

## CHAIRMAN'S MESSAGE

Dear Stakeholders,

The COVID-19 pandemic created difficulties for individuals and businesses and also affected how we operated and performed. In addition to these challenges, we have also resolved our historical matters amicably to allow the Group to move forward without further distractions.



**Growing Trust,  
Connecting People**



I am pleased to present AmBank Group's Integrated Annual Report FY2021, in which we demonstrate how we continue to create sustainable growth and stakeholder value amidst an extraordinary year. In recent years, we have continued to build on our resiliency. The strategic actions taken by our current leadership team enabled us to continue supporting our customers and stakeholders during these tumultuous times. Our ability to adapt to the new normal is a necessity to future proof our business against environmental, social and governance (ESG) risks.

### A CHALLENGING YEAR

The COVID-19 pandemic has virtually affected all industries and economies. As the outbreak rapidly spread, movement restrictions and social distancing measures were widely implemented, affecting businesses and economic activities. The pandemic put a strain on global financial conditions, with sharp declines in prices of financial assets, vulnerabilities in credit markets, and dampened loans growth. In Malaysia, the government's Movement Control Order (MCO) led to adverse economic impacts that rippled across sectors and households. The most significant impact was felt in the second quarter of 2020, with a 17.1% contraction in GDP.

As containment measures gradually eased from the second quarter, economic activities partially resumed, and labour market conditions started to improve. COVID-19-resilient industries experienced quicker recovery, supported by a global surge in digitalisation and a shift in consumer preferences. Export-oriented sectors benefitted from the increasing external demand in areas like electrical and electronic (E&E) products. In contrast, vulnerable sectors, like tourism-related industries, experienced slower recoveries due to continued risk aversion and restrictions on global travel.

In the final quarter of 2020, economic recovery remained vulnerable. A resurgence in cases led to the tightening of containment measures, which dented the recovery pace. However, the impact was less severe due to a more targeted approach of state-specific containment and less stringent supply restrictions. It reflected efforts to balance



**The resiliency of Malaysian banks has been key to absorbing economic shocks.**

managing public health concerns with protecting livelihoods during the pandemic.

As Malaysia went through the various stages of MCO, financial institutions enabled substantial loan repayment relief measures for households and businesses. The resiliency of Malaysian banks, in particular, has been key to absorbing the economic shocks that arose. The sector worked together with Bank Negara Malaysia (BNM) to implement a blanket moratorium, thus ensuring that aggregate banking system impairments and delinquencies remained low.

The Malaysian banking sector remained strong despite the economic shocks. During the year under review, liquidity coverage ratio stayed above 100% due to well-diversified funding policies, with loans-funds ratio and loans-funds and equity ratio remaining above 80% and 70%, respectively. Additionally, Non-Performing Loans (NPL) stayed at a manageable level of 1.6% and did not pose a severe threat to the financial system's health, primarily due to BNM's Targeted Repayment Assistance.

## CHAIRMAN'S MESSAGE

At AmBank Group, we immediately had to adapt to conducting business in the pandemic environment in order to stay competitive. Our priority was to remain agile and effective in our response to the pandemic. We transitioned to a new working model, with stringent measures and Standard Operating Procedures (SOPs) to minimise business disruption while safeguarding the well-being of our customers and staff. During MCO, we enhanced our digital infrastructure so that we can continue to deliver critical financial services to all customer segments. Employees were also provided with ongoing technical and engagement support as they adapt to the work environment.

We also stepped up our efforts in easing the financial burden of customers affected by the pandemic. Following the economic impact of COVID-19, we supported the government's call for banks to provide Targeted Repayment Assistance to borrowers across a range of income groups, with special consideration given to households from the B40 category, micro-businesses as well as borrowers affected by movement restrictions. We provided approximately RM15.2 billion in repayment assistance for loans and financing across our customer segments.

### CONFRONTING OUR PAST AND FORGING AHEAD

In February 2021, we agreed to a settlement with the Ministry of Finance Malaysia (MOF) related to historical transactions by 1Malaysia Development Berhad (1MDB) and its related entities. Having resolved this legacy issue, we are now able to put this matter behind us and focus on our strategy execution. Although the RM2.83 billion settlement undoubtedly impacted our FY2021 results materially, we remained financially resilient with sufficient Common Equity Tier-1 buffer.

Notwithstanding this, we completed a Private Placement of 300 million new shares at RM2.75 per new share, raising RM825.0 million to accelerate capital accretion and further strengthen our balance sheet.

Although the  
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 results materially, we remained  
 financially resilient.

At the same time, we took into account the impact of the settlement and the adverse effects of COVID-19 on economic growth, during our annual review of goodwill and other impairment. As a result, we wrote down goodwill of RM1.79 billion for our conventional and investment banking businesses, as well as RM148 million impairment on our investment in an associate (REIT Impairment).

With the historical matter finally put to rest, we can move forward without further distractions. We will learn from the past and further strengthen our fundamentals, as we have been doing for the past five years. Under the current Board and management teams, we will continue to strengthen our governance structures, improve our due diligence, and enhance the robustness of our systems and processes.



Menara AmBank, Jalan Yap Kwan Seng, Kuala Lumpur

## REINFORCING GOOD GOVERNANCE

The role of the Board was as crucial as ever in FY2021. We needed to ensure that the Group effectively implemented governance and risk models to respond to the challenging environment. Throughout the financial year, the Board remained committed to improving our governance practices through better transparency, responsibility and accountability. At the onset of the pandemic, the Board conducted detailed discussions and maintained active oversight of the developing situation. We deliberated on measures and controls put in place in light of COVID-19, including the financial assistance given to customers affected by the pandemic, as well as its impact on the Group.

