for our customers. Our digital initiatives are designed to enhance the daily lives of our customers and make banking with us simple, fast and convenient.

✓

FOR OUR SOCIETY

We reach out to communities and contribute to societal wellbeing via our corporate social responsibility initiatives and our sustainability focus. Our comprehensive internal training programmes upskill our employees, which improve the socio-economic development of the community.

Strategic Review

MATERIAL MATTERS IMPACTING OUR STRATEGY

MATERIAL MATTERS

Increasing Competition



Rising competition in the financial services in Malaysia with the emergence of new financial technology companies

Understanding Our Customers



Customers form the core of our businesses. We thrive when we integrate our financial services into the lives of our customers by understanding their needs, circumstances and desired outcomes

Evolving Regulatory Requirements



To safeguard the financial services industry, government regulators are adopting a widening emphasis on compliance and an increasingly rigorous regulatory framework

HOW WE RESPOND

Launch of our four-year journey to become a Top 4 Malaysian bank in key segments and products by 2020

Focus on our Top 4 Strategic target segments and products

Everything we do is aimed at helping individuals and businesses in Malaysia grow and win together

Set up a centralised Customer Care unit to manage all retail customer issues

Established Customer Innovation Lab (Digital Garage) to improve customer experience with innovations solutions and enhanced processes

Group-wide digital roadmap to integrate and innovate products and services

Integration of our compliance function as a strategic element of the business

Compliance Department is realigned to ensure independence

Strengthened compliance policies, procedures, training, technology and systems



REFER:

Group CEO's Message, page 14
Our Strategy, page 28



Group CEO's Message, page 14
Customer Experience, page 57
Integrating Digital Technology, pages 89-93



Group CEO's Message, page 14
Group Compliance, page 181
Sustainability Statement, page 76

Strategic Review

Building Leadership and Talent



We need motivated leaders and talents to build capacity, lead our transformation strategy and champion our values

Innovation and Digital Transformation



The digital era is transforming the financial services industry, impacting customer journey and expectations

Managing Our Sustainability



The sustainability of the Group is influenced by how we manage current and future environmental, economic and social risks and opportunities

MATERIAL MATTERS

Ensure we have the right people and skillsets to drive our Top 4 Strategy

Continue to groom and identify talents through Group and Division Talent Councils

Reinforce employee performance by emphasising on our Code of Conduct, customer care, risk management and compliance

Identify mission-critical positions and set up succession planning

Adopt mobile-first approach. Introduced an enhanced mobile banking platform to cater to the needs of retail, business and corporate customers

Focus on infrastructure and Application Programming Interface ("API") readiness

Establish partnerships with financial technology and cross-industry players

Employ data analytics to capture new business insights and drive internal efficiencies

Identify and group our sustainability contributions into three key themes: Responsible Banking, Employer of Choice and Positive Societal Impact

Integrate environmental, economic and social considerations into our business decisions

Fulfil our social commitments towards local communities

Assess our internal practices by engaging third party assessments

HOW WE RESPOND



Group CEO's Message, page 14
People, Talent and Culture, pages 120-123
Corporate Governance, pages 141-195



Group CEO's Message, page 15
Integrating Digital Technology, pages 89-93
Sustainability Statement, page 76



