

OPERATING LANDSCAPE

ECONOMIC REVIEW

YEAR UNDER REVIEW

The Global Economy

- The COVID-19 pandemic significantly impacted the global economy, with containment measures and travel restrictions affecting business and investment activities.
- Governments responded with stimulus measures to support global economic recovery.
- Vaccine roll-out, growth in global semiconductor sales and firmer commodity prices also contributed to improved economic performance towards the end of FY2021.
- Still, global recovery remained uneven according to the effectiveness of policies in curbing the spread of the virus.
- Overall, global GDP fell by 3.3% and trade by 8.5% in 2020, the worst economic downturn since the Great Depression.

Chart 1: Global GDP & Global Trade



Source: CEIC/AmBank Research

The Malaysian Economy

- Malaysia's Movement Control Order (MCO), compounded by weak global demands, led to a contraction in economic activity and a deterioration in the domestic market.
- The gradual resumption of business and social activities and the various stimulus measures released by the Government resulted in economic growth in the second half of FY2021.
- The growth was also supported by improved global trade and investment, greater activities from public and private expenditure, vaccines deployment, upcycle in semiconductor, firm commodity prices, better business and consumer sentiments, a pick-up in investment, capital expenditure and a low base.
- Despite gradual improvements later in the year, Malaysia's overall economy fell by 5.6% in 2020 – the lowest since the 1997 Asian Financial Crisis.

Chart 2: Malaysia GDP & Exports



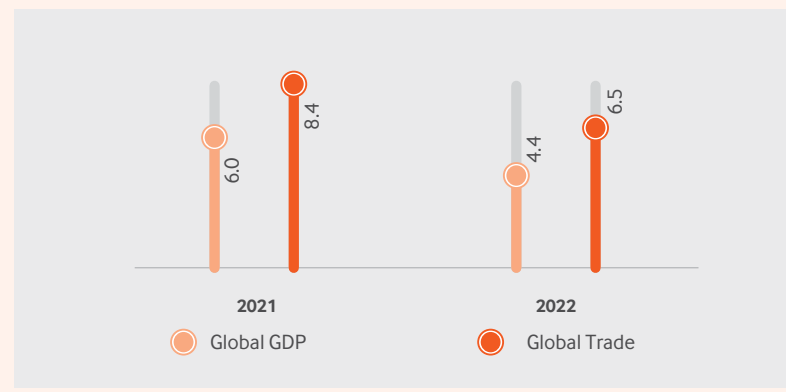
Source: CEIC/AmBank Research

OUTLOOK

The Global Economy

- The global growth momentum will continue in the upcoming financial year due to an increase in investments, trade, business, and consumer confidence. Overall, global GDP is projected to grow by 6.0% and trade by 8.4% in 2021.
- However, the growth will likely remain below pre-pandemic levels, dampened by risk aversion on the demand side and the effect of diminished physical and human capital accumulation of labour productivity.
- Global GDP is projected to grow by 4.4% and trade by 6.5% in FY2022.

Chart 3: Global GDP & Global Trade

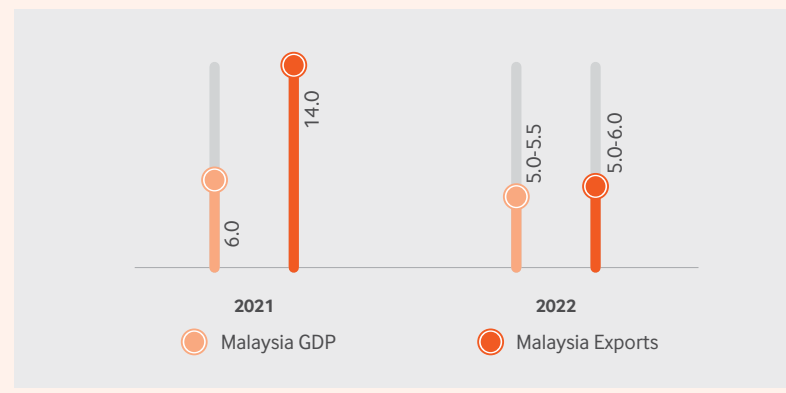


Source: CEIC/AmBank Research

The Malaysian Economy

- Economic momentum is projected to stay in the positive trajectory in FY2022. Continued uplift from external activities and domestic demand, together with realised investments and capital expansion, will see Malaysia's economy expand between 5.0% – 5.5%.
- Trade will continue to remain healthy on the back of a firm global growth and trade environment. Steady demand from major trading partners, positive semiconductor outlook and primary-related exports will provide the catalysts. As a result, exports should grow by 5-6% after strong double-digit growth.
- Inflation will stabilise with the market forces finding their equilibrium following the lag between supply and demand. Inflation is projected to hover around 2.0% – 2.5%.
- Exports are projected to grow by 14%, backed by healthy demand from major trading partners, firm commodity prices, upcycle in semiconductors, and demand for primary-related activities.

Chart 4: Malaysia GDP & Exports



Source: CEIC/AmBank Research

IMPLICATIONS FOR OUR STRATEGY

- As businesses and sectors recover, laggard industries from the pandemic impact are poised to pick up strongly in FY2022.
- Greater demand for trade facilitation will contribute to improved financial performance.
- Mid-Corp and SMEs are expected to recover, and we foresee capital expansion taking place.
- An estimated 20% of SMEs will fall into 'zombie' status.

LINK TO

Capitals:

Strategy:

Material Matters:

A. STRATEGIC REVIEW

OPERATING LANDSCAPE

BANKING REVIEW

YEAR UNDER REVIEW

- The Malaysian banking sector entered the economic crisis from a strong position, absorbing the macroeconomic shocks of the pandemic.
- 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.
- Bank Negara Malaysia (BNM) reduced Overnight Policy Rates (OPR) by a cumulative amount of 125 basis points (bps) from 3.00% to 1.75% to ease undue pressure on the sector.
- Loan's growth subdued in 2020, from 3.9% in 2019 to 3.4% in 2020. Still, through BNM's moratorium and restructuring measures, banks provided cash flow support to individuals and Small & Medium Enterprises (SMEs) related to loans or financing repayments.
- Non-Performing Loans (NPL) stayed at a manageable level of 2% and did not pose a serious threat to the industry's health. Upwards pressure on NPLs was contained by the targeted payment assistance.
- Provisioning for loan losses fell as banks had front-loaded their provision in 2020. In 2021, credit cost hovered around 47bps compared to 55bps in 2020. However, the risk of higher-than-expected provisioning due to asset quality deterioration remained.

OUTLOOK

- The health of the banking sector is expected to remain positive in FY2022, with a liquidity coverage ratio projected to maintain above 100%.
- NPL will also remain at a manageable level, supported by improving economic conditions.
- On the back of strong economic recovery, loans growth is projected to expand by 4%-5%.
- Provisioning for loan losses will be at a steady level, thus not posing any serious threat to the financial system.

IMPLICATIONS FOR OUR STRATEGY

- Minimum pressure on net interest margins (NIM) as policy rate is likely to remain unchanged.
- Core earning will improve with the pick-up in loans growth, stable NIMs, controlled operating expenses and lower provisions.

LINK TO

Capitals:



Strategy:




Material Matters:



MATERIAL MATTERS

To create value, we systematically manage material matters that have the most potential to impact our long-term business performance and growth. We determine our material matters by mapping the current and future needs of stakeholders against our business objectives. Each material matter brings forth its risks and opportunities, which in turn helps us formulate plans and strategies for sustainable value creation.



GEOPOLITICAL AND ECONOMIC TRENDS

Our ability to create value is highly dependent on the dynamic and changing macroenvironment. As a result, we remain susceptible to geopolitical and economic developments across the markets we operate in.

RISKS

- Ongoing uncertainties and external headwinds can negatively impact our financial performance and growth potential.

OUR APPROACH


- Establish a comprehensive franchise that focuses on high-yielding businesses.
- Adopt an agile approach to effectively navigate and capitalise on the changing environment.

OPPORTUNITIES


- Proactively responding to emerging trends with appropriate solutions enable us to unlock new market opportunities.

LINK TO


Capitals



Strategy



Stakeholders





TECHNOLOGY & DIGITAL TRANSFORMATION

Emerging technologies, increasing competition and evolving customer demands are changing the banking landscape. To meet these rapid changes, we need to integrate digitalisation into all aspects of the business.

RISKS

- An increase in online customers exposes the Group to cybersecurity breaches and data loss, thus impacting business continuity and stakeholder confidence.

OUR APPROACH


- Continuously expand and enhance our digital touchpoints for retail and non-retail customers.
- Launch digital products and solutions that help SMEs tap into e-commerce and other emerging market segments.
- Foster partnerships with cross-industry players to deliver integrated and seamless banking services.
- Utilise analytics to deliver personalised offerings through our digital and online channels.
- Strengthen cybersecurity through the continuous improvement of cybersecurity posture and enhanced IT landscape end-to-end visibility.

OPPORTUNITIES

- Tapping into new and emerging technologies help improve operational efficiency, costs and customer experience.

LINK TO


Capitals



Strategy



Stakeholders



MATERIAL MATTERS



CUSTOMER SATISFACTION

Customers are expecting more from their banking services. They are increasingly demanding faster turn-around time, convenient banking, preferential financing options, and personalised products and services.

RISKS

- A lack of customer engagement or understanding impacts our ability to meet their banking needs, resulting in the loss of customers to our competitors.

OPPORTUNITIES


- Delivering a convenient yet personalised customer experience strengthens customer acquisition and loyalty, thus contributing to improved financial performance.

OUR APPROACH


- Conduct regular customer engagements to effectively identify and address common customer pain points.
- Introduce innovative solutions that meet the needs of target segments to help business customers scale-up.
- Leverage digital technologies that deliver a convenient and seamless customer experience.
- Establish Net Promoter Score (NPS) and fair-dealing principles as Key Performance Indicators (KPIs).

LINK TO


Capitals



Strategy



Stakeholders





GOVERNANCE & COMPLIANCE

As financial intermediaries, banking is one of the most well-regulated sectors. With a constantly evolving regulatory landscape, good governance and compliance is key to ensuring a stable, safe and sustainable operating environment.

RISKS

- Non-adherence to legislation results in financial and non-financial costs, such as regulatory sanctions, fines and loss of public trust.

OPPORTUNITIES


- Active engagement with regulatory bodies and agencies enables us to stay ahead of new regulations, which improves our resiliency and competitive edge.

OUR APPROACH


- Work closely with relevant regulators and authorities to ensure consistent compliance with new laws and regulations.
- Implement our Compliance Culture Programme, in which we drive continuous education and awareness initiatives that drive a culture of adherence.
- Establish a robust compliance system through stringent policies and guidelines, which are overseen by our compliance department.
- Perform regular reviews and evaluations of our policies and procedures to ensure they remain relevant.
- Measure governance and compliance KPIs as part of the day-to-day ways of working.

LINK TO


Capitals



Strategy



Stakeholders





LEADERSHIP & TALENT

The rapidly changing landscape continues to influence the roles and skillsets required for our sustainable growth. Our long-term resiliency depends on a digital-ready and agile workforce.

RISKS

- Gaps in skills and knowledge within the workforce limit our ability to meet customer needs, thus impacting our performance and growth aspirations.

OPPORTUNITIES

- Investments in human capital development contribute to a productive and engaged workforce, as well as establish a strong talent pool of future leaders.

OUR APPROACH

- Provide training programmes that equip employees with future-ready capabilities, transferable skills and a continuous learning mindset.
- Conduct regular employee engagements that help us understand and respond to their key concerns.
- Establish a conducive, inclusive and nurturing work culture to continue attracting and retaining the industry's top talent.

LINK TO

Capitals



Strategy



Stakeholders



ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS

There is an interdependence between human development, environmental well-being and economic performance.

Consequently, regulators, investors and other stakeholders are increasingly expecting banks to embed environmental and social considerations into our business strategies.

RISKS

- Unsustainable environmental and social practices expose the Group to regulatory non-compliance, fines and sanctions.

OPPORTUNITIES

- Integrating sustainability into every aspect of our business demonstrates our commitment to becoming a sustainable banking leader.

OUR APPROACH

- Implement AmBank Group's Sustainability Framework, which incorporates key ESG considerations into our business decisions.
- Adhere to Bank Negara's Value-Based Intermediation (VBI) principles.
- Establish a sustainability governance structure for more efficient decision-making, implementation and accountability of sustainability matters.
- Assign an environmental and social risk grade (ESRG) for all credit applications.

LINK TO

Capitals



Strategy



Stakeholders



A. STRATEGIC REVIEW

KEY RISKS AND MITIGATION

The effective management of existing and emerging risks is how we build resilience against challenges to sustainable growth. We maintain a proactive approach towards risk management through our robust and well-established Risk Management Framework, ensuring appropriate mitigation strategies are deployed to navigate the uncertainties. The framework is set within the parameters of a Board-approved Group Risk Appetite Framework (GRAF), which defines our risk and reward profile in achieving our strategic objectives.

LEGEND:-

Impact Rating:



HIGH



LOW



MODERATE

Risk Trend:



Stable



Increase



Decrease



Key Risk No. 1

CREDIT RISK

Customers' inability to fulfil their repayment obligations due to various factors – such as economic contraction, weak property market, high unemployment, inflation, and a global pandemic – impacts our financial performance.

LINK TO

Capitals:



Strategy:



Material Matters:



Stakeholders:



IMPACT ON VALUE

- Increase in impairment losses
- Reduction in collateral/security values
- Lower profitability and growth performance

MITIGATION STRATEGIES

- Actively monitor portfolios and proactively engage with customers (commercial and retail) to determine if Restructured & Rescheduled (R&R) of their facilities are needed.
- Semi-annually review the GRAF for better risk control on higher-risk and vulnerable incomes, occupations, Central Credit Reference System (CCRIS), industries, financing ratio and risk grade segments.
- Conduct a dynamic simulation to estimate vulnerable borrowers' deterioration and portfolio risk migrations for timely actions and adequate loss provisions.
- Improve monitoring and early warning tools for more effective credit management and portfolio monitoring.
- Exercise caution for new lending to SME customers in sectors that are particularly vulnerable to COVID-19.

2021 RESULTS

- Retail portfolio of overall Gross Impaired Loan Ratio (GIL) and Probability of Default (PD) performance remained within the management guidance.
- Asset quality performance from new loans is satisfactory as per management expectations.
- Quality of SME portfolio managed within acceptable levels due to schemes launched by the government and repayment assistance offered.
- The bank's loan loss reserve provisioning is sufficient to cover impairment and is being reviewed and re-assessed periodically.

RISK TRENDS AND IMPACT

The credit quality of all our portfolios remains stable.



Key Risk No. 2

MARKET RISK

Evolving market conditions, as well as fluctuations in interest rates/profit rates, foreign exchange rates and equity prices, may lead to financial losses.

LINK TO

Capitals:



Strategy:



Material Matters:



Stakeholders:



IMPACT ON VALUE

- Lower profitability and growth performance
- Hedging inefficiencies arising from uncertainties
- Tight capital market to raise funds

MITIGATION STRATEGIES

- Strictly adhere to a comprehensive Market Risk and Liquidity Risk Management Framework, supplemented by the Market Risk Management Policy.
- Independently monitor detailed portfolio limits within the bank's market risk appetite on a day-to-day basis.
- Automation of market risk monitoring and assessment tools to enhance coverage and increase efficiencies.

2021 RESULTS

- Portfolio volatility proactively managed and minimised within the approved limit structure and risk appetite.

RISK TRENDS AND IMPACT

There is higher market volatility in the interest rate risk space, which has been proactively managed within the approved limit structure and risk appetite.



Key Risk No. 3

LIQUIDITY RISK

Limitations in liquidating our assets may cause the Group to have insufficient financial resources to meet our business obligations as they fall due.

LINK TO

Capitals:



Strategy:



Material Matters:



Stakeholders:



IMPACT ON VALUE

- Insufficient cash to meet financial commitments
- Defaults from an inability to fund liabilities
- Financial losses from debt obligations

MITIGATION STRATEGIES

- Comply with a comprehensive Market Risk and Liquidity Risk Management Framework, supplemented by the Liquidity Risk Management Policy.
- Define the liquidity risk appetite according to compliance with a range of internal and regulatory measures.
- Perform liquidity stress tests to identify and address potential areas of concern.
- Establish system enhancements that enable more proactive liquidity risk management.

2021 RESULTS

- Proactively managed liquidity risk within the approved limit structure and risk appetite.