In addition to COVID-19 issues, the key topics of discussion included the settlement and closure of issues related to 1MDB, the implementation of digital tools to allow for seamless remote working and collaboration, digital onboarding of new-to-bank customers via e-Know Your Customers, and the successful completion and exit of the Group from the Direction of Compliance (DOC) programme.

The Board also had numerous discussions on strengthening the Group's governance processes and systems. The Board conducted numerous assessments and discussions on the issues related to 1MDB before reaching their conclusion to settle amicably to resolve historical matters of the Group. In reaching this decision to settle, the Board assessed

with the management, the financial capacity as well as the legal options before proceeding. It is our belief and opinion that the settlement is in the best interest of the Group and all its stakeholders.

As we continue to champion good corporate governance practices, policies and disclosures, we humbly received recognition from the Minority Shareholders Watch Group (MSWG) ASEAN Corporate Governance Awards, including the Excellence Award for Overall CG & Performance; Excellence Award for CG Disclosure; and Industry Excellence Award (financial services category). These awards serve as an affirmation of our commitment to maintaining the highest standards of transparency and good governance.



**Excellence Award for Overall CG & Performance**

**Excellence Award for CG Disclosure**

**Industry Excellence Award  
(Financial Services Category)**



From left – Voon Seng Chuan, Chairman, AmBank (M) Berhad, Devanesan Evanson, Chief Executive Officer, Minority Shareholders Watch Group (MSWG), Tan Sri Azman Hashim, Chairman, AmBank Group, Dato' Sulaiman Mohd Tahir, Group Chief Executive Officer, AmBank Group, Dato' Sri Abdul Hamidy Abdul Hafiz, Chairman AmBank Islamic, Jeyaratnam Tamotharam Pillai, Chairman, AmInvestment Bank and Koid Phaik Gunn, Group Company Secretary, AmBank Group at the awards presentation ceremony, which was held on 7 October 2020 at Bangunan AmBank Group.

## CHAIRMAN'S MESSAGE

### INTEGRATING ESG INTO THE BANK

Our long-term success and continued relevance depend on the prosperity and trust of the people we serve and the well-being of the environment in which we operate. Impacts from ESG issues can be financial and material, and can spread across multiple business areas. As the significance of ESG risks become more apparent, and with growing stakeholder pressure for sustainable action, it is increasingly essential to integrate ESG considerations into the business strategy and risk models. With this in mind, we apply the principles of Value-based Intermediation (VBI) into our strategic decisions. VBI aligns with Shariah principles of acting responsibly towards the environment, economy and society at large, which is an integral part of AmBank Group's financial inclusion and responsible lending agenda.

Our sustainability agenda aims to make us more competitive, resilient and accountable in the way that we treat people and the planet. We institutionalised sustainability through AmBank Group's Sustainability Framework, which aligns with the VBI principles, our business strategy, the United Nations' Sustainable Development Goals (UN SDGs) and the higher objectives of Shariah (Maqasid Shariah). The framework is supported by a robust governance structure that enables better sustainability decision-making, implementation and accountability. Spearheaded by the Board of Directors, the sustainability governance structure includes a Sustainability Council in which the senior management can deliberate, monitor and drive the Group's sustainability ambitions. Additionally, we introduced strategic KPIs to the sponsors of our sustainability material matters to further promote our sustainability agenda.

Outside of the Group, we actively participate in industry efforts to develop the sustainability market. For example, AmBank Islamic has been appointed Chair of the VBI Sectoral Guide Working Group, in which we helped develop sectoral guidelines for palm oil, renewable energy and energy efficiency. We are also a member of the Joint Committee on Climate Change (JC3), a platform established by BNM and the Securities Commission to pursue collaborative actions for building climate resilience within the Malaysian financial sector. This aligns with our commitment to mitigate the economic and financial implications presented by the climate emergency.

Through our sustainability efforts over the years, we have improved our MSCI ESG Rating from A to AA, and we are proud to have maintained this rating since then. This is a testament to the strong ESG practices that we have built over the past five years, as an extension of our settlement with the MOF to strengthen our fundamentals. At the same time, we continue to progress in SUSBA ratings, which assess critical environmental and social integration performance for banks worldwide.

### CREATING VALUE FOR STAKEHOLDERS

Our commitment to value creation extends beyond creating profits. We consider the impact of our organisational decision-making on all our stakeholders, now and into the future. With uncertainties expected in FY2021, our focus is to provide adequate support to help our customers, employees, suppliers, and communities navigate the impact of COVID-19.

The pandemic severely impacted the financial health of our customers. In response, we deployed various policies and measures to help affected customers, including relief facilities, repayment assistance and other COVID-19 related financing schemes. We proactively engaged with customers to extend their trade bills by one cycle to ease their cash flows. Furthermore, we set up a Special Relief Facility that offers collateral-free financing of up to RM1.0 million for affected SMEs, with more than 1,400 applications amounting to RM1.20 billion received. As customers shifted to remote working and living, we intensified our digital efforts to help individuals and businesses adapt to and thrive in the new normal. We continued to roll out new digital capabilities and updates to our digital platforms, including online account opening, cashless payments and digital onboarding.

