

Business Banking

“Business Banking continues to serve companies, particularly SMEs, with annual turnovers not exceeding RM150 million. Since our establishment in 2017, we have experienced tremendous growth in the market. Through our relentless efforts, the Group’s SME loans portfolio achieved a CAGR growth of 20.8%, from RM5.9 billion in FY2017 to RM12.6 billion in FY2021. Over the last year, we have stepped up our productivity and established a first-mover advantage through various initiatives in the areas of digital enablement, investments, branding and marketing alignment.”



CHRISTOPHER YAP HUEY WEN
Managing Director, Business Banking
AmBank Group



TOTAL INCOME

RM389.9 MILLION
RM366.3 MILLION IN FY2020



NII

RM296.8 MILLION
RM277.5 MILLION IN FY2020



NOII

RM93.1 MILLION
RM88.8 MILLION IN FY2020


ABOUT US

We provide banking solutions that nurture and grow Malaysia’s entrepreneurs through our network of 25 Enterprise Banking Centres and 22 Commercial Banking Centres nationwide. Our division has been instrumental in acquiring more than 15,000 new SME clients for the bank. We 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, Industrial Hire Purchase and Bancassurance.

We strive to create holistic relationships that extend beyond financing which includes providing tailor-made solutions that meet SMEs’ needs, cash management tools that help them operate efficiently and seamlessly, as well as development initiatives to help SMEs reset, revive and grow during this unprecedented time.

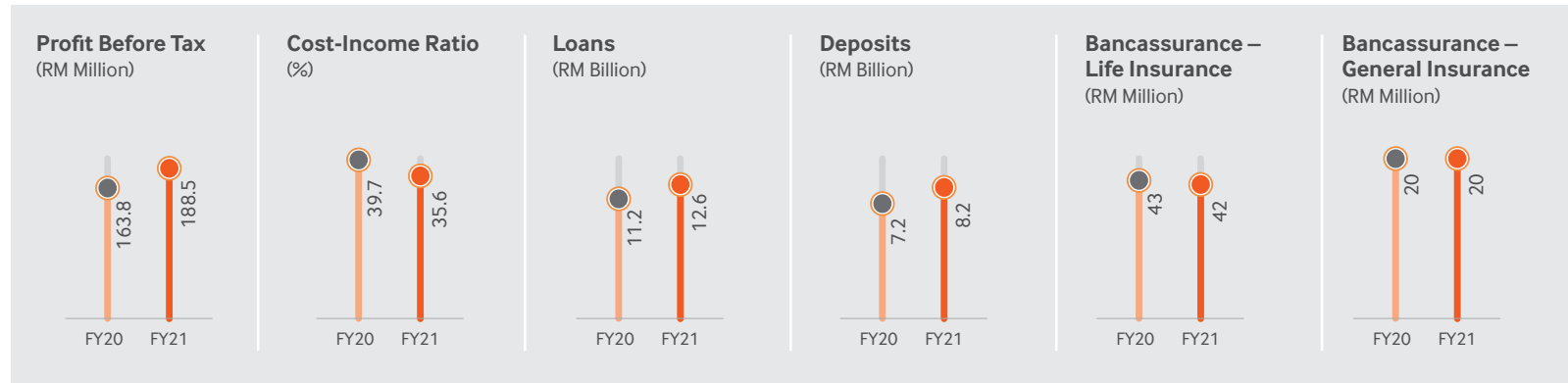
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KEY INITIATIVES & OUTCOMES

Key Initiatives	Outcomes
<p>COVID-19 Assistance for SMEs</p> <ul style="list-style-type: none"> Introduced several financing commitment reliefs as pre-emptive efforts to safeguard our SMEs businesses. Provided financial relief and schemes to alleviate the financial burden of SMEs. <p> For more information, see page 154</p>	<ul style="list-style-type: none"> The Bank received up to 2,795 financing scheme applications by SME customers that were greatly impacted by the pandemic. A total of 1,718 applications were successfully disbursed amounting to RM1.4 billion, where 66% of the total disbursed amount was contributed by the Business Banking division.
<p>AmBank BizRACE Programme</p> <ul style="list-style-type: none"> In FY2021, the AmBank BizRACE programme surrounded three key themes; which are Digitalisation, Industrial Revolution 4.0 (IR4.0) and the Halal Industry. Offered SMEs grant funding of up to RM1 million through strategic partnerships with various Government bodies, including the Ministry of International Trade and Industry (MITI), Malaysian Investment Development Authority (MIDA) and Malaysia Digital Economy Corporation (MDEC). Partnered with Jabatan Kemajuan Islam Malaysia (JAKIM), Halal Development Corporation (HDC) and Malaysia External Trade Development Corporation (MATRADE) to create awareness on the benefits of Halal Certification. 	<ul style="list-style-type: none"> Received more than 2,000 sign-ups for AmBank BizRACE, with more than 200 shortlisted to undergo various training and development activities. SME participants receive close guidance from our AmBank BizRACE partners on their grant application journey, as well as IR 4.0, Digitalisation and Halal Certification strategies. Our corporate partners also include Bosch Rexroth Malaysia, Maxis and Microsoft Malaysia who are renowned experts in Industrial Revolution 4.0 and Digitalisation.
<p>AmBank BizHUB</p> <ul style="list-style-type: none"> Introduced AmBank BizHUB, a cloud-based marketplace for businesses to sell and purchase their services and solutions online. The aim is to fill the gap further up the supply chain with B2B transactions. Purchases through AmBank BizHUB can also be converted into affordable monthly instalments using AmFlexi-Pay upon request. 	<ul style="list-style-type: none"> Onboarded over 300 companies from various sectors, including, trading, printing, logistics and many more. Sellers provided with advanced services, such as automated customer matching and dedicated support for the onboarding process through our partner, Supplycart. Buyers gain easy access to almost 2,000 verified vendors and can compare the prices of products on the platform through the price comparison feature.