RISK TRENDS AND IMPACT

The Liquidity Coverage Ratio trend remains stable.

KEY RISKS AND MITIGATION



Key Risk No. 4

OPERATIONAL RISK

Inefficient or failed internal processes, people, systems or external events exposes the Group to operational disruption and potential losses.

LINK TO

Capitals:



Strategy:



Material Matters:



Stakeholders:



IMPACT ON VALUE

- Loss of productivity and performance
- Significant penalties and disruptive stop-work orders
- Loss of stakeholder trust
- Costs of rectifications

MITIGATION STRATEGIES

- Adopt an operational risk framework, with a Board-approved set of Operational Risk Appetite guidelines. This sets forth the formulation of policies and procedures for operational risk management.
- Implement a governance structure that embeds the Three-line of Defence approach with the business divisions taking the first line of defence; Group Operational Risk Unit for the second line; and Internal Audit taking the third and final line.
- Devise a full suite of operational risk management tools, such as Risk Control Self-Assessment, Key Control Testing, Key Risk Indicators etc., to provide both leading and lagging risk management indicators through an integrated Operational Risk Management System.
- Periodically undertake comprehensive business continuity planning and implement a robust Business Continuity Management (BCM) Framework to cater for all eventualities, including a pandemic.
- Carry out consistent drills periodically on all aspects of the BCM Framework to ensure that all policies and procedures are sufficient and adequate.
- Adhere to BCM and crisis management framework, policies, practice guides and plans.

2021 RESULTS

- Lowered total operational losses in FY2021 by 85% YoY.

RISK TRENDS AND IMPACT

Total operational losses decreased from the previous year, apart from one isolated loss (totalling RM9.51 million) in an offshore bank.



Key Risk No. 5

CYBER RISK

Inadequate cybersecurity and internal controls expose the Group to cyber-attacks and data breaches.

LINK TO

Capitals:



Strategy:



Material Matters:



Stakeholders:



IMPACT ON VALUE

- Loss of confidentiality and stakeholder trust
- Breaches in data integrity and availability
- Financial losses and impacted performance
- Delays in digital transformation

MITIGATION STRATEGIES

- Actively deploy the latest patches and updates to the Group's information systems.
- Implement Next-Generation Anti-Virus and Endpoint Detection & Response (EDR) at the endpoints.
- Filter incoming emails at the email gateway for threats.
- Implement perimeter network control measures (i.e. firewalls and Intrusion Prevention System) on the Group's information systems.
- Conduct red teaming activities to proactively test and simulate attacks on the Group's security controls to identify and assess potential vulnerabilities.

2021 RESULTS

- Effective defence-in-depth and multi-tier approach to cybersecurity.

RISK TRENDS AND IMPACT

There is an increase in cyber risk exposure due to new threat actors and modus operandi. However, controls were progressively tested and monitored to ensure defence mechanisms effectively address the evolving cyber risk exposure.

OUR STRATEGY

During this financial year, we embarked on a new strategy underpinned by a vision of Growing Trust, Connecting People. **AmBank Group's Focus 8 Strategy** is a four-year journey in which we will strengthen our customer orientation, help businesses and individuals excel in a digital world, and achieve shared prosperity for all. The new strategy adopts a holistic approach to the dynamic banking landscape, underpinned by a renewed mission to (i) help businesses and individuals grow and win together while (ii) future-proofing and creating new frontiers for the bank.
























In FY2021, we have made significant progress in the first year of our strategy, despite the challenges associated with the COVID-19 pandemic. Catalysed by eight strategic focus areas, we continued to sharpen our fundamentals to thrive in a post-pandemic financial landscape. We remain resilient and ready to capitalise on the opportunities ahead, deliver long-term value to our customers and stakeholders, and emerge as a competitive and sustainable banking leader.













AmBank Group's FY2021 – FY2024 FOCUS 8 STRATEGY



OUR STRATEGY

STRATEGIC PROGRESS

8 FOCUS AREAS	STRATEGIC INITIATIVES	PROGRESS & ACHIEVEMENTS
<p>1 Attaining a Return on Equity (ROE) of a 100%</p> <p>Capitals: </p>	<ul style="list-style-type: none"> Continued to implement the Business Efficiency Transformation (BET) Programme for improved process efficiency and cost savings. <p>Material Matters: </p>	<ul style="list-style-type: none"> Maintained a healthy liquidity position, recording liquidity ratios above the regulatory threshold. Accumulated cost savings of >300 million from FY2018 to FY2020, with an additional >RM100 million in savings for FY2021. <p>Stakeholders:  </p>
<p>2 Sharpening Our Segment Play</p> <p>Capitals:  </p>	<ul style="list-style-type: none"> Structured differentiated value propositions to best serve specific segments across the Group, including: <ul style="list-style-type: none"> Affluent Segment: AmSignature Priority Banking, AmOnline's self-service Wealth feature. SME Segment: BizHub SME Marketplace, AmBank BizRACE, SME-in-a-Box. <p>Material Matters: </p>	<ul style="list-style-type: none"> Achieved a 4% growth in the Affluent segment, with an astounding 48% YoY Retail wealth management fees. Received RM60.0 million worth of investments through AmOnline's Wealth feature (as of March 2021). Expanded the SME client base within Retail and Business Banking, which grew by 4% and 17%, respectively. <p>Stakeholders:   </p>
<p>3 Delivering Holistic Customer Value Proposition Leveraging a Collaborative Culture and Partnerships</p> <p>Capitals:  </p>	<ul style="list-style-type: none"> Internally, we continue to drive LOBs' cross-collaboration through strategic taskforces, data and insights-driven expansion of network and net-worth across individual and business segments. The cross-LOBs initiatives include: <ul style="list-style-type: none"> Road to Capital Market (Business Banking & Investment Banking). Main Banker Strategy (MBS) (Retail Banking & Business Banking). Established cross-industry partnerships to address customer acquisition and journey. These partnerships include: <ul style="list-style-type: none"> Maxis: Harnessed data-driven insights to deliver tailored customer offerings. <ol style="list-style-type: none"> SME-in-a-Box: bundled proposition with telco and financing facilities for SMEs. mTAP: a secure contactless payment solution that uses mobile devices as a payment acceptance terminal. BonusLink: Rolled out a converged loyalty programme (together with Shell and Parkson, collectively the shareholders of Bonuskad Loyalty Sdn Bhd) to deliver better value and experience to its members, partner merchants, and employees with the e-wallet proposition and points-to-currency feature. <p>Material Matters:  </p>	<ul style="list-style-type: none"> Completed 10 deals in FY2021 under the Road to Capital Market initiative. MBS aims to bring greater and more holistic value propositions to both SME customers and their employees. 45 Business Banking customers have signed up, with close to 2,000 employees enrolled for a payroll account. Enabled businesses to go digital with AmBank-Maxis collaboration coupled with a government grant for device financing; assisting more than 5,000 SMEs through SME-in-a-Box. Attained a distribution footprint expansion through BonusLink, with close to 150 merchant partners on its platform. Built extensive cross-industry ecosystem with established global and local players to offer customers a more seamless experience: <ol style="list-style-type: none"> Partnership with Merchantrade to launch the Hybrid e-wallet, first in the market cross border, multi-currency payment solution. Strategic partnership with government agencies ie. Ministry of International Trade and Industry (MITI), Malaysia External Trade Development Corporation (MATRADE), Halal Development Corporation (HDC), Malaysia Digital Economy Corporation (MDEC) and Jabatan Kemajuan Islam Malaysia (JAKIM) and industry experts. Assisted more than 300 SMEs with the adoption of IR4.0, digitalisation and halal certification. <p>Stakeholders:   </p>
<p>4 Pushing Capital-Light Revenue</p> <p>Capitals:  </p>	<ul style="list-style-type: none"> Further developed our Foreign Exchange (FX) franchise by leveraging the Group's distribution footprint. Enhanced our cash management capabilities through digital collection and payment solutions. <p>Material Matters: </p>	<ul style="list-style-type: none"> Recorded a 26.4% YoY growth in FX revenue. <p>Stakeholders:   </p>

8 FOCUS AREAS	STRATEGIC INITIATIVES	PROGRESS & ACHIEVEMENTS
5 Ramping Up the Next Wave of Digital Initiatives	<ul style="list-style-type: none"> Introduced digital offerings, products and services to help individuals and businesses adapt to the new normal. Collaborated with various FinTechs to deliver agile digital solutions, such as eKYC. Rolled out fully contactless digital onboarding capabilities for the SME segment – the first bank in Malaysia to do so. Implemented robotic process automation to drive better productivity and business efficiency. 	<ul style="list-style-type: none"> Awarded the “Outstanding Digital Acceleration in response to COVID-19” by the Digital Banker in recognition of the Bank’s effort and commitment to the local community. Garnered two awards for SME digital onboarding, namely: <ul style="list-style-type: none"> Best Digital CX on Account Opening and Customer Onboarding via AmAccess Biz – Digital CX Award 2021. Cloud-Native Development Category– Red Hat Innovation Award 2021. Received the “Best Analytics- Banking in Malaysia Award from Malaysia Technology Excellence 2021” for the deployment of operating account across our lines of business.
Capitals: 	Material Matters: 	Stakeholders: 
6 Future-Proofing the Workforce	<ul style="list-style-type: none"> Continued to nurture future banking leaders through the AmGraduate Programme, in collaboration with the Asian Business School. Transformed the training modality of our programmes according to remote working arrangements. Launched the Retail Banking and Business Banking Academy in a digital learning format to support the development of Super Relationship Managers. Enhanced employees’ workplace experience through digital platforms that increase the efficiency and convenience of employees’ interactions. Introduced employee benefits that support new workplace norms, such as COVID-19 compassionate leave, flexible early retirement, as well as extended paternity, marriage, and compassionate leave. 	<ul style="list-style-type: none"> Reached over 10,000 employees through our training and development programmes. Recruited a total of 63 graduate hires across four batches through AmGraduate Programme. Employed 50 Protégés in support of the government’s initiative, providing them with a strong foundation of knowledge, skills, and on-the-job training. Recorded an improvement in employee engagement score, despite workplace challenges due to the pandemic.
Capitals: 	Material Matters: 	Stakeholders: 
7 Integrating Environmental, Social, and Governance (ESG) Considerations into Our Business	<ul style="list-style-type: none"> Set up our Group Sustainability Council to deliberate, monitor and drive the Group’s sustainability agenda. Identified ten sustainability sponsors to drive key sustainability initiatives, driven by sustainability strategic KPIs. Assigned Environmental and Social Risk Grade (ESRG) as part of our credit evaluation process for non-individual customers to mitigate sustainability risks. 	<ul style="list-style-type: none"> Received an upgrade in MSCI’s ESG Rating from ‘A’ to ‘AA’. Rated as ‘Progressed’ under WWF’s Sustainable Banking Assessment (SUSBA) Framework.
Capitals: 	Material Matters: 	Stakeholders: 
8 Exploring Digital Bank	<ul style="list-style-type: none"> Continue to accelerate our digitisation efforts to scale up economically. Helped businesses adopt digital technologies by providing digital infrastructure and knowledge to better serve their customers. 	<ul style="list-style-type: none"> Following the Group’s decision not to pursue the digital banking license application, we are recalibrating our digital journey and strategy with our Business and IT teams. We will continue to accelerate our digitalisation and ecosystem partnerships within our existing license.
Capitals: 	Material Matters: 	Stakeholders: 

A. STRATEGIC REVIEW

OUR STRATEGY

STRATEGIC PERFORMANCE & ACHIEVEMENTS

We maintained a strong balance sheet for FY2021, notwithstanding the difficulties faced with the prolonged COVID-19 pandemic. Our revenue grew by 7.7% to RM4.5 billion on a year-on-year basis. Likewise, through greater wealth management income, we also recorded an 11.3% growth in non-interest income. Overall, the Group achieved improved market positioning through continued momentum and a stronghold in targeted segments and products. Furthermore, we achieved more than 10% growth for the three-year Compound Annual Growth Rate (CAGR) in both SME loans and deposits, outperforming our industry peers and emerging as one of the top three banks with the most assertive growth rate.

SME SEGMENT

No.1 SME Bank
by CAGR
2018 – 2021

DEPOSIT **15.8%** AmBank **3.7%** Industry

LOANS **11.0%** AmBank **2.0%** Industry

CASA YoY Δ

AmBank CASA vs. Industry CASA

24.0% AmBank **21.4%** Industry

WEALTH MANAGEMENT

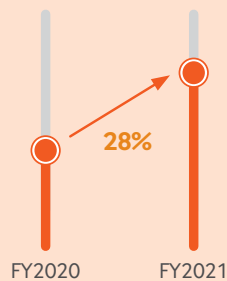
No.1 ASNBV
SALES

AmBank **RM1.09** billion

No.1 AMFUNDS Assets
Under Management

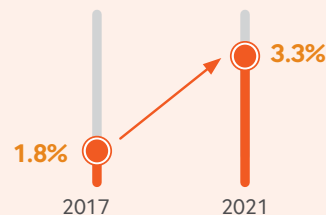
AmBank **RM5.09** billion

FOREIGN EXCHANGE



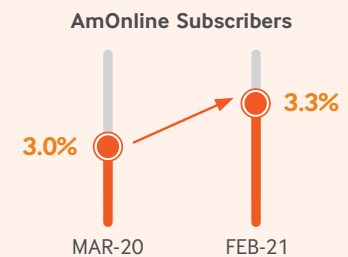
PRIORITY SEGMENT

AmBank Signature Priority
Banking vs. Total Retail Base



DIGITAL CHANNEL

Increased Digital Market Share



AWARDS & RECOGNITION

Our strategic and resilient performance amidst such challenging times has been recognised through various awards and accolades, demonstrating our strong commitment to delivering sustainable value creation for our customers and stakeholders.



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

Red Hat Forum Asia Pacific 2020

- Red Hat APAC Innovation Awards 2020 for Malaysia

World Finance Investment Management Awards 2020 (AmInvest)

- Malaysia's Best Investment Management Company

Alpha Southeast Asia Treasury and FX Awards 2020

- Best FX Bank for Corporates and Financial Institutions (9th time)
- Best FX Bank for Structured Products: Commodities, Credit, Equity, FX and Multi-Assets for FX & Treasury (2nd time)

Global Banking and Finance Review

- Best Islamic Banking CEO Malaysia 2020 Awards
- Best Islamic SME Bank Malaysia 2020 Awards

PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

“

We achieved consistent growth in revenues and profit before provision. We recorded a significant increase in credit impairment overlays and together with exceptional charges, have impacted our earnings for the year. The repayment assistance afforded to our borrowers and our actions to strengthen our balance sheet further ensure that our Group remains resilient in an uncertain environment.

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JAMIE LING

Group Chief Financial Officer
AmBank Group



1 Overview of AmBank Group

2 Key Messages

3 Value Creation at AmBank Group

4 Management Discussion and Analysis

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5 Leadership

6 Responsible Governance

7 Sustainability Statement

8 Other Information

Our key performance highlights are summarised below:

FY2021 KEY PERFORMANCE HIGHLIGHTS

Consistent income growth

The Group recorded another year of good income growth despite the economic headwinds

Overall income growth achieved was broad-based, with total income up 7.7% to RM4,552.5 million. Net interest income (NII) of RM2,935.4 million was 5.8% higher YoY, on the back of 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.

Tight cost management improved our operating leverage further

We continued to manage costs diligently, maintaining operating expenses relatively flat at RM2,132.2 million, driving cost-to-income ratio (CTI) lower to 46.8% from 49.9% a year ago.

With income growth and effective cost management, we delivered a positive JAWS of 6.6% and PBP increased 14.2% YoY to RM2,420.2 million.

Good balance sheet growth in loans and deposits

The Group's gross loans and financing continued its growth with a 7.0% YoY increase to RM114.8 billion while deposits from customers expanded by 6.7% YoY to RM120.5 billion.

Our current account and savings account (CASA) balances grew by 24.0% to RM35.8 billion, with CASA mix higher at 29.7% (FY2020: 25.5%).

B. PERFORMANCE REVIEW

PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

Significant impairment charges taken as a prudent measure while extending repayment assistance to our borrowers

For FY2021, the Group incorporated additional forward-looking estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic on our loan portfolios, with payment holidays and repayment assistance granted to our borrowers. As a result of this assessment, we recorded a RM578 million (FY2020: RM167 million) additional management overlay charge to profit or loss in FY2021, with a total carried-forward macro provision of RM745 million into FY2022.