For employees and suppliers, we focused on protecting their income and livelihoods from the rise in unemployment. Undeterred by the economic headwinds, we are proud to report that we did not retrench any AmBank employees. At the same time, we continued to prioritise local suppliers, channelling close to RM450 million to local businesses during the pandemic.

We also strived to protect employees and suppliers from the health risks posed by the outbreak. In addition to remote working arrangements, various measures were swiftly implemented to ensure a safe work environment. All employees were given COVID-19 Self Care Kits consisting of masks and sanitisers, with replenishments available in common areas of our buildings. We also conducted periodic sanitisation across our facilities, installed acrylic screens for physical distancing between workspaces, and uploaded regular COVID-19 updates on SOPs and protocols on the intranet. To help employees navigate the drastic work changes, we organised wellness webinars tailored around stress, anxiety, work-from-home habits, resilience and ergonomics.

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We remained committed to assisting local communities during this challenging time. Aligning with the Group’s Corporate Social Responsibility commitments, we implemented community programmes that aim to reach out and uplift the underserved community at large. Through the AmBank Islamic COVID-19 Assistance Programme, we allocated approximately RM498,000 of AmBank Islamic’s business zakat fund to directly aid low-income groups affected by the ongoing pandemic. The programme aims to alleviate the financial burden of hawkers, small traders and entrepreneurs from *Amanah Ikhtiar* Malaysia (*Sahabat* AIM). Through the programme, we also distributed RM75,000 worth of food hampers to 500 asnaf families nationwide.

We are disappointed that we are not able to declare a dividend this year in order to conserve capital strength during these challenging economic conditions. We understand that many shareholders rely on dividends as income, so this was a particularly difficult decision to make. However, we had to consider the best long-term interest of both the business and our shareholders. We are confident that in doing so, we will be able to generate greater shareholder returns in the years to come.

As we head towards a more digitalised future, we remain steadfast in our commitment to you all  
 – **Growing Trust, Connecting People.**

## FINAL REMARKS

The financial year concluded with solid signs of economic recovery. Vaccine distributions, uplift from external activities and domestic demands, realised investments, and capital expansion signal a more promising FY2022. On the back of this, the banking sector is expected to remain healthy as it continues to help Malaysians recover from the impact of the pandemic. Although the market remains susceptible to economic and geopolitical uncertainties, we are cautiously optimistic about what lies ahead. AmBank has been a strong financial institution in Malaysia for more than 40 years. We have overcome adversities in the past, and will undoubtedly get through this together too. So, while the future remains uncertain, we will approach the post-pandemic landscape with the same perseverance and determination as before.

In closing, I would like to take this opportunity to thank our stakeholders for their continued trust and support. Thank you to the leadership team for their unwavering dedication and guidance. I look forward to working with my fellow Board members and the Senior Management Team in taking the Group to a new level of success. In particular, I want to acknowledge the contributions of Mr Graham Kennedy Hodges (Mr Graham), who has retired as a Director of AmBank Group. Mr Graham has been instrumental to the Group’s transformation journey and growth performance during his tenure. In his place, I welcome Mr Robert William Goudswaard (Mr Goudswaard) as a Non-Independent Non-Executive Director of AmBank Group. With nearly 39 years of international experience in financial services, as well as his previous work as Chief Executive Officer, Mr Goudswaard brings substantial governance expertise and diversity of thought.

Also, my sincere gratitude to all AmBankers; working tirelessly to adapt to the new normal and propel our strategic vision forward. A special thanks to employees working at AmBank Branches, who continue to serve our customers throughout these critical times. My most heartfelt thanks for your extraordinary commitment, professionalism and unity. Finally, my most profound appreciation to our shareholders, customers, suppliers and all other stakeholders. As we embark on uncharted territory towards a digitalised future, we remain steadfast in our commitment to you all – Growing Trust, Connecting People.

**TAN SRI AZMAN HASHIM**  
 Non-Independent Non-Executive Chairman

# GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Stakeholders,

**Our Group navigated a volatile year with challenges that tested our resilience. The unprecedented COVID-19 pandemic has had a profound impact on the Bank, our customers, and stakeholders, from the disruption of businesses and livelihoods due to lockdowns to the acceleration of digital banking.**

This year has also been a transformative one for the Group, in the face of which, we continue to demonstrate strength and resilience. The settlement that we reached with the Ministry of Finance (MOF) on legacy matters has allowed us to move forward without any impediments. Fortified by our enhanced processes that meet stringent regulatory standards, we can now fully focus on our growth agenda.

Over the years, we have built a strong foundation at AmBank, premised on our Top 4 Transformation Strategy. Today, we are able to build on our solid footing through our Focus 8 Strategy.

Our focus continues to be supporting the economic recovery and positioning the Group for sustainable growth. We collaborated with various stakeholders and industry players to help borrowers navigate the financial implications of the pandemic. At the same time, we introduced new digital capabilities in the context of remote banking and working.

We brought purposeful leadership to the forefront of our sustainability agenda, and at the same time we maintained our Top 3 position in most growth areas, with a commendable income growth of 7.7%.

The Group's resilient performance and continued strategic progress despite the extraordinary circumstances reflect on our ability to fulfil stakeholder needs, underpinned by our commitment to Growing Trust, Connecting People.