Sustainability Statement, page 76

Strategic Review

OUR STRATEGY

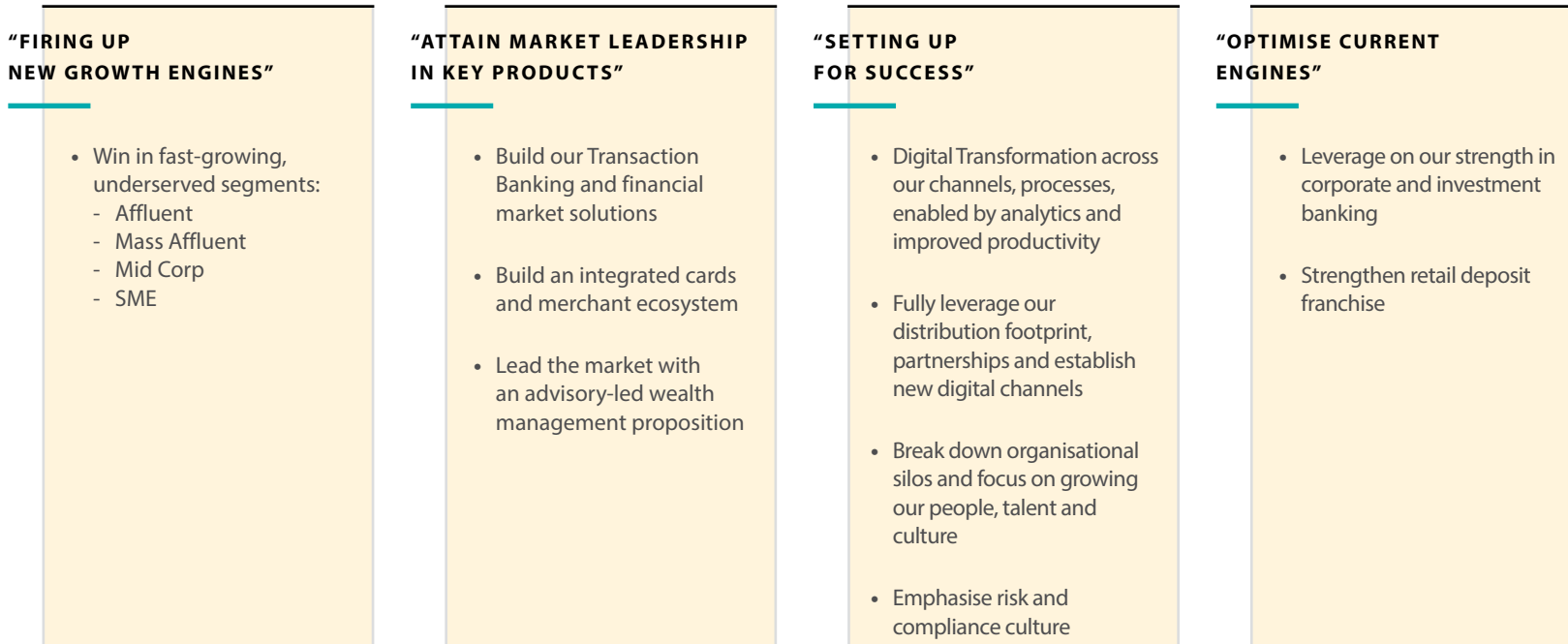
“We dedicate ourselves to bringing financial solutions to the community in a seamless and simplified manner, delivering innovative solutions that are convenient, easy, affordable and holistic.”

We formulated our Top 4 Strategy in 2016. Since then, we have achieved significant milestones in each of our Top 4 aspirations.