Net credit costs for FY2021 was 0.97% (FY2020 0.30%). Gross impaired loans (GIL) ratio decreased to 1.54% from 1.73% a year ago, with loan loss coverage (LLC) ratio of 135.6% (FY2020: 93.4%).

Adequate capital position and highly liquid

The Group's FHC CET1 ratio and total capital ratio (TCR) fell to 11.3% (from 12.4%) and 14.5% (from 15.8%) respectively as a result of the loss for the year. However, the Group remains adequately capitalised. In order to further strengthen the Group's capital position, a private placement was completed on 14 April 2021 and raised approximately RM825 million and increased proforma CET1 and TCR to 12.0% and 15.2% respectively.

We remain highly liquid with a liquidity coverage ratio (LCR) of 157.5% and a loans to deposits ratio of 95.2%. Net stable funding ratio (NSFR) of all banking subsidiaries remain above 100% as at 31 March 2021.

Exceptional charges impacted results

The Group incurred a total of RM4.77 billion of non-recurring exceptional charges, with RM2.83 billion in relation to the Settlement, RM1.94 billion in relation to the goodwill and other impairment write down. With these exceptional charges, the Group recorded a Loss After Tax and Minority Interest (LATMI) of RM3.83 billion.

Excluding the exceptional charges, adjusted Profit After Tax and Minority Interest (PATMI) was RM962 million compared to RM1.34 billion a year ago, reflecting the higher credit impairment charges taken.

The Group did not propose any dividends for FY2021.

To further strengthen our capital position, the Group successfully completed a Private Placement which raised **RM825 million** on 14 April 2021.

Our financial Agenda for FY2022:



Strengthening balance sheet

Accelerating capital build to pre-Settlement levels



Maintain higher liquidity buffers

Contingency plans in place



Post COVID-19 debt rehabilitation

Significant overlays taken, maintain credit vigilance (MCO3.0)



Cost efficiency

Continuous adoption of automation

FY2021 FINANCIAL SNAPSHOT

	FY2021 Financials				Resolution of legacy matters and one-off goodwill and other impairment charges impacted results
Profitability (RM Million)	Income	4,552 <i>FY2020: 4,227</i>	▲	8%	Sustained income growth
	Expenses	2,132 <i>FY2020: 2,108</i>	▲	1%	Maintained cost discipline
	PBP	2,420 <i>FY2020: 2,119</i>	▲	14%	Positive JAWS of 7%, CTI of 46.8%
	Impairment	1,137 <i>FY2020: 336</i>	▲	>100%	Additional RM304 million macro provisions made in Q4. Total macro overlay at RM745 million (carried forward)
	Settlement Goodwill and other impairment	2,830 1,937		N/A	One-off exceptional items in Q4FY2021
	(LATMI)/PATMI	(3,826) <i>FY2020: 1,341</i>	▼	>100%	Results materially impacted by one-off exceptional items and higher impairment charges
	Core PATMI	962 <i>FY2020: 1,341</i>	▼	28%	Excluding exceptional one-off items of RM4,767 million and related legal and professional expenses RM21 million
	ROE	(20.2%) <i>FY2020: 7.4%</i>		N/A	Core ROE 5.0%
Assets & Liabilities (RM Billion)	Gross Loans	114.8 <i>FY2020: 107.2</i>	▲	7%	Continued loans growth in Retail and Business Banking
	Deposits	120.5 <i>FY2020: 113.0</i>	▲	7%	CASA up 24%, double-digit growth across all businesses
Capital & Liquidity	FHC CET1	11.3% <i>FY2020: 12.4%¹</i>	▼	110bps	CET1 without TA: 10.4%, within internal thresholds Proforma CET1 after PP: 11.1% (without TA) Proforma CET1 after PP: 12.0% (with TA)
	FHC LCR	157.5% <i>FY2020: 158.2%</i>	▼	70bps	Highly liquid

1. After deducting proposed dividends

2. TA – Transitional Arrangements; PP – Private Placement of 300 million new AMMB shares at RM2.75 per new share, raising RM825 million

PROFIT BEFORE PROVISION IMPROVED ON THE BACK OF GOOD INCOME GROWTH AND TIGHT COST CONTROL, WITH CORE PATMI OF RM961.6 MILLION REFLECTING HIGHER LEVELS OF CREDIT PROVISIONS AMIDST A CHALLENGING ENVIRONMENT

FY2021 results were materially impacted by one-off exceptional items and higher impairment charges due to the effects of COVID-19 on the Malaysian economy.

The Group's total net income grew 7.7% to RM4,552.5 million. NII of RM2,935.4 million was 5.8% higher YoY, on the back of 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.

The Group continued to manage costs diligently, with operating expenses relatively flat at RM2,132.2 million, driving CTI lower to 46.8% from 49.9% a year ago and a positive JAWS of 6.6%.

Profit before provision increased by 14.2% YoY to RM2,420.2 million, reflecting the continued improvement in our operating leverage.

B. PERFORMANCE REVIEW

PERFORMANCE REVIEW BY GROUP CHIEF FINANCIAL OFFICER

EXCEPTIONAL CHARGES

The annual review of goodwill and other impairment which took into consideration the adverse effects of COVID-19 on economic growth and the Settlement, resulted in a one-time impairment charge of RM1,789.2 million in relation to goodwill attributed to our conventional and investment banking businesses and RM147.8 million impairment in relation to the carrying value of investment in an associate (REIT Impairment) in our Q4FY2021 results.

The goodwill impairment is a non-cash item, has no impact on regulatory capital ratios and does not affect future earnings as it is a non-recurring item. The REIT Impairment is similar except that it has an immaterial impact on regulatory capital ratios.

The Settlement and goodwill and other impairment charges resulted in a net loss of RM3,826.5 million for FY2021, with core PATMI (excluding the exceptional items and related legal and professional expenses) of RM961.6 million. The Group's return on equity (ROE) for FY2021 turned negative while core ROE was 5.0%.

GOOD LOANS AND DEPOSITS GROWTH

Our gross loans and financing base expanded 7% YTD or RM7.5 billion to RM114.8 billion, mainly driven by Mortgage which was up 10.0%, Retail SME loans which were up 22.0%, Personal Financing and others which were up 44%, and Business Banking which was up 12.0%.

For FY2021, the Group's customer deposits growth of 6.7% YoY to RM120.5 billion and CASA growth of 24.0% YTD to RM35.8 billion outpaced the growth in similar areas for the banking industry of 6.0% and 21.0% respectively. CASA mix was also higher at 29.7% (FY2020: 25.5%).

EXERCISING CREDIT VIGILANCE

GIL improved to 1.54% (FY2020: 1.73%) but we expect impaired loans to be on the rise as financial relief measures taper off in FY2022. We continued to build buffers against credit risks by making macro provisions totalling RM578.2 million in FY2021. Total carried forward macro provision as at FY2021 stood at RM745.5 million. As a result, LLC increased further to 135.6% (FY2020: 93.4% including regulatory reserve).

MAINTAINING LIQUIDITY, REBUILDING CAPITAL

The Group's FHC CET1 ratio and TCR fell to 11.3% and 14.5% respectively mainly due to a 2.5% and 2.2% capital impact following the Settlement, offset by a 0.91% and 0.35% accretion to CET1 and TCR from the adoption of transitional arrangements.

In order to accelerate the capital accretion of AMMB and to further strengthen AMMB's capital position, the Group successfully completed the Private Placement which raised RM825 million on 14 April 2021. The proceeds from this exercise increased proforma CET1 and TCR to 12.0% and 15.2% respectively.

The group will continue to strengthen its capital resiliency moving forward with its annual profit accretion while exploring other possible capital acceleration measures.

The Group remains highly liquid with an LCR of 157.5% and a loan deposit ratio of 95.2%. NSFR of all banking subsidiaries remain above 100% as at 31 March 2021.

Core PATMI
(excluding exceptional items)
of RM962 million

PROSPECTS FOR FY2022

The frequent re-emergence of new COVID-19 cases is clear evidence that the pandemic is far from over. The imposition of Movement Control Orders (MCO) as part of the preventive actions taken nationwide to reduce the level of infections while vaccinations are being rolled out will continue to disrupt the economy. As such, the business environment remains challenging and uncertain.

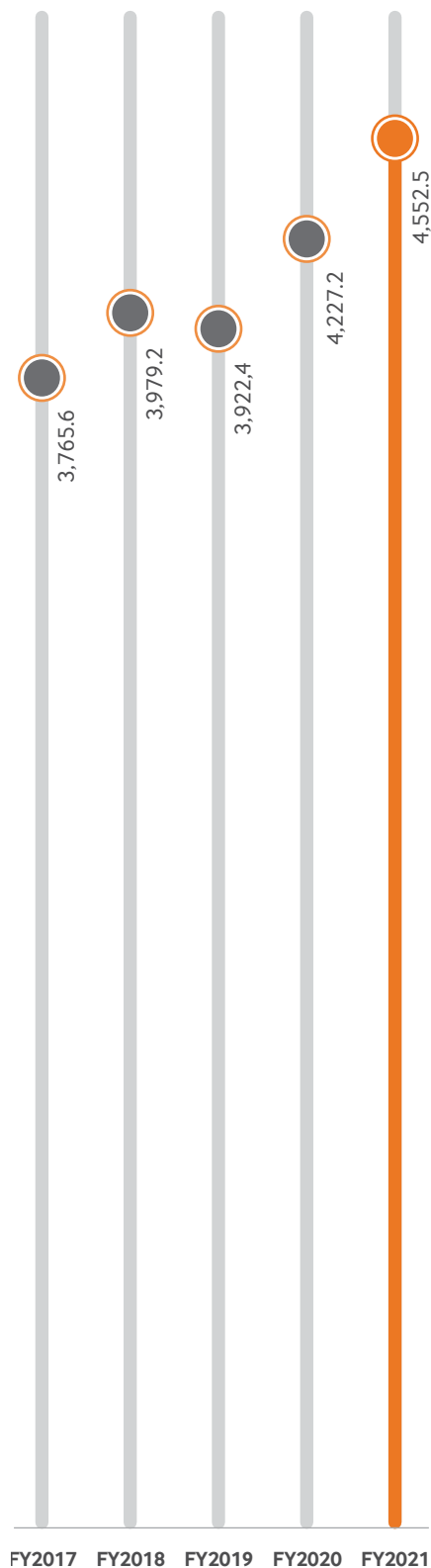
The Group has been actively providing financial relief measures to customers who are in need. At the same time, we continue to graduate customers who have regained financial stability to normal repayment terms. We have made significant progress in this area as the percentage of loans under financial relief has reduced to 13.0% of gross loans as at 31 March 2021.

For FY2022, our efforts will be focused on:

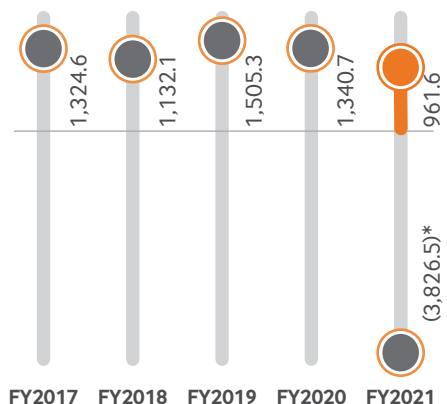
- Strengthening balance sheet: Accelerating capital build;
- Debt rehabilitation: Managing the gradual return to normal debt repayment for borrowers that are currently under payment holiday or repayment assistance programmes while maintaining credit vigilance amidst COVID-19 uncertainties;
- Maintain higher liquidity buffers: MCO3.0 contingency plans in place to ensure a high level of liquidity; and
- Cost efficiency: Continue to manage costs diligently through the PARETO programme and improve operational efficiencies.

GROUP FINANCIAL HIGHLIGHTS

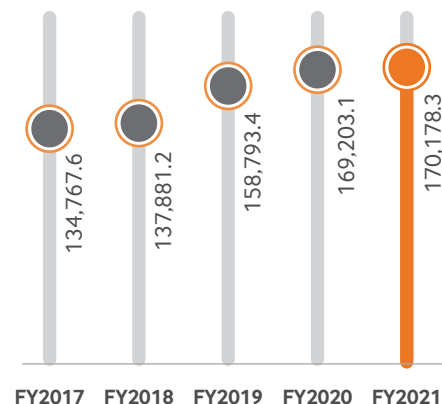
TOTAL REVENUE (RM Million)



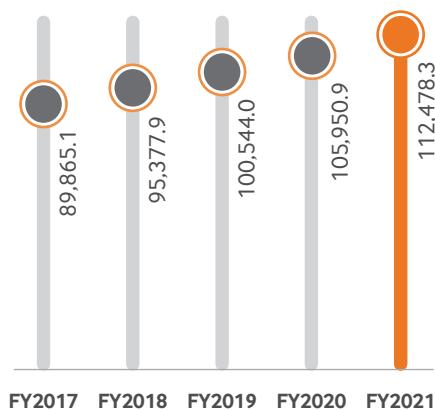
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS (RM Million)



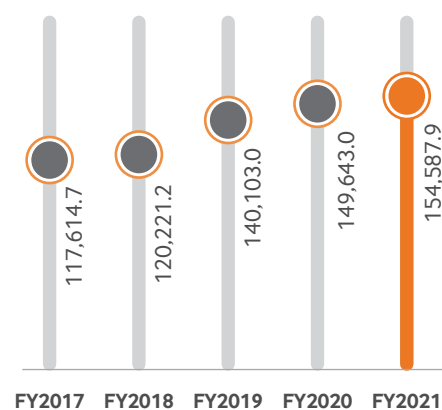
TOTAL ASSETS (RM Million)



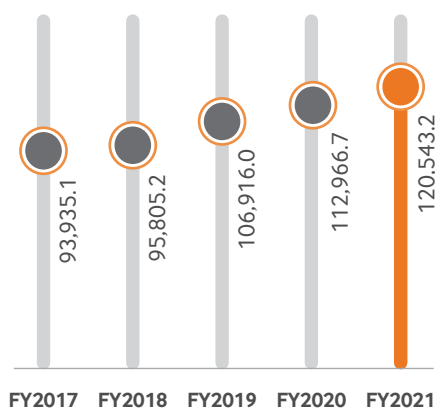
LOANS, ADVANCES AND FINANCING (NET) (RM Million)



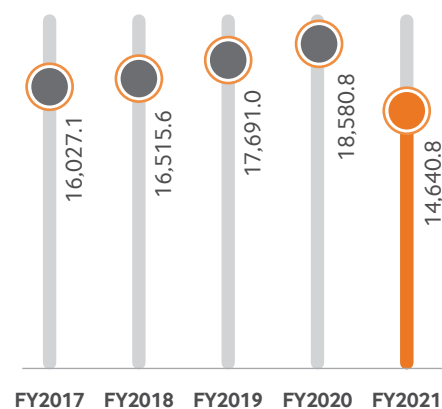
TOTAL LIABILITIES (RM Million)



DEPOSITS FROM CUSTOMERS (RM Million)



SHAREHOLDERS' EQUITY (RM Million)



* Including one-off exceptional charges of RM4,767.0 million and related legal and professional expenses of RM21.1 million.