**Growing Trust,  
Connecting People**



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# Focused Measures



PROFIT BEFORE PROVISION

**RM2.42**  
Billion

14.2% growth



GROSS LOANS AND FINANCING

**RM114.8**  
Billion

7.0% growth



TOTAL DEPOSITS FROM CUSTOMERS

**RM120.5**  
Billion

6.7% growth



TOTAL CURRENT ACCOUNTS AND SAVINGS ACCOUNTS

**RM35.8**  
Billion

24.0% growth



# GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

## AN OVERVIEW OF THE YEAR

The impact of the COVID-19 pandemic reverberated across the global and domestic economies. Containment measures, such as lockdowns and travel restrictions, have led to weaknesses in exports, production, services, and domestic demand as well as increased unemployment rates. Malaysia's GDP contracted 5.6% by end of 2020 – the lowest since the 1997 Asian Financial Crisis.

The banking industry was integral in helping Malaysians navigate the financial implications of the pandemic. Through BNM's moratorium and restructuring measures, banking institutions provided much-needed support to individuals and small and medium-sized enterprises (SMEs) from a cash flow perspective, specifically in terms of loans or financing repayment assistance. To assist borrowers to manage their debts, those with credit card debts were able to convert their outstanding balances into a three-year term loan with reduced interest rates. Banks also provided suitable time-bound repayment flexibilities to protect the credit report of borrowers. With these supportive measures, the pressure on non-performing loans (NPL) eased, with industry NPL broadly stable at 1.6% in 2020 (2019: 1.5%).

At AmBank, we went the distance by focusing on mitigating balance sheet challenges, including monitoring deposit fluctuations, seeking opportunities to refinance existing debts, raising new funding at attractive rates as well revising our planned capital actions. Our business model was adapted to suit new customer norms and social changes, such as channel preferences, products, and financial needs.

Our top priority was to support our customers through the unprecedented challenges. In support of the government's efforts to provide further assistance to those impacted by the pandemic, we implemented our Repayment Assistance packages and Rescheduling and Restructuring (R&R) plans to meet customers' respective needs. At the same time, we adapted our business models according to new customer norms and social changes. Overall, our mitigation measures complemented the government's strategy in supporting vulnerable communities.

## PERFORMANCE HIGHLIGHTS

The Group recorded a resilient financial performance in FY2021. We achieved solid income growth of 7.7% to RM4.55 billion while Profit Before Provisions (PBP) grew by 14.2% to RM2.42 billion. This demonstrates the strength of our diverse franchise and our cost management discipline.

We grew Net Interest Income (NII) by 5.8% to RM2.94 billion, on the back of a 7.0% loans growth. While Net Interest Margin (NIM) contracted 4bps to 1.90% due to the reduction in the Overnight Policy Rate (OPR), we saw margin recovery in the second half of FY2021 through effective asset and liability management. Non-Interest Income (NII) grew 11.3%, driven by strong trading gains and investment income in Global Treasury Market (GTM), higher fees from wealth management, funds management, stock broking and insurance income. Our Cost-to-Income (CTI) ratio improved by 3.1% YoY, with a reduction from 49.9% to 46.8%. This marks the lowest CTI ratio since FY2016.

However, our results were materially impacted by an increase in loans provisions of RM1.14 billion due to pre-emptive macro provisions made for the pandemic's potential impact on credit quality.

Additionally, we incurred one-off exceptional charges in relation to the settlement with the Ministry of Finance of RM2.83 billion, Goodwill Impairment of RM1.79 billion and Real Estate Investment Trust (REIT) Impairment of RM147.8 million. Consequently, we recorded a Net Loss After Tax and Minority Interests (LATMI) of RM3.82 billion in FY2021.

Adjusting for the one-off exceptional charges totalling RM4.77 billion, we achieved core Profit After Tax and Minority Interests (PATMI) of RM961.6 million.

Reflecting these topline gains, The Group's gross loans and financing grew by 7%, outpacing the industry growth of 3%. The growth was driven by Retail and Business Banking, with Mortgages recorded a RM3.6 billion growth to RM40.1 billion and loans to the SME segment expanded by RM2.0 billion to RM22.8 billion.

Furthermore, total deposits from customers increased 6.7% to RM120.5 billion, due to the strong growth in CASA balances, which increased by 24.0% to RM35.8 billion. With our CASA initiatives continuing to deliver positive results, we also recorded a higher CASA mix of 29.7%, compared to 25.5% in FY2020, which positioned us as one of the Top 2 Banks in this category.

We have sustained CASA growth through AmSignature Priority Banking, customised cash management solutions, our partnership with Rakuten Trade for non-face-to-face acquisition, as well as enhanced digital capabilities.

## THE FOCUS 8 STRATEGY

Underpinned by our renewed vision of Growing Trust, Connecting People, AmBank Group's Focus 8 Strategy (FY2021-FY2024) is based on a holistic approach to market trends, regulatory changes, customer behaviour and most importantly, the post-pandemic financial landscape. Progress on the Focus 8 Strategy's eight areas of action are summarised below:



### 1 Attaining a Return on Equity (ROE) of >10%

**We continue to recalibrate our initiatives and priorities to set us on the path towards attaining an ROE of 10%.**

As part of the Business Efficiency Transformation (BET) 300 programme, we successfully accumulated cost savings of more than RM300.0 million over three years from FY2018 to FY2020. In FY2021, we continued to assess and enhance process efficiency groupwide to achieve additional cost savings of more than RM100.0 million.

We have taken a step forward by impairing goodwill of RM1.8 billion, which will enhance ROE going forward. To increase ROE further, we are sharpening our capital allocation process to be more selective in putting our resources to lines of businesses and products that yield better returns.