OUR PERFORMANCE

We have achieved a 6.4% growth in revenue, with a conditional focus on high-yielding products and business advisory capabilities such as Forex & Deposits, Bancassurance and Corporate Finance. Over the last financial year, we have also achieved a growth of 11.9% for loans and 14.5% for deposits.



AWARDS & RECOGNITION



- **Global Banking & Finance Review**
– Best SME Bank Malaysia 2020
- **Alpha Southeast Asia**
– Best SME Bank in Malaysia 2020
- **Asian Banking and Finance**
– SME Bank of the Year 2020 (Malaysia)

COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Business and cash flow disruption experienced by Business Banking customers.</p> <hr/> <p>Movement restrictions impacted SMEs ability to conduct their business as usual.</p> <hr/> <p>Rising need for businesses to experiment with technologies and cooperative approaches.</p>	<ul style="list-style-type: none"> • Maintained frequent and meaningful contact with SME customers, enabling timely monitoring and discussions on their specific needs to overcome the crisis. • Deployed digital processes such as an online marketplace, client onboarding platform, digital payroll and more. • Introduced various programmes for SME customers surrounding timely topics such as Industrial Revolution 4.0, Digitalisation and Halal Certification for their business. 	<p>Addressed the immediate needs of our SME customers, with many customers provided with financial relief.</p> <hr/> <p>Provided SME customers with new platforms to expand their business and bring their digital strategy forward.</p> <hr/> <p>Helped over 200 SMEs embark on their digital journey and gain additional Government assistance, such as grants and certifications awareness.</p>

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RISKS & MITIGATION

Key Risks	Mitigation Strategies	Results
<p>Soft Market Demand Declining demand in the global and domestic market due to the economic slowdown.</p>	<ul style="list-style-type: none"> • Manage and coordinate the non-retail segment on COVID-19-related government financing schemes. • Offer temporary payment deferment (moratorium) and several commitment-relief schemes for affected customers. <hr/> <ul style="list-style-type: none"> • Deliver holistic offerings to customers, extending beyond financing initiatives to help SMEs scale to the next level. <hr/> <ul style="list-style-type: none"> • Focus on capital-light revenue through initiatives such as SME digital onboarding, merchant business solutions, and cash management solutions. <hr/> <ul style="list-style-type: none"> • Provide offerings that help future-proof our SME customers • Invest in processes that future-proof our internal operations. 	<ul style="list-style-type: none"> • Successfully disbursed RM924 million worth of loans for up to 1,092 applications by Business Banking customers under non-retail financing schemes. • Provided RM2.5 billion worth of commitment relief packages to more than 289 Business Banking customers. <hr/> <p>Reached out to 232 SMEs, closed 35 deals, obtained RM219 million in loans and achieved RM19 million in revenue through our Road to Capital Market Series.</p> <hr/> <p>Improved the management of our margin compression.</p> <hr/> <p>Increased take-up rate of our digital solutions by SME customers.</p>
<p>Crowded SME Space Intense competition in the SME sector threatens our market share.</p>		
<p>Margin Compression Increased competition and lower sales lead to margin compression for products and services.</p>		
<p>Rapidly Changing Market Rapid market advancements continue to drastically change market needs.</p>		

PROSPECTS & OUTLOOK

In FY2022, we expect the market's volatility to continue as we transition towards a post-pandemic landscape. Therefore, our focus remains on helping our SME customers navigate the upcoming challenges. We will continue to monitor our customers' financial health, offer assistance where needed in the form of repayment, provide products and services to help customers future-proof their business, and further digitalise our processes for greater efficiency and customer experience.

We have developed several strategic priorities for FY2022. For example, our Road to Capital Markets programme allows customers to expand their business by tapping into our capital market products offerings. We have also introduced programmes that focus on SME Digitalisation, Sustainability, Ecosystem Financing and Liability Push. The associated strategic initiatives in the pipeline are designed to help drive AmBank Group's FOCUS 8 Strategy, particularly in pushing capital-light revenue, delivering holistic value propositions, ramping up digitalisation, integrating Environmental, Social and Governance Considerations into the business, and future-proofing our workforce.