B. PERFORMANCE REVIEW

FIVE-YEAR GROUP FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 31 MARCH

	2017 ¹	2018	2019	2020	2021
1 STATEMENT OF PROFIT OR LOSS (RM MILLION)					
i. Total revenue	3,765.6	3,979.2	3,922.4	4,227.2	4,552.5
ii. Operating profit before impairment losses and settlement	1,605.1	1,558.4	1,791.5	2,119.0	2,420.2
iii. Writeback of/(Allowances for) impairment on loans, advances and financing	173.5	1.1	301.3	(322.6)	(1,116.9)
iv. Impairment of goodwill	(1.3)	–	–	–	(1,789.2)
v. Impairment of investment in associate	–	–	–	–	(147.8)
vi. Settlement	–	–	–	–	(2,830.0)
vii. Profit/(Loss) before taxation and zakat	1,801.2	1,542.7	2,095.4	1,782.9	(3,483.5)
viii. Profit/(Loss) attributable to shareholders	1,324.6	1,132.1	1,505.3	1,340.7	(3,826.5)
2 STATEMENT OF FINANCIAL POSITION (RM MILLION)					
Assets					
i. Total assets ²	134,767.6	137,881.2	158,793.4	169,203.1	170,178.3
ii. Loans, advances and financing (net)	89,865.1	95,377.9	100,544.0	105,950.9	112,478.3
Liabilities and Shareholders' Equity					
i. Total liabilities ²	117,614.7	120,221.2	140,103.0	149,643.0	154,587.9
ii. Deposits from customers	93,935.1	95,805.2	106,916.0	112,966.7	120,543.2
iii. Paid-up share capital	5,551.6	5,551.6	5,751.6	5,851.6	5,951.6
iv. Shareholders' equity	16,027.1	16,515.6	17,691.0	18,580.8	14,640.8
Commitments and Contingencies					
	134,563.3	143,672.5	131,016.8	133,474.7	136,999.7
3 PER SHARE (SEN)					
i. Basic net earnings/(loss)	44.1	37.6	50.0	44.6	(127.2)
ii. Fully diluted net earnings/(loss)	44.0	37.6	50.0	44.6	(127.2)
iii. Net assets	531.7	547.9	586.9	618.0	486.7
iv. Single tier/gross dividend	17.6	15.0	20.0	13.3	–
4 FINANCIAL RATIOS (%)					
i. Post-tax return on average shareholders' equity ³	8.5	7.0	8.8	7.4	(20.2)
ii. Post-tax return on average total assets	1.1	0.9	1.1	0.9	(2.2)
iii. Loans to deposits ⁴	95.3	98.1	91.1	89.8	90.4
vi. Cost-to-income	57.4	60.8	54.3	49.9	46.8
5 SHARE PRICE (RM)					
i. High	4.99	5.62	4.61	4.55	3.71
ii. Low	3.90	3.88	3.45	2.90	2.80
iii. As at 31 March	4.65	3.89	4.56	3.00	2.93

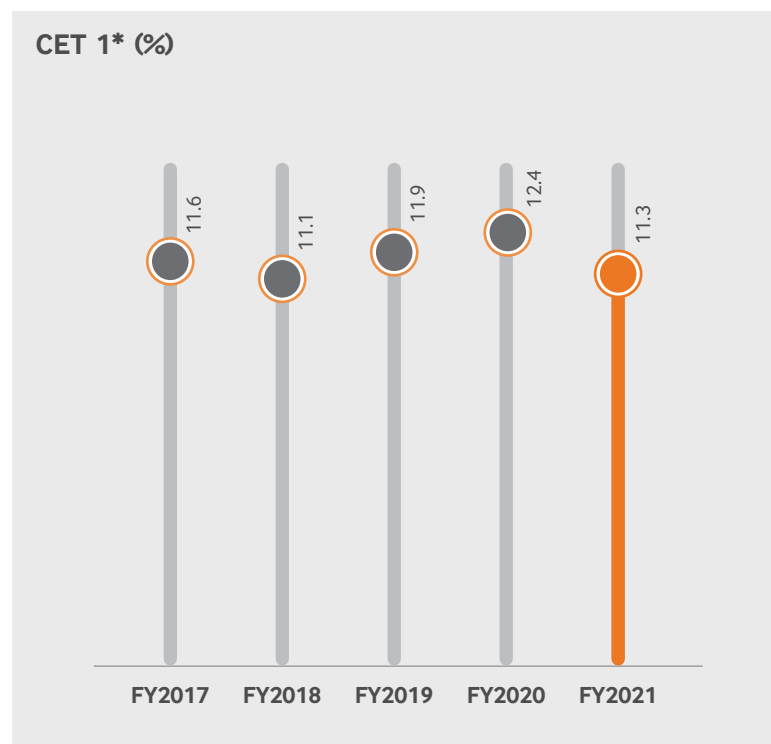
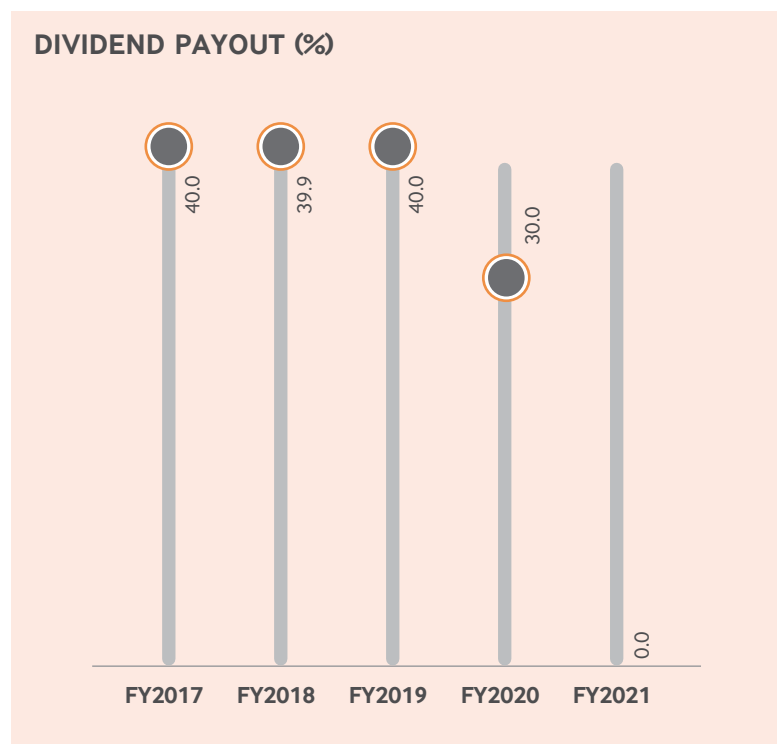
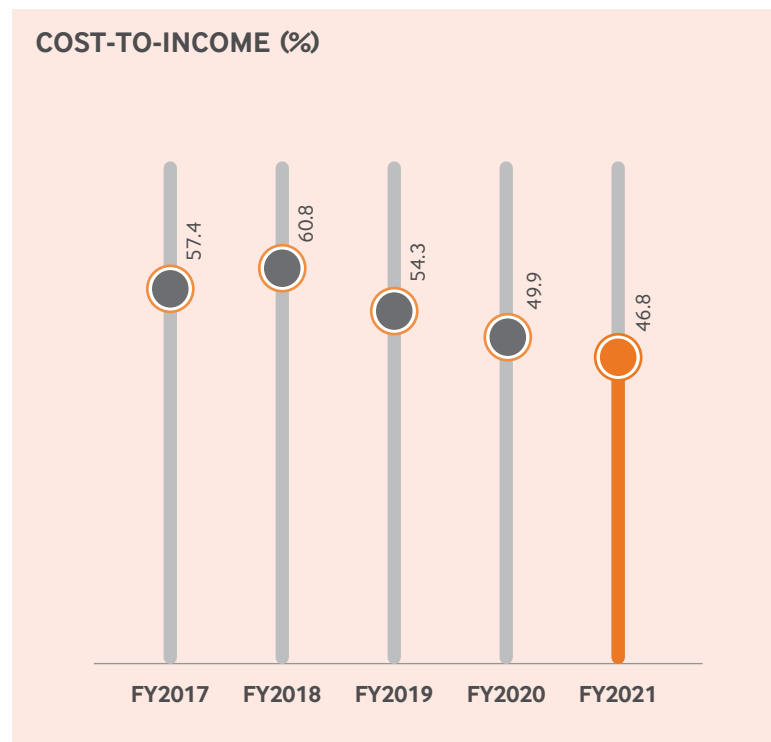
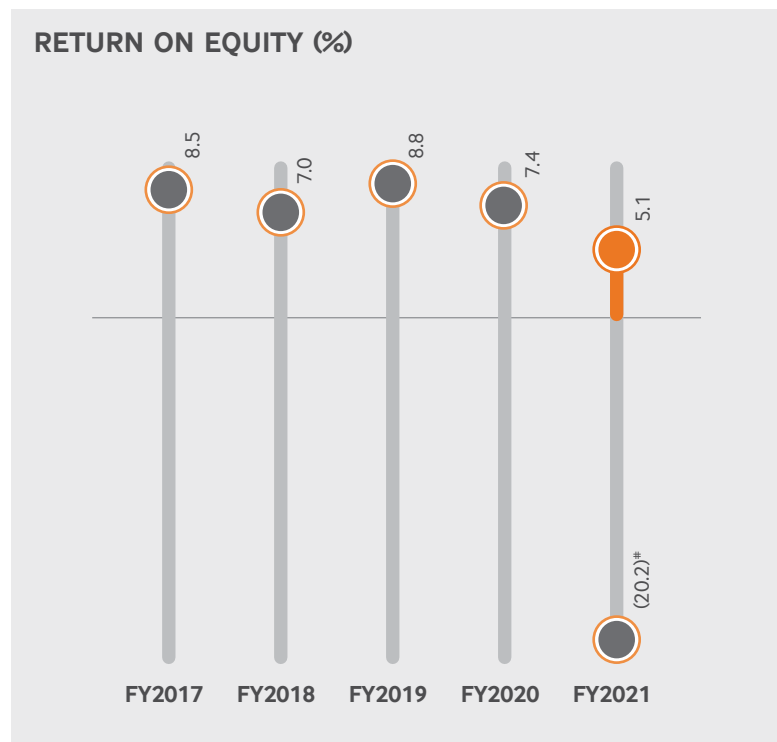
¹ After adjusting for restatement pursuant to clarification provided in Bank Negara Malaysia circular on Classification and Regulatory treatment for structured products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 that have been applied retrospectively for one financial year.

² The Group adopted MFRS 16, Leases for the first time since 1 April 2019. In its transition, the Group has elected to apply the simplified transition approach whereby the comparative amounts were not restated with the right-of-use assets in Total assets and lease liabilities in Total liabilities.

³ Adjusted for non-controlling interests.

⁴ Loans to Deposits is gross loans divided by deposits from customers and financial institutions, excluding interbank borrowings.

FINANCIAL INDICATORS



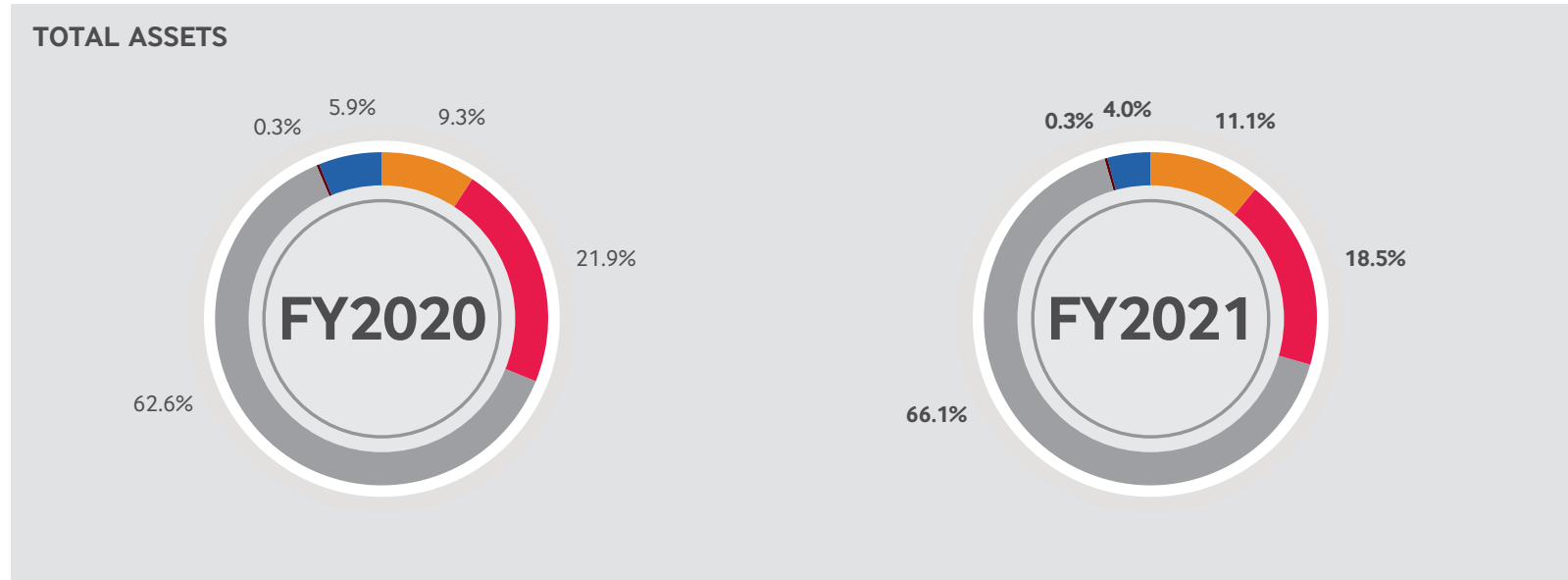
* Proforma aggregated for FY2017; Financial Holding Company basis (FHC) for FY2018 onwards.

Pursuant to the revised BNM policy documents issued on 9 December 2020, the capital ratios computed as at 31 March 2021 had applied the transitional arrangements on provision for Expected Credit Loss ("ECL"). Under the transitional arrangements, the Group is allowed to add back the amount of loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital.

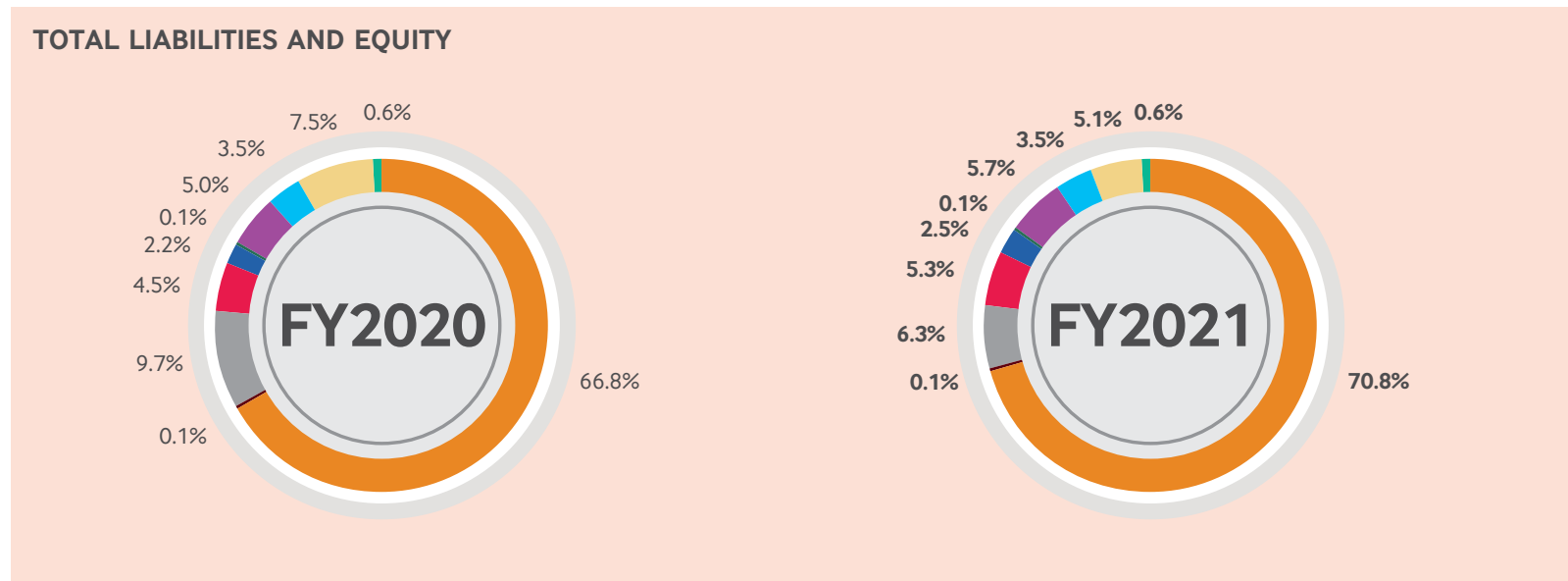
* Including one-off exceptional charges of RM4,767.0 million and related legal and professional expenses of RM21.1 million.