### 2 Sharpening Our Segment Play

**We have structured differentiated value propositions, designed to best serve specific segments.**

We grew Noll during the year by driving AmSignature Priority Banking for the Affluent segment. This strategy proved to be successful as our Affluent segment grew in size as well as quality in FY2021. Despite the pandemic-related challenges, we managed to grow our segment base by 40.0% and wealth management fees by 48.0% YoY.

The launch of our self-service Wealth feature on AmOnline in July 2019 was timely, facilitating the experience of first-time investors and contributing to RM60.0 million in investments as of March 2021. We received the Asset Triple A Digital Award 2020 for Best Wealth Management Experience.

We also expanded our small-and-medium enterprise (SME) customer base within the Retail and Business Banking segments, which recorded a 4.0% and 17.0% YoY growth, respectively. We launched BizHub SME Marketplace in July 2020 to create an integrated closed marketplace for our SME customers to digitalise their supply chain and connect with other businesses. AmBank BizRace has garnered upwards of 4,000 registrations since its inception, with a total Return-on-Investment (ROI) of over 200%. Additionally, we developed an integrated SME-in-a-Box™ customer value proposition in partnership with Maxis, FMC, BonusLink, AmMetLife and AmGeneral. As of March 2021, merchant CASA year-to-date growth stood at 23.7%, driven by our SME-in-a-Box™ initiative that offers comprehensive product deals, bundled with differentiated offers to meet individual SME customer needs.

## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

### 3 Delivering Holistic Customer Value Propositions Leveraging Collaboration and Partnerships

**We continue to expand our strategic ecosystem partnerships to deliver a seamless experience to our customers and improve customer acquisition.**

Over the last financial year, we established a cross-industry partnership with Maxis to deliver value propositions for SMEs, leveraging and harnessing data-driven insights to provide tailored offerings. In May 2020, we jointly developed the SME-in-a-Box™ bundled proposition featuring telco and financing facilities. As of March 2021, we have assisted over 5,000 SMEs. In addition, we collaborated to launch mTAP, a secure contactless payment solution that utilises mobile devices as a payment acceptance terminal to process debit and credit card transactions, which was very well received by our SME customers. This digital solution aligns well with the government's agenda to empower the digital economy and is timely given the accelerated demand for digitalisation as a result of the pandemic.

Through our ongoing partnership with BonusLink, we have rolled out a converged loyalty programme for AmBank cardholders and expanded our distribution footprint. We are integrating BonusLink into the lifestyle ecosystem by extending our collaboration with other players across different industries. As of the end of FY2021, BonusLink has close to 150 merchant partners on its platform. Together, we are looking to scale this further through more attractive loyalty propositions and digitalised experience with a newly launched merchant portal and mobile application.

### 4 Pushing Capital-Light Revenue

**We are further developing our FX franchise by leveraging the Group's distribution footprint, whilst enhancing our cash management capabilities through digital collection and payment solutions.**

We focused on building capital-light revenues such as CASA, FX and wealth products. As a result, CASA and FX grew by 24.0% and 28.0% YoY, respectively, whilst ASNBV sales in Wealth Management increased by 117%. We were ranked first within the industry for ASNBV sales.

### 5 Ramping Up the Next Wave of Digital Initiatives

**We improved our digital and data analytics capabilities by embedding digitalisation into our corporate DNA and nurturing a strong pool of in-house digital talents.**

With COVID-19 triggering a surge in digital usage, we ramped up our digitalisation efforts across our distribution channels through digital offerings, products and services that assist individuals and businesses adapt to the new normal. We remained committed to assisting local communities through this challenging time. In recognition of our efforts, we received the "Outstanding Digital Acceleration in response to COVID-19" award by the Digital Banker. Our continuous collaborations and strategic partnerships with various FinTech players have enabled us to deliver agile digital solutions such as e-KYC and digital on-boarding in a contactless, efficient and effective manner.

Within the Group, we are progressively implementing end-to-end business process reengineering and robotic process automation to drive better productivity and business efficiency.

## 6 Future-Proofing the Workforce

**We helped employees navigate the rapidly evolving banking landscape through retaining reskilling and upskilling initiatives.**

To nurture young graduates towards becoming future banking leaders, we made 63 graduate hires across four batches since the inception of the AmGraduate Programme, in collaboration with the Asian Business School. As part of our support for the government's Protégé initiative, we have provided 50 Malaysian graduates with a strong foundation of knowledge, skills, and on-the-job training.

In response to the need for remote working arrangements, the training modality of our talent programmes was rapidly moved to digital platforms. This included digitalising the Retail Banking and Business Banking Academy programmes that are part of our plan to develop Super Relationship Managers. Similarly, we enhanced our employee self-service solutions and workplace experience through the adoption of mobile app platforms and technologies, thus increasing the efficiency and convenience of employee interactions.

## 7 Integrating ESG into the Business

**We made good progress on our sustainability agenda to further future-proof our business against ESG risks.**

In FY2021, we set up the Group Sustainability Council with the primary objective of deliberating, monitoring, and driving the Group's sustainability agenda. We also identified ten sustainability sponsors to accelerate key strategic initiatives, driven by strategic sustainability KPIs. The sustainability sponsors are responsible for implementing the sustainability strategies on the ground as well as reviewing the effectiveness of relevant policies and processes based on sustainability matters.