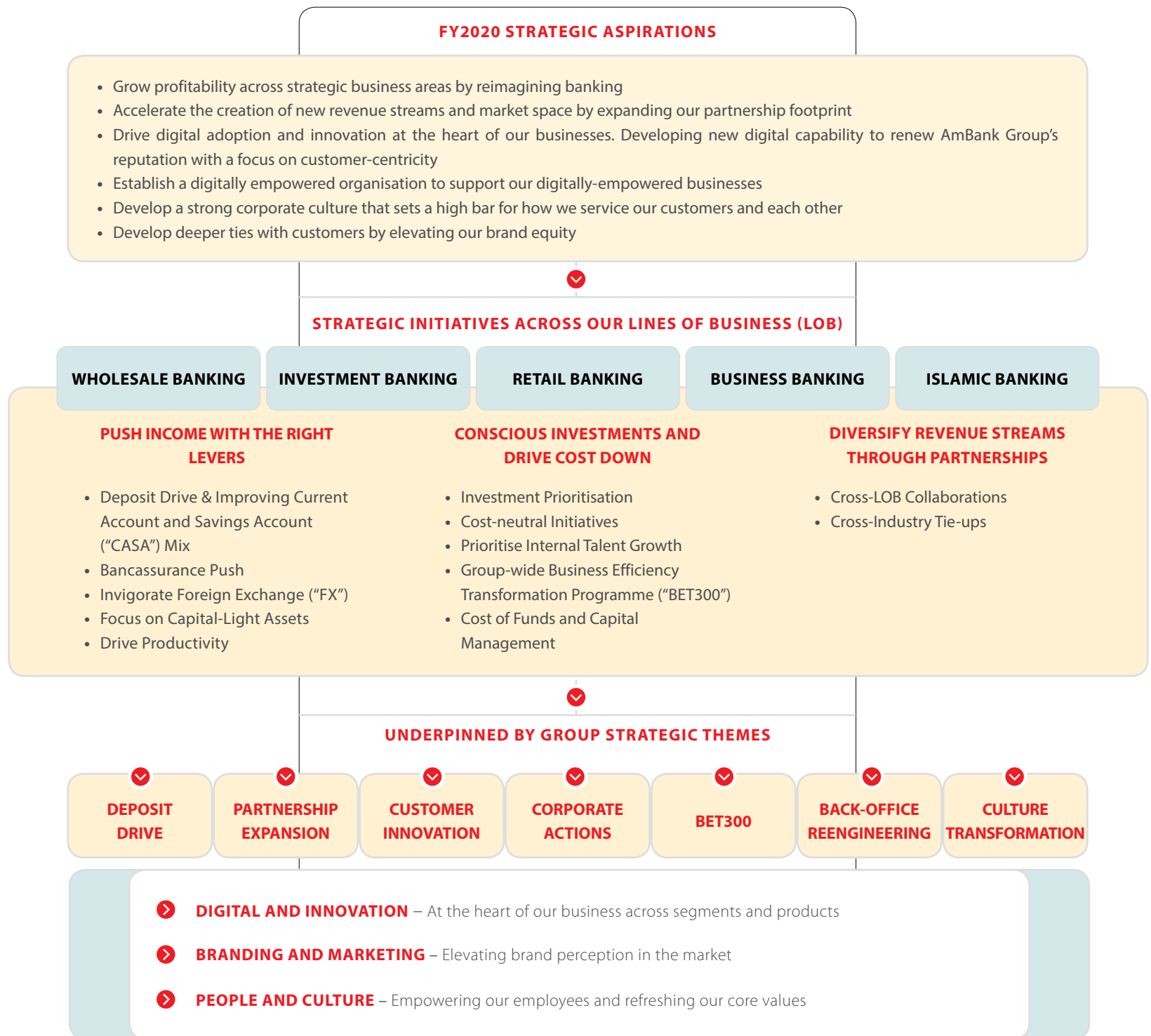


Progressing our strategic targets to create new sustainable growth engines, attain market leadership in key products and client segments, optimise our current engines, and improve our capabilities – major efforts are underway Group-wide as we approach the final leg of our Top 4 transformation journey.

OUR STRATEGIC PRIORITIES



Strategic Review



Strategic Review

“We delivered stronger traction in the transformation of AmBank Group during the third year of our Top 4 Strategy.”

OUR STRATEGY

Top 4 Segments



AFFLUENT (PRIORITY BANKING)

FY 2019 Revenue ▲ 32.4%

- Priority Banking Customer Base ▲ 19.7%.
- Loans ▲ 16.4%, Deposits ▲ 10.6%



MASS AFFLUENT (TRUE BANKING)

FY 2019 Revenue ▲ 58.4%

- TRUE Banking Customer ▲ 35.2%
- Loans ▲ 53.0%, Deposits ▲ 6.8%



MID CORP

FY 2019 Revenue ▲ 5%

- eAmBiz Payment Customer ▲ 36.0%.
- MidCorp Loans ▲ 15%, Deposits ▲ 9%



SME (RETAIL SME, BUSINESS BANKING)

FY 2019 Revenue ▲ 26.4%

(Retail SME: ▲ 34.0%, BB: ▲ 21.8%)

- Won BEST SME Bank Malaysia 2018 by Global Banking & Finance Review
- Business Banking Loans ▲ 29.4% and Deposits ▲ 27.1%

Top 4 Products



CREDIT CARDS

- Income from Cards ▲ 10.2% and Card Spend ▲ 11.6%
- Retail Card Loans ▲ 17.4% YoY
- Merchants CASA Balances ▲ 15.8%



MARKETS

- Awarded the Best FX Bank for Corporates and Financial Institutions for the 7th consecutive year at the 12th Annual Alpha Southeast Asia Best Financial Institution Awards.
- Overall FX Revenue ▲ 10.7%



TRANSACTION BANKING

- Positive JomPAY Performance ▲ 58.0%
- Virtual Accounts Performance ▲ >100%
- Payroll Employee Sign-On ▲ >100%



WEALTH MANAGEMENT

- Strong Growth Momentum in ASNB Sales – ▲14.5% Disbursement
- Unit Trusts Fee Income ▲ 7.9%

Top 4 Position Current Engines

ASSET MANAGEMENT

- Awarded the ‘Best Fund House – Malaysia’ by Asian Investors in May 2019.
- Awarded the ‘Best Pension Fund House – Malaysia’ by Asia Asset Management in May 2019.
- Asset Under Management (“AUM”) by AmFunds increased by 13.5% (RM 4.8 billion).
- Unit Trust market share was ranked number five (5) with an 8% market share.

CORPORATE FINANCE

- As at 31 March 2019, AmInvestment Bank was ranked number three amongst local banks in M&A in Malaysia.
- Top 4 with an 11.8% market share for fund raising.

DEBT CAPITAL MARKETS

- Ranked number three with a 19.0% market share for Overall Malaysian Bonds/Sukuk for 2018.
- Ranked number four with a 17.2% market share for Malaysian Ringgit Islamic Sukuk for 2018.
- Received 25 awards.

Employer of Choice



TOP 75
Most Attractive Companies to Work for 2018



Malaysia Best Employer Brand Awards 2018
(third consecutive year)



Graduate Recruitment and Development