B. PERFORMANCE REVIEW

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION



- Cash and short-term funds and deposits and placements with banks and other financial institutions
- Investments in securities
- Loans, advances and financing
- Statutory deposits with BNM
- Other assets

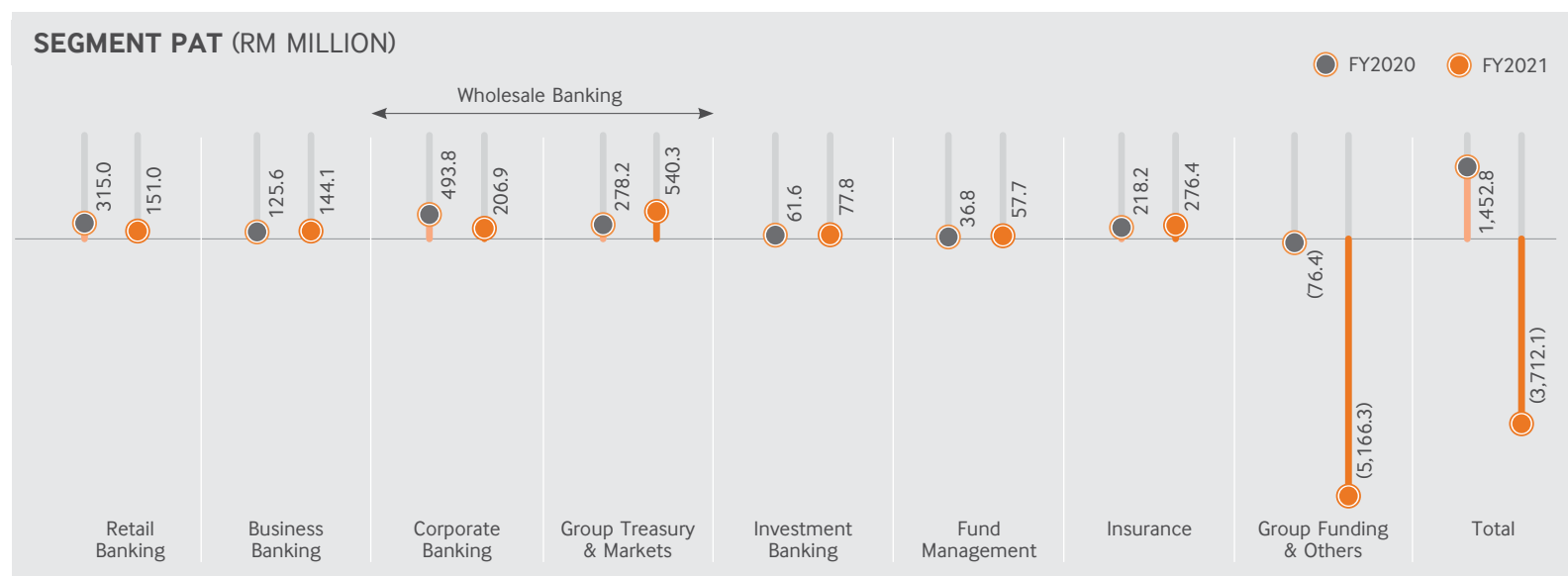


- Deposits from customers
- Investment accounts of customers
- Deposits and placements of banks and other financial institutions and securities sold under repurchase agreements
- Term funding and other borrowed funds
- Debt capital
- Redeemable cumulative convertible preference share
- Other liabilities
- Share capital
- Reserves
- Non-controlling interests

SEGMENTAL ANALYSIS

AmBank Group's businesses are grouped in the following business activities: Retail Banking, Business Banking, Wholesale Banking, Investment Banking, Fund Management, Insurance and Group Funding and Others.

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third-party transactions and are eliminated on consolidation under Group Funding and Others.



RETAIL BANKING

Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

Income increased 9.0% to RM1,597.8 million. Net interest income ("NII") rose 8.6% in line with loans expansion. Non-interest income ("Noll") increased by 11.0%, attributable to higher fee income from wealth, foreign exchange and personal financing products. Expenses were flat Year-on-Year ("YoY"). Net impairment charge was higher at RM533.7 million (FY2020: RM187.1 million), due to higher overlays of RM279.0 million and non-performing loans inflow. Consequently, Profit after tax ("PAT") was down 52.0% to RM151.0 million.

Gross loans increased by 10.0% YoY to RM64.8 billion, mainly from growth in mortgages, personal financing and Retail SME. Customer deposits increased 3.9% YoY to RM47.3 billion, largely from CASA balances which grew 25.3%.

BUSINESS BANKING

Business Banking focuses on the small and medium-sized enterprises segment, which comprises of Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management, and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Loans, and Project Financing.

Income rose by 6.4% to RM389.9 million. NII increased by 7.0% on the back of strong loans growth but partially offset by margin compression. Noll increased by 4.8%, mainly attributable to higher forex income. Net impairment charge at RM62.7 million, compared to RM57.0 million a year ago. Consequently, PAT increased by 14.7% to RM144.1 million.

Gross loans expanded by 11.9% YoY to RM12.6 billion while customer deposits increased by 14.5% YoY to RM8.2 billion.

WHOLESALE BANKING

Wholesale Banking comprises of Corporate Banking and Group Treasury & Markets. Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking and cash management solutions to wholesale banking clients. Group Treasury & Markets provides a full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants.

Income growth of 22.0% YoY to RM1,509.2 million, underpinned by higher NII from increased holding in fixed income securities and higher Noll driven by Markets trading revenues and also from sales of equity derivatives and shares revaluation gain. Expenses fell by 7.0% YoY to RM281.7 million. PAT decreased 3.2% YoY, mainly due to higher impairment.

Gross loans stable at RM35.6 billion while customer deposits were 8.8% higher YoY at RM65.3 billion.

B. PERFORMANCE REVIEW

SEGMENTAL ANALYSIS

INVESTMENT BANKING AND FUND MANAGEMENT

Investment Banking offers investment banking solutions and services, encompassing capital markets (primary) activities, broking, private banking services, corporate advisory and fund raising services (equity and debt capital).

Fund Management comprises of asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.

Overall income grew by 13.3% to RM346.1 million, mainly led by higher fee income from Fund Management, Private Banking and Stockbroking. Operating expenses fell by 3.0% to RM181.1 million. Overall, PAT increased 37.7% YoY to RM135.5 million.

INSURANCE

Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and Takaful products namely wealth protection/savings, health and medical protection and family Takaful solutions provided through our joint venture operations.

General Insurance income grew 3.6% YoY to RM615.7 million, underpinned by lower claims, partially offset by lower net earned premiums and investment income. Operating expenses increased by 5.5% to RM356.6 million from higher marketing cost. PAT up by 1.9% to RM232.5 million.

The Life Insurance and Family Takaful businesses recorded a strong improvement in PAT of RM43.9 million compared to a loss of RM9.9 million a year ago, mainly attributable to higher net earned premium, in addition to lower claims and lower reserving. The Group has equity accounted the results of the Life Insurance and Family Takaful business to reflect the Group's effective equity interests in the joint venture.

GROUP FUNDING AND OTHERS

Group Funding and Others comprise of activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

The loss of RM5,166.3 million reflected the exceptional charges from the settlement of RM2.83 billion, goodwill and other impairment of RM1.9 billion and central COVID-19 overlay provisions of RM299.2 million.



GROUP QUARTERLY FINANCIAL PERFORMANCE

FY2021

	Q1	Q2	Q3	Q4
All in RM Million unless stated otherwise				
Operating revenue	2,214.6	2,138.0	2,090.1	1,969.9
Net interest income	444.4	531.8	543.0	572.7
Net income from Islamic banking	180.1	243.4	304.6	201.6
Net income from insurance business	124.0	117.4	115.4	137.5
Other operating income	321.1	263.7	197.3	210.7
Share in results of associates and joint ventures	22.9	(1.5)	15.5	6.9
Other operating expenses	(538.6)	(523.8)	(545.2)	(524.7)
Impairment and provisions	(49.9)	(332.5)	(262.1)	(2,429.2)
Settlement	–	–	–	(2,830.0)
Profit/(Loss) before taxation and zakat	504.0	298.5	368.5	(4,654.5)
Profit/(Loss) attributable to equity holders of the Company	365.2	237.3	263.8	(4,692.8)
Earnings/(Loss) per share (sen)	12.1	7.9	8.8	(156.0)
Dividend per share (sen)	–	–	–	–

Note 1

Note 2

4 Management Discussion and Analysis

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FY2020

	Q1	Q2	Q3	Q4
All in RM Million unless stated otherwise				
Operating revenue	2,390.4	2,349.3	2,370.1	2,214.8
Net interest income	468.3	472.9	504.9	492.5
Net income from Islamic banking	230.0	246.1	213.4	330.1
Net income from insurance business	121.2	112.5	105.1	101.9
Other operating income	232.4	245.4	276.0	77.6
Share in results of associates and joint ventures	12.8	(8.0)	5.2	(13.1)
Other operating expenses	(528.6)	(526.2)	(552.3)	(501.1)
Impairment and provisions	32.4	(109.1)	(56.9)	(202.5)
Profit before taxation and zakat	568.5	433.6	495.4	285.4
Profit attributable to equity holders of the Company	391.5	319.6	382.1	247.5
Earnings per share (sen)	13.0	10.6	12.7	8.3
Dividend per share (sen)	–	6.0	–	7.3

Note 1: Included in Q4FY2021 are impairment of goodwill and impairment of investment in an associate of RM1,789.2 million and RM147.8 million respectively.

Note 2: Relates to the settlement with the Ministry of Finance ("MOF") Malaysia on historical transactions of the Group with 1Malaysia Development Berhad ("1MDB") and its related entities.

1 Overview of AmBank Group

2 Key Messages

3 Value Creation at AmBank Group

5 Leadership

6 Responsible Governance

7 Sustainability Statement

8 Other Information

B. PERFORMANCE REVIEW

KEY INTEREST BEARING ASSETS AND LIABILITIES

	FY2020			FY2021		
	Average Balance RM Million	Average Rate %	Interest Income/ Expense RM Million	Average Balance RM Million	Average Rate %	Interest Income/ Expense RM Million
INTEREST EARNING ASSETS						
Short-Term Funds, Deposits and Placements with Banks and Other Financial Institutions	5,239	2.37%	124	9,357	1.44%	135
Financial Assets at Fair Value Through Profit or Loss	14,295	3.55%	507	11,458	2.70%	309
Financial Investments at Fair Value Through Other Comprehensive Income	16,903	4.01%	678	18,389	3.59%	661
Financial Investments at Amortised Cost	5,034	4.34%	218	4,759	4.36%	207
Loans, Advances and Financing	102,598	5.20%	5,339	109,996	4.16%	4,572
INTEREST BEARING LIABILITIES						
Deposits from Customers ¹	104,346	3.03%	3,159	115,522	2.01%	2,324
Deposits and Placements of Banks and Other Financial Institutions	9,513	2.83%	270	8,888	1.56%	139
Recourse Obligation on Loans and Financing Sold to Cagamas Berhad	4,548	4.00%	182	5,081	3.27%	166
Term Funding, Debt Capital and Other Borrowed Funds	12,349	4.01%	495	8,363	3.81%	318

¹ Deposits from customers includes Investment accounts of customers

STATEMENT OF VALUE ADDED

	FY2020 RM million	FY2021 RM million
VALUE ADDED		
Net interest income	1,938.6	2,091.9
Net income from Islamic Banking	1,019.6	929.7
Income from Insurance Business	1,428.7	1,398.5
Other operating income	831.4	992.8
Share in results of associates and joint ventures	(3.1)	43.8
Insurance claims and commissions	(988.0)	(904.2)
Other operating expenses excluding personnel and depreciation and amortisation	(614.2)	(589.2)
Allowances for impairment on loans, advances and financing	(322.6)	(1,116.9)
Other impairment and provisions	(13.5)	(19.8)
Value added available for distribution	3,276.9	2,826.6

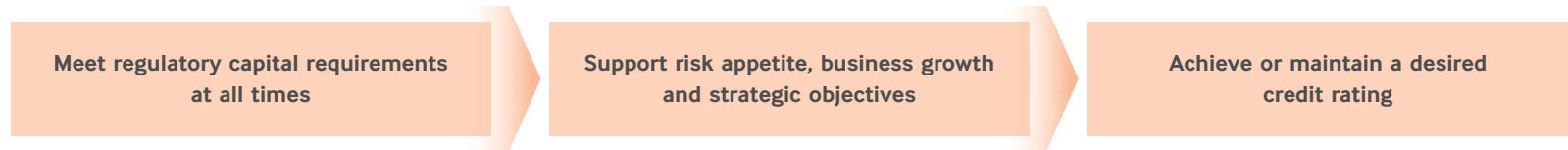
	FY2020 RM million	FY2021 RM million	FY2020 %	FY2021 %
DISTRIBUTION OF VALUE ADDED				
To employees: Personnel expenses	1,241.0	1,280.2	37.9	45.3
To the Government: Taxation Settlement	327.0 –	227.6 2,830.0	10.0 –	8.1 100.1
To state collection centres and community: Zakat	3.0	1.0	0.1	0.1
To providers of capital: Dividends to shareholders Non-controlling interests	400.9 112.1	– 114.4	12.2 3.4	– 4.0
To reinvest to the Group: Depreciation and amortisation Retained profits/(accumulated loss) Impairment of goodwill Impairment of investment in an associate	253.0 939.9 – –	262.9 (3,826.5) 1,789.2 147.8	7.7 28.7 – –	9.3 (135.4) 63.3 5.2
	3,276.9	2,826.6	100.0	100.0

B. PERFORMANCE REVIEW

CAPITAL MANAGEMENT

AmBank Group's capital management approach remains focused on maintaining a healthy capital position that supports the Group's strategic objectives and risk appetite. This is achieved through building an efficient capital structure that optimises return on capital and provides sustainable returns to shareholders.

The Group's capital management is guided by the Group Capital Management Framework of which the objectives of capital management are to:



The Group's capital management is also supplemented by the Group's Annual Capital Plan which covers a horizon of three years to establish the forward-looking capital requirements. The Annual Capital Plan is approved by the Board of Directors for implementation at the beginning of the financial year, followed by quarterly updates on the capital management to inform the Board of Directors on the latest progress of capital initiatives planned.

The Group evaluates its approach to capital management through the Internal Capital Adequacy Assessment Process (ICAAP) where it integrates the risk and capital management process. The Group's ICAAP document is prepared annually and approved by the Board of Directors annually of which includes the following:

- Calibration of the Internal Capital Targets for the Group and entities
- Comprehensive assessment on material risks
- Stress testing exercise to evaluate the capacity of the Group and the banking entities to withstand stress scenarios
- Adequate capital levels consistent with the risk profile, taking into account the Group's strategic focus, business plans and control environment

In relation to the Settlement that has resulted in a reduction of the Group's Core Capital Equity Tier 1 (CET1) by 2.49% as at 31 March 2021, the Group has accelerated the capital restoration plan by undertaking a private placement on 14 April 2021 which raised approximately RM825 million. This will increase the Group's CET1 by 0.71% to 12.04% on a proforma 31 March 2021 basis. Besides, the other ongoing initiatives would be the implementation of a foundation internal ratings-based approach and the potential non-core asset divestitures, which will supplement the organic capital generation.

The Group's key initiatives that were undertaken during the financial year 2021 as outlined below:

- (a) RM400 million Basel III Tier 2 Subordinated Sukuk Murabahah on 8 December 2020;
- (b) RM400 million Basel III Tier 2 Subordinated Debt on 30 March 2021;
- (c) Equity Injection of RM650 million into AmBank via subscription of 66,394,280 new ordinary shares issued by AmBank;
- (d) Equity Injection of RM130 million into AmInvestment Bank via subscription of 114,035,088 new ordinary shares issued by AmInvestment Bank.

CREDIT RATINGS

From a credit rating perspective, we believe in providing our stakeholders with an independent view of our banking subsidiaries as well as that of the Company. As such, we continue to maintain credit ratings with Moody's Investors Service, S&P Global Ratings and RAM Rating Services Berhad, both solicited and unsolicited.

RATING AGENCY	RATING CLASSIFICATION	RATING ACCORDED
The Company		
RAM Rating Services Berhad	Long-term Corporate Credit Rating Short-term Corporate Credit Rating Outlook	AA3 P1 Stable
AmBank (M) Berhad		
Moody's Investors Service	Long-term Bank Deposits (Foreign) Rating Short-term Bank Deposits (Foreign) Rating Outlook	A3 P-2 Negative
S&P Global Ratings	Long-term Foreign Currency Rating Short-term Foreign Currency Rating Outlook	BBB+ A-2 Negative
RAM Rating Services Berhad	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Stable
AmBank Islamic Berhad		
RAM Rating Services Berhad	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Stable
AmInvestment Bank Berhad		
RAM Rating Services Berhad	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Stable

B. PERFORMANCE REVIEW

BALANCE SHEET MANAGEMENT

Balance sheet management involves the management of AmBank Group's structural funding and liquidity. It also maintains the Funds Transfer Pricing (FTP) framework which is governed by the Group Assets and Liabilities Committee (GALCO).