Over the years, we have improved our ESG rating by MSCI from 'A' to 'AA' today. Moreover, the progress we have made in terms of ESG integration was recognised through World Wide Fund for Nature's (WWF) Sustainable Banking Assessment (SUSBA) framework. These rating upgrades reflect improved accountability and governance in the development of products and services, as well as enhanced risk committee independence.

## 8 Exploring Digital Bank

**We continue to accelerate and economically scale up our digitisation efforts.**

Digitalisation remains a key agenda for us going forward as we fulfil our role as a digital enabler, helping businesses improve digital adoption by availing them with digital infrastructure as well as digital risk and compliance know-how. This helps businesses better deliver products and services that meet the needs of their customers.

## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

### DIGITAL BANKING SOLUTIONS

The COVID-19 pandemic has decidedly put paid to the concept of “banking as usual”. It has been a tremendous driving force in accelerating digital adoption by reshaping consumer expectations. For AmBank, we took the opportunity to accelerate our digital initiatives. We adapted to changing consumer demands through internal digitisation and transformation efforts. We are single-minded in our approach in building, developing and aggressively executing our digital strategy which has fortuitously placed us in good standing amid the pandemic.

From the onset of the movement restrictions, we remotely facilitated all our projects, resulting in more than double the projects being completed in FY2021 compared with FY2020. This was primarily attributed to the quick adoption and efficient usage of online meetings and collaborative tools to complement working from home (WFH). The utilisation of robotics and machine learning also enhanced efficiency and productivity. We were also able to roll out several digital initiatives and capabilities to bring about a better customer experience; this included the relaunch of our AmOnline app and online banking with an improved user-friendly interface.

Recent developments in e-KYC capabilities also enabled us to pilot SME Digital Onboarding and Retail Onboarding. These allow for a fully end-to-end digital account opening for our SMEs and retail customers, making the experience fully contactless. We are also making strides in developing a cross-onboarding platform for AmOnline and AmEquities. To this end, we have commenced the development of our BonusLink cross-onboarding programme through AmOnline, which will allow customers to enjoy the seamless integration of both an AmBank account and our partners’ offerings.

### AWARDS & ACCOLADES



#### Malaysian e-Payments Excellence Awards (MEEA)

- Outstanding Contribution to MyDebit (fourth consecutive year)
- Outstanding Contribution to JomPAY (fourth consecutive year)
- Top JomPAY Acquirer

#### The Global Business Outlook Awards

- Best Mobile Banking App
- Most Innovative Mobile Banking App

#### The Asset Triple A Digital Awards 2020

- Best Retail Mobile Banking Experience
- Best Wealth management Experience

#### Red Hat Forum Asia Pacific 2020

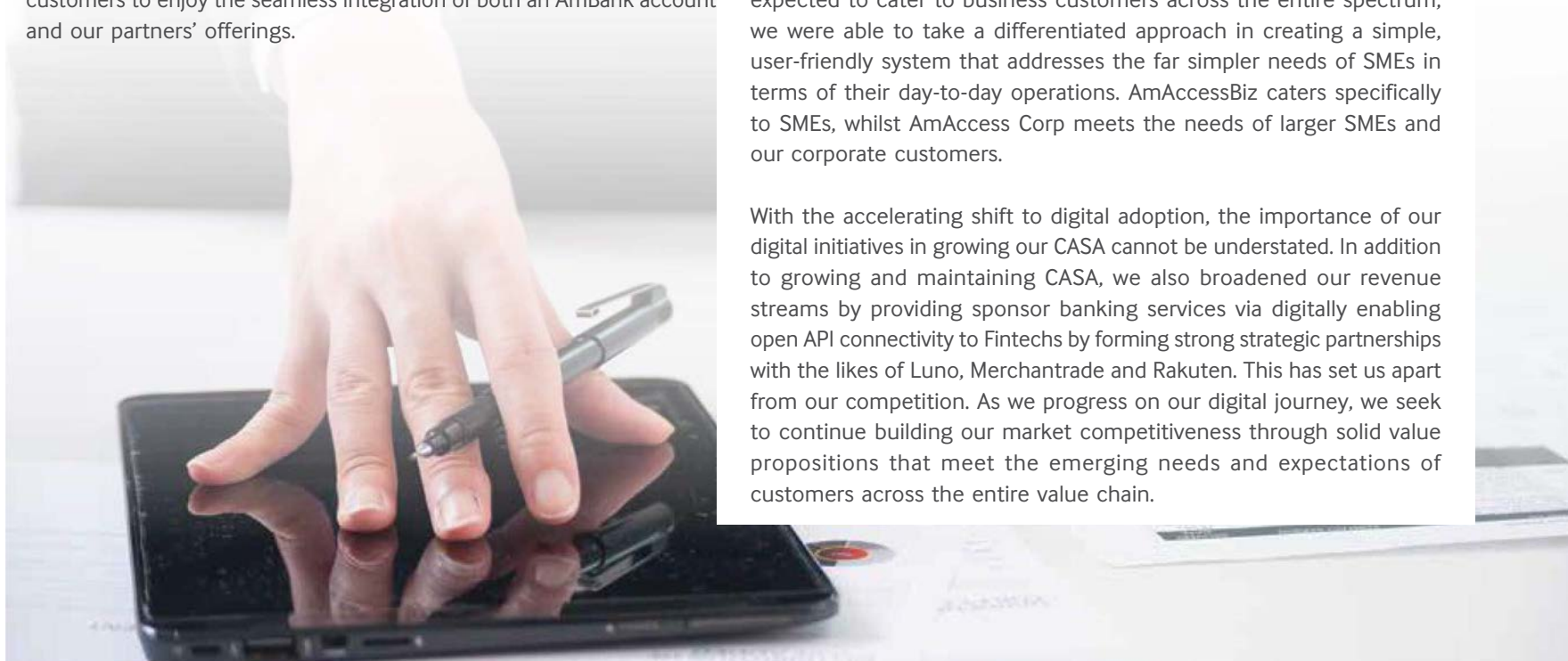
- Red Hat APAC Innovation Awards 2020 for Malaysia

#### Digital Banker

- Outstanding Digital Acceleration in response to COVID-19

Furthermore, we continuously strive to provide full-fledged solutions to mid and large corporates as well as the SME segment. By avoiding the one-size-fits-all online banking/cash management platform that is expected to cater to business customers across the entire spectrum, we were able to take a differentiated approach in creating a simple, user-friendly system that addresses the far simpler needs of SMEs in terms of their day-to-day operations. AmAccessBiz caters specifically to SMEs, whilst AmAccess Corp meets the needs of larger SMEs and our corporate customers.

With the accelerating shift to digital adoption, the importance of our digital initiatives in growing our CASA cannot be understated. In addition to growing and maintaining CASA, we also broadened our revenue streams by providing sponsor banking services via digitally enabling open API connectivity to Fintechs by forming strong strategic partnerships with the likes of Luno, Merchantrade and Rakuten. This has set us apart from our competition. As we progress on our digital journey, we seek to continue building our market competitiveness through solid value propositions that meet the emerging needs and expectations of customers across the entire value chain.



## SUPPORTING THE SME SECTOR

SMEs are the backbone of the local economy, representing over 98.0% of business establishments in Malaysia. Through our strong SME customer base, we aim to unlock the full potential of the SME sector while concurrently further contributing to socio-economic development. Through AmBank BizClub, we have engaged with over 12,000 SMEs, providing education, training and networking opportunities to assist them in scaling their businesses. In FY2021, we received over 2,000 SME sign-ups for our annual AmBank BizRACE, with more than 200 shortlisted to undergo various training and development activities. Furthermore, we offered SMEs grant funding of up to RM1.0 million through strategic partnerships with various Government bodies, including the Ministry of International Trade and Industry (MITI).



Through AmBank BizClub, we have engaged with over **12,000 SMEs**, providing **education, training and networking opportunities** to assist them in scaling their businesses.

With many SME customers severely affected by the pandemic, we continued to support them by providing financial assistance and expertise. In line with BNM's six-month moratorium that commenced on 1 April 2020, we offered automatic deferment for all eligible SME loans/financing repayments to ease the burden of our customers. We also extended our targeted Repayment Assistance Programme to 31 December 2021. As of March 2021, we have received over 2,300 SME applications with RM2.90 billion in total loans outstanding. Furthermore, we set up a Special Relief Facility comprising collateral-free financing of up to RM1.0 million to support SMEs affected by COVID-19. Since March 2020, we have received more than 1,400 applications for the facility, totalling approximately RM1.20 billion.

Overall, we contributed RM22.60 billion to the SME sector through loans and financing this financial year alone. Our efforts to empower the SME ecosystem have established AmBank Group as one of Malaysia's leading SME banks. We continue to receive various awards and recognitions for our work in the sector, including being named Best SME Bank Malaysia for the fourth consecutive year as well as receiving the Best Islamic SME Bank Malaysia award for the second year running at the Global Banking & Finance Awards 2021. We were also named Best Islamic SME Bank Malaysia at the Alpha Southeast Asia Best Financial Institution Awards 2020.

## RESHAPING THE WORKFORCE

As we adapted to the economic realities of FY2021, we placed emphasis on preserving employee well-being and productivity in the face of the pandemic and its associated impact particularly on the emotional and physical well-being of employees. We took up the challenge of ensuring everyone was connected, engaged, and aligned in order to keep the business moving forward. Our foremost priority was keeping employees safe from COVID-19. To this end, we swiftly implemented remote working measures to safeguard our employees and customers. For essential employees that were required to work onsite, we distributed protective gear such as face masks, face shields, hand sanitisers, gloves, and antiseptic detergents. AmBank also introduced a dedicated internal microsite on COVID-19 to deliver pertinent information regarding the outbreak.

With the intention of boosting employee morale, we stepped up one-on-one engagements with employees working remotely, emphasising mental health and resilience. This included increasing the number of Engagement Champions and related activities, as well as conducting virtual wellness webinars tailored around employee stress, anxiety, WFH habits and ergonomics. Additionally, we set up a 24/7 COVID-19 Employee Helpdesk to assist with employee enquiries, facilitate COVID-19 testing and quarantine as well as meet other COVID-19 related needs.

Over the past few years, we have enhanced Human Capital investments and this continued to hold true in 2020. During the reporting period, we introduced new learning and development programmes through LearnTech and other non-traditional delivery channels and modalities, thus ensuring the programmes' effectiveness as well as encouraging employee participation during WFH. Overall, we invested over RM14.2 million in training and development programmes, allowing us to equip over 10,000 employees with the skills and knowledge required to thrive in the long term and face the ever-changing challenges of the market while contributing to our sustained growth.



We invested over **RM14.2 million** in training and development programmes, allowing us to equip over 10,000 employees with the skills and knowledge required to thrive in the long term.