Structural funding and liquidity are managed by targeting a diversified funding base and avoiding concentrations by depositor and investor type, product, maturity or currency and implementing wholesale funding diversification and maturity concentration limits. In setting its funding diversification policy, the Group will take into consideration the cost/benefit trade-off to ensure optimum level of funding cost.

To sustain a diversified funding profile and monitor the liquidity risk of the Group, we are guided by the Basel III liquidity framework, namely the:

- (1) Liquidity Coverage Ratio (LCR), with a primary focus of ensuring a sufficient buffer of liquid assets that could be easily converted into cash to meet the liquidity needs for up to 30 calendar days; and
- (2) Net Stable Funding Ratio (NSFR), outlining the requirements on maintaining a stable funding profile vis-à-vis the composition of assets and off-balance sheet commitments in order to reduce the likelihood of disruption to liquidity position.

The FTP framework promotes a Groupwide allocation of funding costs to the business units by taking into account the interest rate and liquidity positions of the Group. The FTP mechanism is refined according to market conditions and relevant strategies approved by the management and it is derived to reflect regulatory principles.

To fund our businesses, a liquidity premium is charged to the business units based on the contractual tenor of the transactions. Business units that generate long-term, stable funding are incentivised in the form of liquidity credit. Presently the key funding growth agenda is as follows:

- (1) To strengthen the deposit franchise, by focusing on lower-cost current accounts and savings accounts (CASA) and gathering term deposits to build sufficient base to fund the loans growth; and
- (2) To diversify the sources of funding to build a more sustainable base and reduce reliance on non-core deposits.

FUNDING STRUCTURE FY2021

Loans are the largest component of the Group's assets and are generally funded by core customer deposits. Our core customer deposits increased by RM7.5 billion from RM113.0 billion in FY2020 to RM120.5 billion in FY2021, a 6.6% growth. We will continue to prioritise growth in core customer deposits, which are a stable and resilient source of funding. We have outlined plans to lower the cost of funding by growing CASA composition, tapping on alternative funding sources and optimising a stable funding mix.

FINANCIAL CALENDAR

FY2020

27
February 2020

Announcement of Unaudited Consolidated Results for the Financial Third Quarter Ended 31 December 2019

29
June 2020

Announcement of Audited Consolidated Results for the Financial Year Ended 31 March 2020

30
July 2020

Payment of Final Single Tier Dividend of 7.3 sen per Share for the Financial Year Ended 31 March 2020

30
November 2020

Announcement of Unaudited Consolidated Results for the Financial Half Year Ended 30 September 2020

FY2021

1
March 2021

Announcement of Unaudited Consolidated Results for the Financial Third Quarter Ended 31 December 2020

31
May 2021

Announcement of Audited Consolidated Results for the Financial Year Ended 31 March 2021

30
July 2021

Notice of 30th Annual General Meeting

2
September 2021

30th Annual General Meeting

1 Overview of AmBank Group

2 Key Messages

3 Value Creation at AmBank Group

4 Management Discussion and Analysis

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5 Leadership

6 Responsible Governance

7 Sustainability Statement

8 Other Information

Wholesale Banking

“Despite the unprecedented disruption from the COVID-19 pandemic, Wholesale Banking continued to deliver strong performance in FY2021, recording an income growth of 22.0% YoY. Our commendable results were primarily driven by a strong performance from Group Treasury and Markets (GTM), with growth in flow ancillary income such as foreign exchange (FX) and equities along with careful positioning arising from global interest cuts. We maintained our momentum in improving customer experience through bespoke Cash Management solutions together with online ecosystems. Similarly, we partnered with Fintechs, eCommerce businesses and other corporates to explore new opportunities and market spaces that better meet customer onboarding, payment and collection needs during the pandemic. Overall, we have made commendable progress in customer experience excellence, evidenced by a significant increase of 23.3% in our Current Account Savings Account (CASA) base.”

RAJA TEH MAIMUNAH RAJA ABDUL AZIZ
Managing Director
Wholesale Banking, AmBank Group



TOTAL INCOME
FY2021

RM1,509.2 MILLION

RM1,237.1 MILLION IN FY2020



PROFIT BEFORE PROVISIONS (PBP)
FY2021

RM1,227.5 MILLION

RM934.2 MILLION IN FY2020



PROFIT AFTER TAX (PAT)
FY2021

RM747.2 MILLION

RM772.0 MILLION IN FY2020

ABOUT US

At Wholesale Banking, we cater to the banking needs of mid-sized and large corporations from various economic sectors and industries. With business solutions experts, supported by client coverage teams that deliver world-class service, we offer our clients an extensive repertoire to help meet their diverse financial services' needs. These offerings include cash management, trade solutions, financing, foreign exchange (FX), remittances, investments, treasury, debt and equity capital markets solutions and more. We comprise of three main divisions:

Corporate Banking

Offers a full range of products and services of corporate lending, trade finance, offshore banking and cash management solutions to wholesale banking clients.

Transaction Banking

Delivers cash management solutions, trade products and remittances to corporate clients.

Group Treasury and Markets (GTM)

Manages liquidity for the banking group and offers financial markets solutions to a broad range of clients across all asset classes. The sales and trading activities cover fixed income, interest rates, foreign exchange, money market, equity, commodities and derivatives.

KEY INITIATIVES & OUTCOMES

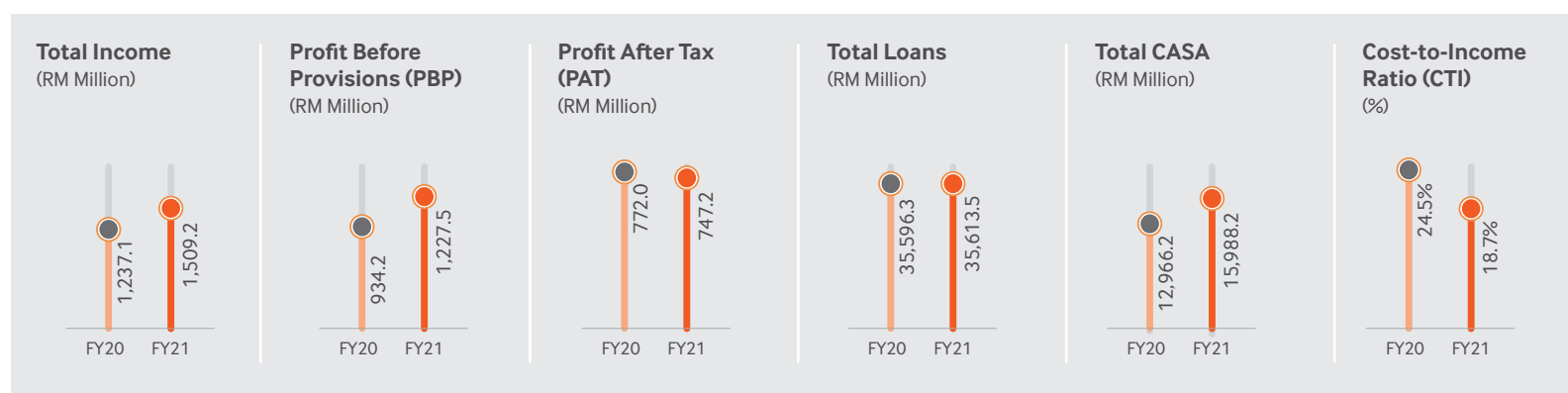
Key Initiatives	Outcomes
<p>Equity Derivatives</p> <ul style="list-style-type: none"> Strengthened our footing in the equity derivatives space. Honed our structured warrants issuance and equity option market-making capabilities. 	<ul style="list-style-type: none"> Achieved 12.0% market share in structured warrants.* <p>* As at 31 March 2021 (Source: Bursa Malaysia)</p>
<p>Fast & Simple eFX</p> <ul style="list-style-type: none"> Implemented digital FX pricing, execution and distribution engine (eFX) through existing digital channels. Continued to progress with the inclusion of FX as a key product for our corporate and retail client base. 	<ul style="list-style-type: none"> Improved digital enablement to assist in growing customer base and added value to existing customers. Alleviated traffic flow to redirect focus to advisory and solutions whilst reducing operational risk.
<p>Bespoke and innovative digital banking solutions</p> <ul style="list-style-type: none"> Developed Fintech partnerships to tap into new market solutions and customer segments, including e-Wallets, cryptocurrency, money services and Payment Service Agents (PSAs). Became the first bank in Malaysia to offer bespoke solutions via the exposure of Application Programming Interfaces (APIs), to enable our Fintech partners to fully digitalise their onboarding journey. Executed RENTAS settlements for DuitNow transactions for non-bank participants, including managing merchant settlements for these participants. Assisted the onboarding process for Fintech customers through bespoke APIs. Facilitated smaller merchants PSAs to adopt e-commerce via FPX. 	<ul style="list-style-type: none"> Provided secure, real-time, reliable, accurate and significant enhancements for key customers, such as using APIs to facilitate the onboarding process for Rakuten Trade. More than 11,000 new accounts were activated at the beginning of the Movement Control Order (MCO) period in March 2020 and grew to 145,000 by end of October 2020. Formed strategic partnership with Merchantrade Asia Sdn. Bhd. to enable Hybrid e-Wallet, enabling Merchantrade's customers to enjoy a much larger e-Wallet capacity while reaping the benefits of Current Account-i, the first-of-its-kind with the largest wallet size of RM50,000. Demonstrated our position as one of the key players in the banking industry in accelerating the growth of cashless payments in Malaysia, by acting as a settlement bank to enable Finexus to participate in DuitNow, a retail payment platform operated by Payments Network Malaysia Sdn. Bhd. ("PayNet"). Contributed to the 23.3% YoY growth in CASA.
<p>Virtual Account Solutions</p> <ul style="list-style-type: none"> Provided Virtual Accounts for all major buyers and customers of our client, Hicom-Teck See Manufacturing (M) Sdn. Bhd. The virtual accounts allow the client to monitor and reconcile their collections efficiently. 	<ul style="list-style-type: none"> Enabled the clients to precisely identify the total collection from each of its buyers, both locally and internationally. Helped the clients to manage between RM20.0 million to RM30.0 million of collections per month.
<p>Internal Collaborations</p> <ul style="list-style-type: none"> Strengthened collaborations with Wholesale Banking, Transaction Banking and AmBank Islamic to penetrate municipalities throughout the country. 	<ul style="list-style-type: none"> Enriched our product offerings with successful sign-ups for various cash management products and increasing CASA balances.

Wholesale Banking

OUR PERFORMANCE

In FY2021, Wholesale Banking remained undeterred by the volatile market environment as we tightened risk management and precisely executed strategy. We registered an income of RM1,509.2 million, growing 22% YoY and contributing to 33% of the total Group's revenue. Net interest income grew 29% YoY due to higher investment and trading securities income. Non-interest income was higher YoY, mainly driven by Markets trading revenues, sales of equity derivatives and shares revaluation gain. Transaction Banking remained focused on building operating accounts via cash management solutions to secure sticky CASA. As a result, CASA experienced a stellar growth of 23.3% YoY.

GTM delivered another year of solid performance, with income growth of 70.4% YoY. GTM also ensured that the Group's liquidity position remained sound during this challenging period by growing the deposit base by 6.6% YoY while keeping funding costs down. Liquidity Coverage Ratio (LCR), a key measure of liquidity for all operating entities, remained above the regulatory requirement of 100%. Due to proactive increases in loan loss provisions on anticipated new loan losses caused by the COVID-19 pandemic, our YoY PAT fell by 3.2%.



AWARDS & RECOGNITION



- Alpha South-East Asia Awards 2020**
 - Best FX Bank for Corporates and Financial Institutions (9th Consecutive Year)
 - Best FX Bank for Structured Products: Commodities, Credit, Equity, FX and Multi-Assets for FX and Treasury segment
- Asset Benchmark Research: Malaysia's Best Local Currency and Bond Individuals in Research, Sales and Trading for 2020**
 - Sales: Ranked 3rd (Ho Su Farn)
 - Trading: Ranked 2nd (Akmal Zaid Mansor)
- Malaysian e-Payment Excellence Award (MEEA) 2020**
 - Outstanding Contributions to JomPAY (4th consecutive year)
 - Top JomPAY Acquirer (1st year)
- Outstanding Digital Acceleration in Response to COVID-19 2020**
 - Honoured by The Digital Banker (Singapore) for our non-face-to-face customer acquisition enabler for Rakuten Trade
- Best Islamic Finance Project Finance Deal of The Year**
 - Pengerang LNG (Two) Berhad's RM1.7 billion (US\$410.5 million) Project Financing Sukuk Murabahah
- Alpha SEA: 14th Annual Best Deal/Solution Awards 2020**
 - Best FIG Islamic Finance Deal – MBSB Bank Berhad's MYR1.3 billion Sukuk Wakalah Issuance
 - Best Local Currency Sukuk – Dialog Group Berhad
- The Asset Triple A Islamic Finance Awards 2020**
 - Best Bank Capital Sukuk – MBSB Bank MYR1.30 billion Tier 2 Sukuk Wakalah Issuance
 - Best NBFI Sukuk – MNRB Holdings MYR320 million Subordinated Murabahah Sukuk
- The Digital Banker Award**
 - Outstanding Digital Acceleration in response to COVID-19

COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Cash flow disruptions of customers/borrowers and loan moratoriums by BNM impacted our deposits and business activities.</p> <hr/> <p>All physical customer engagement events were put on hold due to the Movement Control Order (MCO).</p> <hr/> <p>Restrictions in physical movements led to new practices in terms of digitalisation, customer behaviours and execution of banking documents.</p>	<ul style="list-style-type: none"> Leveraged on our diversified customer base to mitigate any major impact on our deposit base. Proactively engaged our customers to understand and help them navigate the unique and unprecedented challenges presented by the pandemic. Provided repayment assistance to SMEs and corporates with impacted cash flows, offering proactive solutions and assistance such as restructuring and rescheduling of existing loan payments. Increased frequency of counterparty credit reviews, in order to identify emerging potential credit risks. <hr/> <ul style="list-style-type: none"> Conducted online customer engagements, including market outlook seminars and customer appreciation events. Conducted regular virtual meetings to stay connected with our customers. <hr/> <ul style="list-style-type: none"> Worked closely with our IT and operations counterparts to ensure our e-channels are able to serve an increased volume of online customers. Remained vigilant during the processing of online documents to prevent fraud and potential losses. 	<p>Deepened new and existing customer base, achieving 20% YoY growth on our flow franchise business.</p> <hr/> <p>Improved efficiency and accessibility during customer engagements.</p> <hr/> <p>Mitigated system issues and ensured we fulfilled our customers' payment instructions promptly, and minimised cases of fraud within Wholesale Banking.</p>

RISKS & MITIGATION

Challenges/Risks	Mitigation Strategies	Results
<p>Increase in Online and Micro Payment Transactions A high volume of low-value transactions threatens system processing due to bottlenecks.</p> <hr/> <p>Product Development/Management Non-compliance with Product Approval Papers and outdated product documents.</p> <hr/> <p>Potential Defaults Default risk arising from multiple financing of invoices.</p>	<ul style="list-style-type: none"> Introduced a queue processing mechanism in middleware to eliminate bottlenecks. <hr/> <ul style="list-style-type: none"> Obtain product approval from Group Product Forum. Periodically review product documents. <hr/> <ul style="list-style-type: none"> Collaborations with BNM and PayNet and use of distributed ledger technology to ensure that invoices are not financed multiple times. 	<p>Seamless and efficient processing of online/micropayment transactions, with an expected reduction in turnaround time and rejected transactions.</p> <hr/> <p>Zero breaches against product approvals and no outdated product documents recorded.</p> <hr/> <p>Progressively reduced multiple financing.</p>

PROSPECTS & OUTLOOK

In FY2022, we anticipate new challenges as the world continues its transition into the new normal. Financial and capital markets will have to navigate the economic challenges and uncertainty. Our clients are expected to face a disruption in cash flow due to slow business demand arising from several lockdown, thus impacting business growth and asset quality. Therefore, wholesale banking remains focus to ease the financial burden of our clients.

We will continue to refine our suite of products and services, both conventional and Shariah, to meet our clients' evolving needs. This includes the launching of our PayNet products, in which we will leverage on our first-mover advantage. Other strategic initiatives in the pipeline include forging new partnerships and collaborations that will enable us to deliver niche banking solutions to our clients. Overall, we aim to build sticky CASA, promote healthy loans growth and building capital light revenues. With the current and pipeline initiatives bundling, coupled with our Fintech and eCommerce partnerships, we are confident in our ability to continue delivering customer value, grow our CASA balance, and improve our revenue.

AmInvestment Bank

“Despite operating in a challenging business environment, AmInvestment recorded a commendable performance during the period under review, growing our total income by 13.3% YoY from RM305.5 million to RM346.1 million. The strong performance was mainly driven by higher contributions from our flow businesses, i.e., our Equity Markets, Private Banking and Fund management divisions, which benefitted from the low-interest-rate environment. Our Equity Markets continued to benefit from the surge in traded volumes in line with the spectacular performance of the Malaysian stock market last year where both traded volumes and traded values hit record highs, mainly due to increased participation from retail investors. Our fund management business, AmInvest, also turned in a sterling performance, closing the year with a record fund size of RM47.9 billion. In Private Banking, clients benefitted from our recommendations in light of consistent rebound in capital markets from the second half of the year. Our discretionary mandate during the calendar year 2020 had outperformed the MSCI ex-Japan index by 4.0%, delivering a performance of 27.0% for the year. Corporate Finance and Capital Markets Group, however, saw COVID-driven uncertainties leading to corporate deals being put on hold or cancelled with companies conserving cash in anticipation of a protracted recession. Despite these difficulties, we managed to maintain our Top 3 ranking amongst local banks in the Malaysia M&A league table and are ranked 4th in the Malaysian Overall Bond/Sukuk league table. The pandemic also tested our agility and ability to quickly roll out various digitalisation initiatives such as remisier mobility to stay on top of the game. Overall, our positive performance amid unprecedented challenges, supported by a string of awards and accolades won, serve as a testament to AmInvestment’s strategic focus in building a sustainable high-growth business model.”



TRACY CHEN

Chief Executive Officer
AmInvestment Bank Berhad



**TOTAL
INCOME**

RM346.1 MILLION

RM305.5 MILLION IN FY2020



**PROFIT AFTER TAX
(PAT)**

RM135.5 MILLION

RM98.4 MILLION IN FY2020



**ASSETS UNDER
MANAGEMENT (AUM)**

RM57.9 BILLION

RM50.9 BILLION IN FY2020

ABOUT US

We are amongst the most prominent investment banks in Malaysia with a strong market presence. We provide a full range of integrated solutions and services, which include corporate finance and M&A advisory, equity and debt capital markets, fund management, private banking and stockbroking services. These services cover both conventional and Islamic financing.

Our key areas of expertise include:

- **Capital Markets Group (CMG):** Delivers market-leading and customised financing solutions via the debt capital markets to our entire spectrum of clients, ranging from corporate and institutional to government-linked entities. The team leverages its debt origination and structuring expertise built from a comprehensive market and product knowledge in providing clients with integrated financing solutions.
- **Corporate Finance (CF):** Delivers an extensive range of corporate and advisory services comprising mergers and acquisitions (M&As), take-overs, restructuring, initial public offerings (IPO), issuance of equity and equity-linked instruments, valuations and independent advisory services. CF is dedicated to providing our clients with the highest levels of deal execution and service.
- **Equity Capital Markets (ECM):** Leverages on a well-established distribution network and close relationships with fund managers, retail investors and research analysts; providing timely market intelligence in the origination of primary market transactions and the structuring and managing of the marketing and distribution of both primary and secondary equity offerings.

- **Equity Markets (EM):** Provides a comprehensive range of products and services, including futures broking, share trading and share margin financing. EM offers share trading facilities to retail and institutional investors, as well as share margin financing facilities to retail and corporate investors. Customers can trade or invest in companies listed on Bursa Malaysia and selected overseas exchanges.
- **Fund Management (AmInvest):** Manages a broad range of investment mandates and unit trust funds across the risk-return spectrum for individuals, corporates and institutions, and provides fund distribution support services for institutional distributors. AmInvest also manages Private Retirement Schemes (PRS) and Exchange Traded Funds (ETFs).
- **Private Banking (AmPrivate):** Provides high net-worth clients with investment solutions, both discretionary and non-discretionary, to fit their risk profiles (both in Malaysian Ringgit and foreign currencies).

KEY INITIATIVES & OUTCOMES

Key Initiatives	Outcomes
<p>Capital Markets Group (CMG)</p> <ul style="list-style-type: none"> • Road to Capital Markets ("RTCM"): Provided debt and project finance advisory to corporate clients in Business Banking and MidCorp segment to tap capital markets for funding. • To advise and arrange sustainability funding. 	<ul style="list-style-type: none"> • Ranked No. 4 with 10.7% market share for Overall Malaysian Bonds/Sukuk for 2020. • Acted as a Principal Advisors/Lead Arranger for major Sukuk and Syndicated Financing deals, including: <ul style="list-style-type: none"> – RM3.0 billion Sukuk Wakalah Programme for Dialog Group Berhad. – RM700.0 million Asset-Backed Medium Term Notes Facility for Swirl Assets Berhad. – RM1.7 billion Sukuk Murabahah for Pengerang LNG (Two) Sdn Bhd. – RM100.0 million Islamic Commercial Papers Programme and RM500.0 million Islamic Medium Term Notes Programme for George Kent (Malaysia) Berhad. – RM71.0 billion Government-Guaranteed Islamic Commercial Paper & Islamic Medium Term Notes Programme for Danainfra Nasional Berhad. – Syndicated Revolving Credit-i Facility of up to RM3.0 billion guaranteed by the Government of Malaysia for Lembaga Pembiayaan Perumahan Sektor Awam. – Multi-Trade Finance-i, Revolving Credit-i and Cash Line-i Facilities of up to RM231.0 million for Swift Haulage Sdn Bhd. • Secured a few ESG Sukuk mandates e.g. up to RM700 million ESG Sukuk for 2 mini-hydro projects.
<p>Corporate Finance (CF) & Equity Capital Markets (ECM)</p> <ul style="list-style-type: none"> • Road to Capital Markets: Provided investment banking advice to corporate clients in Business Banking and Mid-Corp sectors to access capital markets. • Raised clients' awareness and interest in investment banking products via webinars. • Place greater focus and enhanced marketing on Initial Public Offering (IPO) and listing of companies on Bursa Securities. 	<ul style="list-style-type: none"> • Gained strong interest for the Road to Capital Markets Webinar with over 160 attendees that led to higher deal enquiries. • Achieved repeated investment banking mandates for corporate clients, including origination of several general offer/privatisation deals. • Maintained a healthy IPO deal pipeline with a significant number of potential transactions. • Acted as Principal Adviser for key deals such as: <ul style="list-style-type: none"> – RM823 million acquisition of property assets by Lagenda Properties Berhad. – RM714 million acquisition of property assets by GSB Group Berhad. – RM590 million takeover offer of Eastern & Oriental Berhad by Amazing Parade Sdn Bhd. – RM423 million acquisition of property assets by Grand-Flo Berhad. – RM340 million divestment of property assets by Naim Holdings Berhad. – RM89 million takeover offer of Euro Holdings Berhad by SPA Furniture Sdn Bhd. – RM37 million takeover offer of Grand Hoover Berhad by Aim Tetap Teguh Group. • Acted as Placement Agent for <ul style="list-style-type: none"> – Lagenda Properties Berhad – raised RM134 million through Primary Placement. – Kerjaya Prospek Property Berhad – raised RM102 million through Primary Placement.

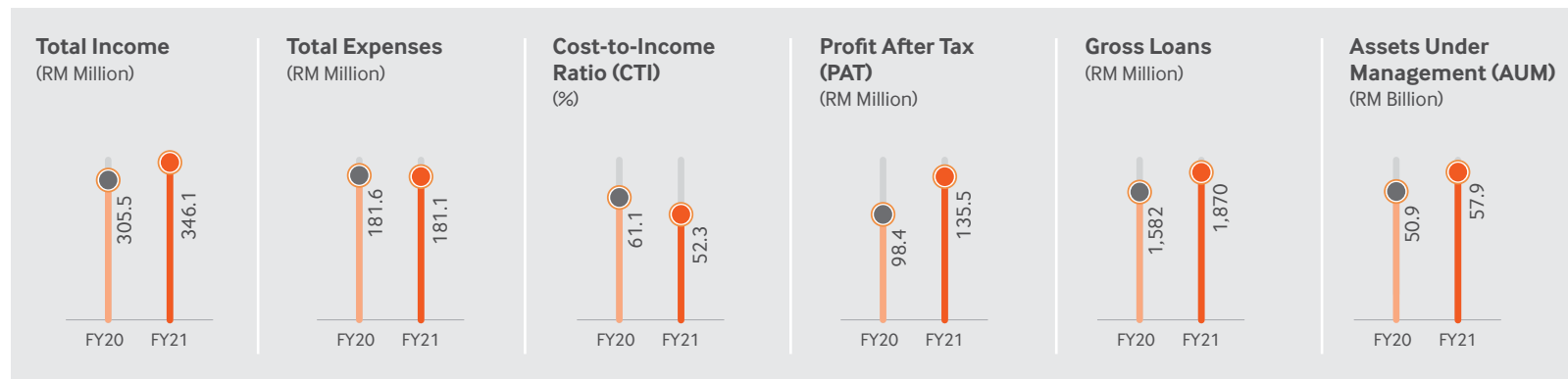
AmInvestment Bank

KEY INITIATIVES & OUTCOMES (CONTINUED)

Key Initiatives	Outcomes
<p>Equity Markets (EM)</p> <ul style="list-style-type: none"> Implemented a Retail Business Broking System for remisers to further enable dealer mobility and improve client servicing efficiency. Optimised our delivery channels and operations with the closure of the Johor Bahru branch. 	<ul style="list-style-type: none"> Ranked No. 3 (amongst investment banks) in Institutional Trade Value in 2020 with a market share of 7.0%. Created a seamless experience for customers through facilitating trade settlements and crediting of sale proceeds by linking clients' trading accounts with their AmBank banking accounts. Online transactions constituted nearly 70% of total Retail traded value.
<p>AmInvest</p> <ul style="list-style-type: none"> Reinforced our investment team with regional/offshore and ESG/SRI expertise. Continued to build better brand recognition and public trust with our expertise and performance track record. 	
<p>AmPrivate</p> <ul style="list-style-type: none"> Strengthened our team of Private Client Managers to continue serving the needs of high net worth clients. Increased the number of Private Client Managers at identified locations, serving both new and next-generation high net worth clients. 	
	<ul style="list-style-type: none"> Top five market ranking by fund size in the Lipper Unit Trust League Table. Best Bond Group by Refinitiv Lipper Funds Awards Malaysia 2021. Strengthened our brand as an investment solution provider with 40 years of award-winning experience.
	<ul style="list-style-type: none"> Achieved decent growth in AUM to reach RM10 billion in FY2021.

OUR PERFORMANCE

Continuing on our growth momentum, we contributed positively to AmBank Group's performance, with a 13.3% YoY increase in total income. This growth is a result of a higher net income from the flow of business, which consequently offset the drop in IB origination and lower write-back of impairment.



CMG retained its dominance in the Malaysian debt capital markets. Its market share in the Malaysian Ringgit Islamic Sukuk space expanded from 10.7% to 12.2% while maintaining its market share in the overall Malaysian Bond category at over 10%. Amongst the top four investment banks ranked in Bloomberg's Malaysian Bond and Malaysian Ringgit Islamic Sukuk League Tables, CMG is ranked 1st in total deal volume versus single counterparty exposure limit (SCEL). This performance stands as a testament to the close collaboration with our client coverage colleagues, deep-seated relationships

with our client base, and an unwavering commitment to providing innovative market-driven solutions.

CF's strategy continues to align with the aim of Wholesale Banking Coverage (WBC) and Business Banking (BB), where we provide integrated financial solutions to our corporate clients to help them achieve their business objectives. Top-notch advisory solutions coupled with high levels of execution excellence has enabled CF to remain as a Top 3 adviser in Malaysia.

ECM contributed to our growth through equity fundraising activities that primarily focused on mid-cap sized companies listed on Bursa Malaysia. It was another milestone year as ECM raised more than RM600 million via numerous equity fundraising deals. In addition, despite the challenging market environment, ECM completed two notable property fundraising deals: Lagenda Properties Berhad, in which ECM successfully raised RM134.0 million through Primary Placement; and Kerjaya Prospek Property Berhad with RM92.0 million also raised via Primary Placement.

EM recorded a 65.0% YoY increase in revenue, contributing RM109.4 million to total Group revenue in FY2021. Additionally, profit before tax (PBT) grew by nearly three-fold to RM64.0 million, while total share margin financing outstanding rose by 56% YoY to RM1.03 billion. This strong growth performance is attributed to a surge in traded volumes and traded values due to increased participation from retail investors.

AmInvest achieved another record in terms of total funds under management. We closed the year with a fund size of RM47.9 billion, breaking last year's record of RM42.1 billion. Our total funds under management have been growing steadily over the past three years with a 10.0% cumulative annual growth rate (CAGR). We also maintained our top five Fund Size Market position in FY2021. AmInvest's growth came from capturing a rise in demand for investment funds by institutional and retail investors while applying robust client retention strategies amidst uncertain times, offering appropriate products to our investors and growing the investment portfolios by capitalising on the volatility of the capital markets.

AmPrivate achieved a double-digit return on capital employed (ROCE) in FY2021 due to strong growth in assets under management (AUM), improved quality of idea generation by our Product Specialists, as well as significant outperformance by AmPrivate's Discretionary Mandate team.

AWARDS & RECOGNITION



CMG

- **RAM League Awards 2020**
 - Lead Manager Award by Programme Value 2019 (3rd Place)
 - Lead Manager Award by Number of Issues 2019 (Joint 2nd Place)
 - Lead Manager Award (Sukuk) by Programme Value 2019 (3rd Place)
 - Lead Manager Award (Sukuk) by Number of Issues 2019 (Joint 2nd Place)
- **The Asset Triple A Islamic Finance Awards 2020**
 - Best Bank Capital Sukuk (MBSB Bank Berhad's RM1.3 billion Tier 2 Sukuk Wakalah Issuance)
 - Best Non-Bank Financial Institution (NBFI) Sukuk (MNRB Holdings Berhad's RM320 million Subordinated Sukuk Murabahah)
- **The Asset Triple A Asia Infrastructure Awards 2020**
 - Petrochemical Deal of the Year (Regional) (Pengerang Refinery and Petrochemical's USD9.5 billion Debt Facility)
 - Petrochemical Deal of the Year (Malaysia) (Pengerang Refinery and Petrochemical's USD9.5 billion Debt Facility)
 - Telecom Deal of the Year (Digi Telecommunications Sdn Bhd's RM900 million Sukuk Murabahah)
 - Water Deal of the Year (Pengurusan Air SPV Sdn Bhd's RM1.6 billion Multi-Tranche Sukuk)
- **14th Annual Alpha SEA Deal and Solution Awards 2020**
 - Most Improved Bond House in Southeast Asia 2020
 - Best FIG Islamic Finance Deal of the Year (MBSB Bank Berhad's RM1.3 billion Tier 2 Sukuk Wakalah)
 - Best Islamic Syndicated Loan Deal of the Year (Serba Dinamik Holdings Berhad's RM1.2 billion Syndicated Term-Financing i)
 - Best Islamic Finance Project Finance Deal of the Year (Pengerang LNG (Two) Sdn Bhd's RM1.7 billion Sukuk Murabahah)
 - Best Local Currency Sukuk (Dialog Group Berhad's RM500 million Perpetual Sukuk Wakalah)

CF

- **14th Annual Alpha Southeast Asia Deal & Solution Awards 2020**
 - Best Equity Deal of the Year, Malaysia (Joint Underwriter for Mr D.I.Y. Group Berhad's RM1.5 billion IPO)
- **14th Annual Alpha Southeast Asia Best Financial Institution Awards 2020**
 - Best Small to Mid-Cap Corporate Finance House in Malaysia

EM

- **Global Banking & Finance 2020**
 - Best Securities Brokerage Malaysia 2020
- **Bursa Malaysia Top Brokers 2020**
 - Top Broker in Highest Traded Value For ETFs Category