Despite the significant challenges to the work environment, we recorded an increase in our Employee Engagement Score. Furthermore, we received numerous talent management awards, including the HR Excellence Awards; Malaysia Best Employer Brand Awards; Malaysia 100 Leading Graduate Brands Awards and Malaysia Globally Recognised Employer Brand Awards. These achievements are a demonstration of our efforts in creating a nurturing and engaging work culture, thus reinforcing our position as the banking sector's 'Employer of Choice'.

## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

### CREATING POSITIVE IMPACT

We are conscious of our responsibility in addressing social and environmental challenges, such as economic inequalities, climate change and the current pandemic. Additionally, our financial outcomes are linked to our ability to manage ESG risks and opportunities. With this in mind, we continue to strive towards becoming a purpose-driven Group.

Through AmBank Islamic, we incorporate the principles of Value-Based Intermediation (VBI) into our financing decisions. VBI is aligned with the Shariah principles of responsible behaviour towards the community and the environment. ESG considerations are integrated into our strategies, business activities and portfolio. This includes managing climate change risks and ensuring that adequate anti-bribery and anti-corruption practices are in place. We are conscious of the need to contribute to the greater good of our stakeholders without compromising our financial objectives. To this end, our sustainability agenda is driven by three themes: **Responsible Banking, Conscious Self-Conduct and Positive Societal Impact.**



### Responsible Banking

Outlines our commitment to conducting our business and engaging with customers in a responsible manner. This theme lies at the heart of all that we do here at AmBank. In FY2021, we commenced our implementation of Environmental and Social Risk Assessment as part of our corporate customer credit evaluation process. At the same time, we have embarked on a pilot initiative where we classify selected new loans and financing based on BNM's Climate-Change and Principle-based Taxonomy discussion paper. As part of our capacity building initiative involving the provision of green financing, we organised a knowledge sharing session by Malaysia Debt Ventures Berhad for businesses and risk managers. Similarly, we conducted the AmBank Green Leadership Series for board members and senior management in collaboration with Malaysia Green Technology and Climate Change Centre (GreenTech Malaysia). We also developed green financing taxonomy for selected sectors such as energy, manufacturing, building, transport, and palm oil.



### Conscious Self-Conduct

Ensures that our practices and activities reflect our aspiration to become a sustainable organisation. We actively identify and implement green initiatives that minimise our potential environmental impact. To minimise plastic waste, we eliminated the procurement of plastic water bottles and stationaries for office usage. At the same time, plastic packaging on AmBank Group merchandise has been progressively replaced with recyclable paper-based material. In support of climate action, we implemented energy-efficiency initiatives to lower our operational carbon emissions. This included replacing conventional lights with an energy-efficient LED lighting system, installing solar panels to generate clean energy, and consolidating our office space to ensure lower energy consumption.



### Positive Societal Impact

Ensures that we contribute to a more sustainable future by prioritising engagement with the wider community. Through community outreach programmes, we aim to enable social mobility and improve the quality of life across all levels of society. In FY2021, we invested close to RM230,000 in corporate social responsibility (CSR) programmes to help underserved communities, which was particularly critical amidst COVID-19. In total, we contributed over RM2.7 million to communities.

## THE YEAR AHEAD

We take a cautious view of Malaysia's economic outlook given that pandemic-related risks continue to unfold as we move into FY2022, coupled with the fact that the timely rollout of the nationwide vaccination drive is subject to the expedient supply of vaccines.

We are committed to spearheading new paradigm shifts in the banking sector as we operate in an increasingly dynamic and digital environment. AmBank Group will continue to put customer needs at the forefront while embracing technology to emerge stronger and more competitive.

As we move into the new financial year, we will prioritise strengthening our balance sheet, rehabilitating customer debt, maintaining higher liquidity buffers, as well as driving productivity and cost efficiencies in line with income growth.

Simultaneously, we will continue to build on our sustainability journey, with a focus on generating long-term shareholder returns and creating a positive impact for current and future stakeholders.

We will continue, as we have for the past five years, to strengthen our fundamentals and apply learnings from the challenges of FY2021.

I would like to take this opportunity to thank our Board of Directors for their continued guidance and counsel, which have been imperative in these turbulent times. I would also like to acknowledge the management team for their unwavering commitment to driving the Group forward.

Everything we do is driven by a commitment to creating value for each of you, as we continue to realise our vision of **Growing Trust, Connecting People.**

A special thanks to our outgoing colleagues – Seohan Soo, CEO of AmInvestment Bank Berhad; Derek Roberts, CEO of AmGeneral Insurance Berhad; and Ramzi Toubassy, CEO of AmMetLife Insurance Berhad – for their years of dedicated service. At the same time, I am pleased to welcome their successors, Tracy Chen Wee Keng, David Tan See Dip and Lee Jiau Jiunn, to the AmBank team.

I would like to acknowledge the significant contributions of all AmBankers. It is your commitment, dedication and tireless efforts that have enabled us to continue to meet the financial needs of our customers amidst significant disruption. Together, I trust that we will be able to achieve greater levels of success.

I am grateful for the continued support and loyalty of all our stakeholders – customers, shareholders, regulators, suppliers and the community at large. Everything we do is driven by a commitment to creating value for each of you, as we continue to realise our vision of Growing Trust, Connecting People.

**DATO' SULAIMAN MOHD TAHIR**  
Group Chief Executive Officer