AmInvest

- **Refinitiv Lipper Fund Awards Malaysia 2021**
 - Best Bond Fund Family Group Over Three Years (2nd consecutive year)
 - AmDynamic Bond, Best Bond MYR Fund Over 3 Years (2nd consecutive year)
 - AmDynamic Bond, Best Bond MYR Fund Over 5 Years (2nd consecutive year)
 - AmDividend Income, Best Equity Malaysia Income Fund Over 3 Years
 - AmDividend Income, Best Equity Malaysia Income Fund Over 10 Years
 - AmMalaysia Equity, Best Equity Malaysia Fund Over 5 Years
 - AmMalaysia Equity, Best Equity Malaysia Fund Over 10 Years
- **Asia Asset Management Best of the Best Awards 2021**
 - Best Bond Manager, Malaysia
 - Best Institutional House, Malaysia
 - Best Pension Fund Manager, Malaysia (3rd consecutive year)
- **World Finance Investment Management Awards 2020**
 - Best Investment Management Company, Malaysia

AmInvestment Bank

COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Cashflow disruptions of corporate clients led to suspension or cancellation of M&A deals.</p> <p>Higher traded volumes and values by retail investors due to moratorium and low-interest-rate environment.</p> <p>The MCO adversely affected the processing of new share trading account applications by retail customers.</p> <p>Volatility in capital markets due to economic and market disruptions.</p>	<ul style="list-style-type: none"> Maintained close contact with clients to understand their objectives and provide sound advice on deal strategy. Invested in digital capabilities to improve deliverables, minimise errors during trading, and maximise customer experience. Implemented electronic account opening application forms (e-AOF), enabling online account applications through our trading platform (AmEquities). Regularly communicated with distributors and customers to better understand and meet their needs. 	<p>Effectively managed the timing of M&A deal execution with the provision of necessary funding when markets improved.</p> <ul style="list-style-type: none"> Recorded an all-time high total revenue and pre-tax profit from Retail Business. Increased retail investors' share of traded volumes and value to 50% of all equity trades transacted by/through AmInvestment. <p>Achieved a record number of new account opening applications with online trades exceeding 70% of total trades.</p> <p>Increased overall fund size and effectively managed withdrawal concerns.</p>

RISKS & MITIGATION

Key Risks	Mitigation Strategies	Results
<p>Fee Compression Increased competition may lead to fee compression for advisory revenues.</p> <p>Traded Volumes & Value Lower traded volumes/value by institutional investors impacts overall performance.</p> <p>Product Withdrawals Tax incentives may lead to withdrawals from some of our unit trust products.</p>	<ul style="list-style-type: none"> Closely collaborate with client relationship teams, offering financing to execute the deals. Provide a comprehensive one-stop financial solutions to defend key client relationships. Diversify our reliance on government-linked investment corporations (GLICs) and foreign institutional clients. Offer alternative solutions and new products that better meet clients' needs. 	<p>Ranked Top 3 by deal value amongst Malaysian advisers in Bloomberg M&A League Table 2020.</p> <p>Successfully opened new-to-Bank Non-GLIC accounts and reactivated some dormant or inactive Non-GLIC accounts.</p> <p>Increased fund demands and growth in this category.</p>

PROSPECTS & OUTLOOK

The post-pandemic recovery may be uneven, with some sectors recovering faster than others. This dynamic will drive investor demand initially for assets in those ahead in the recovery curve and navigate AmInvestment through growth resumption in FY2022. CMG will continue to adopt a dynamic approach in the pursuit of innovative and optimal financing solutions. The CMG team will leverage its debt origination and structuring expertise, built from a comprehensive market and product knowledge in providing clients with integrated financing solutions. At the same time, CF continues executing its strategic initiatives such as the Road to Capital Markets programme for clients in Business Banking and Mid-Corp sectors, as well as, build on the M&A and IPO pipeline in FY2022. For ECM, we expect a significant increase in equity fundraising deal volume, with FY2022 projected to be an 'IPO Year' supported by a robust pipeline.

A key strategic initiative for EM in FY2022 is to introduce new products such as Securities Borrowing & Lending and Global Futures to diversify its revenue and increase its market share. Additionally, EM endeavours to grow its share margin financing book by tapping the growing number and increased participation of retail investors.

Similarly, AmInvest's FY2022 focus area is to increase the digitalisation and in-sourcing of its platform to grow its distributors and client base. AmInvest will also enhance its innovative product offerings, particularly in terms of sustainable and offshore funds. Meanwhile, AmPrivate will continue to focus on the emerging high net-worth millennials.

Retail Banking

“FY2021 has been a challenging year, with the pandemic impacting both the economy as well as social behaviour. Retail Banking proudly rose to the challenge by helping our customers navigate the financial crisis, enhancing our digital channels for remote banking, strengthening our segment value propositions for SMEs and Priority Banking customers, and maintaining employee morale and productivity. Despite the unprecedented difficulties, we delivered on our commitments to customers as well as overall Group performance. As a testament to our resilience, we recorded an encouraging growth in assets under management (AUM), gained market share across major product categories, and exceeded RM1.0 billion in ASNBV sales volume for the first time in AmBank’s history.”

AARON LOO
Managing Director, Retail Banking
AmBank Group



INCOME

RM1,597.8 MILLION

RM1,466.3 MILLION IN FY2020



PROFITS BEFORE PROVISIONS (PBP)

RM732.8 MILLION

RM601.2 MILLION IN FY2020



PROFIT AFTER TAX (PAT)

RM151.0 MILLION

RM315.0 MILLION IN FY2020

ABOUT US

We provide banking solutions to help individuals and small businesses realise their aspirations. Our range of products and services addresses customers’ financial, and lifestyle needs through physical and digital channels. We offer a full suite of financial products tailored to the needs of different segments and sub-segments, from affluent to mass market and from retailers to F&B outlets. Our partnerships with major lifestyle corporations, such as BonusLink, allow us to deliver on such needs seamlessly. Additionally, our partnership with technology companies like Maxis has enabled us to provide our clients with value-added access to digital capabilities as well as access to government grants to support their migration to a digital environment.

Our clients have access to a wide variety of channels, including:

- AmOnline (Web and AMY 2.0) and AmAccessBiz that enable clients to conduct most of their transactions without having to leave the comfort of their home or office
- 170 branches nationwide network
- 1,090 self-service machines
- Call Centres

Retail Banking

KEY INITIATIVES & OUTCOMES

Key Initiatives	Outcomes
<p>Helping Our Customers</p> <ul style="list-style-type: none"> Developed and deployed a comprehensive set of Repayment Assistance packages to help affected customers. Mobilised more than 1,000 bankers nationwide to reach out and proactively help our most at-risk clients. Simplified the Repayment Assistance application process with minimal requirements to provide evidence of hardship. 	<ul style="list-style-type: none"> Approved close to 100% of customers that applied for Repayment Assistance.
<p>Enhance Digitalisation</p> <ul style="list-style-type: none"> Launched AMY 2.0, our refreshed mobile app improved usability and functionality. Started pilot trials on full digital account opening for individuals through AMY 2.0 and for SMEs via AmAccessBiz using electronic Know Your Customer (e-KYC) capabilities. 	<ul style="list-style-type: none"> Increased the number of individuals using our digital channels by 30% YoY, with a more than 80% increase in individuals' total financial transactions via digital channels.
<p>Strengthen Segment Value Proposition</p> <ul style="list-style-type: none"> Launched SME-in-a-Box in partnership with Maxis and BonusLink. The box allows customers to gain preferential rates to an entire host of products, including deposits, financing, merchant terminal, telecommunications and more. Introduced PayG, a new product that allows us to grant financing to SMEs based on their historical transaction volume captured by their credit card merchant terminals. Developed mTAP (in partnership with Maxis), an app that converts smartphones with Near Field Communications (NFC) into payment acceptance devices. This enables businesses to accept credit, debit and QR based payments using their mobile phones. 	<ul style="list-style-type: none"> Recorded more than 20% growth in RSME CASA and financing volume.
<p>Signature Priority Banking</p> <ul style="list-style-type: none"> Pivoted our Priority Banking value proposition away from lifestyle-related programmes centred on giving clients more flexibility via cashback programmes. Launched relevant campaigns linked to our client's level of Assets Under Management (AUM). This includes our Wealth Connection Campaign that rewarded loyal clients with digital devices to help them stay connected during MCO. Launched a series of new investment propositions, including retail bonds, equity-linked investments and foreign currency products, enhancing and diversifying their returns. Developed our Relationship Management team to ensure that our Priority Banking clients get the coverage and attention they deserve. 	<ul style="list-style-type: none"> Increased in AmSPB customers with Wealth products and higher Wealth AUM per AmSPB customer.
<p>Energise Our People</p> <ul style="list-style-type: none"> Developed digital engagement programmes including physical and mental health programmes to keep our teams connected and engaged during MCO. Launched a series of Robotic Process Automation (RPA) to reduce repetitive tasks, thus allowing employees to focus on more meaningful work. 	<ul style="list-style-type: none"> Improved our Gallup engagement score to the 60th percentile of Malaysian companies from the 24th percentile in the previous year. Increased staff engagement scores by 13% YoY.

OUR PERFORMANCE

Our focus on mass affluent, affluent and small business segments have yielded a higher YoY Net Promoter Score (NPS) among our customers, gains in key products market shares, as well as a deepening of our customer relationship.

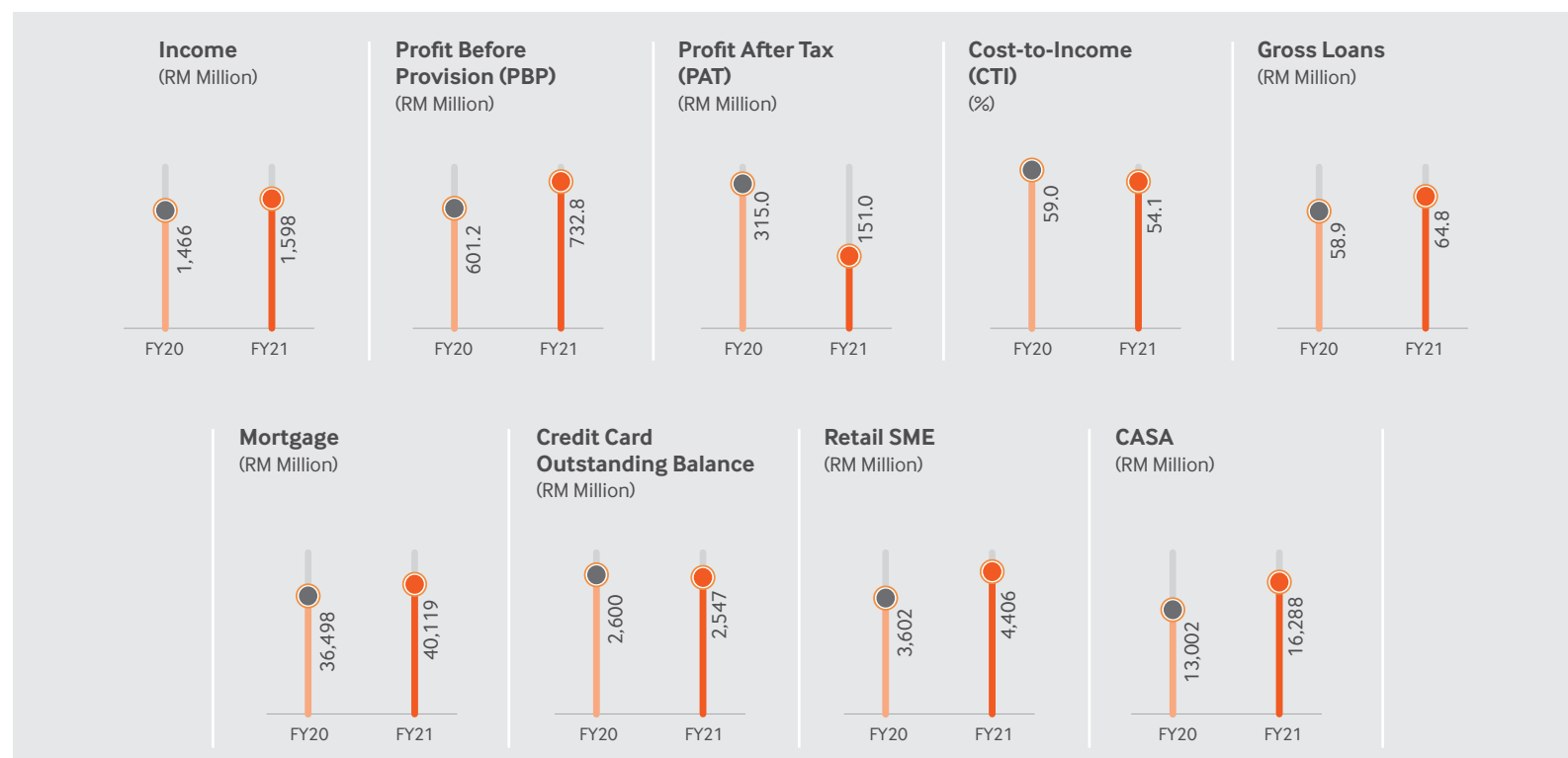
Our income registered strong underlying growth YoY while maintaining strict cost discipline to enable our Profit Before Provision to grow by 22%. Cost Income Ratio improved to 54% from 59% last year.

PAT reduced by 52% YoY mainly attributable to prudential management overlays in our Expected Credit Loss ('ECL') Provisions. This ensures that the

business is sufficiently buffered against potential future credit deterioration upon the expiry of repayment assistance programmes.

Gross Loans grew by 10% to RM 64.8 billion, partly due to the impact of the automatic moratorium which reduced repayments but also attributable to our ability to sustain good sales momentum during the year despite a challenging macroeconomic environment.

We have also been successful in diversifying our deposit base with CASA growth of RM3.3 billion or 25%, hence resulting in an improved CASA ratio of 34.5% compared to 28.6% last year.



AWARDS & RECOGNITION



- Visa Award 2019**
 - Highest Payment Volume (PV) Growth for eCommerce Spend
 - Highest Payment Volume (PV) Growth for Co-Brand Card'
- 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
- Malaysian e-Payments Excellence Awards**
 - Outstanding Contribution to MyDebit (fourth consecutive year)
 - Outstanding Contribution to JomPAY (fourth consecutive year)
 - Top JomPAY Acquirer
- Excellence in Retail Financial Services Awards 2021 – by The Asian Banker**
 - Best Digital Employee Engagement Initiative/Application

Retail Banking

COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Cashflow disruptions of customers, with 85% of our borrowing customers taking the six months National automatic moratorium.</p> <hr/> <p>Overall, industry credit card transaction volumes dropped as a result of movement and social distancing restrictions.</p>	<ul style="list-style-type: none"> Reached out to financing customers through multiple channels of communications. Provided Senior Management Oversight to ensure close monitoring and speedy decisions were made. Mobilised more than 1,000 staff bank-wide staff to support Repayment Assistance programs, with 6,400 site visits conducted on Retail SME customers. <hr/> <ul style="list-style-type: none"> Listened to our customer needs during the lockdown and amalgamated all our propositions in Essential Kit. Recalibrated credit cards and financing options through the launching of the new Cash Rebate Card, Amazing 30 – a campaign that rewards cardholders with attractive cash rebates, cash backs and discounts. 	<p>Enrolled 22% of our Balance Sheets with various Repayment Assistance programmes.</p> <hr/> <p>Gained in market share on the credit card in circulation, retail spend and receivables.</p>

RISKS & MITIGATION

Key Risks	Mitigation Strategies	Results
<p>Customer Experience Challenges in customer engagement affect sales growth.</p> <hr/> <p>Margin Compression Uncertainty in the Overnight Policy Rate (OPR) makes it challenging to manage our margins.</p> <hr/> <p>High Cost of Funds A low CASA ratio leads to a higher cost of funds.</p> <hr/> <p>High-Net-Worth Clients A ratings downgrade by RAM impacts the confidence of our high-net-worth clients.</p>	<ul style="list-style-type: none"> Accelerate digital onboarding and transactions. <hr/> <ul style="list-style-type: none"> Grow our fixed-rate loans through Hire Purchase and new fixed-rate mortgage products. <hr/> <ul style="list-style-type: none"> Delivered segment-led value propositions via strategic partnerships. Introduced self-directed digital solutions to grow operating CASA accounts. <hr/> <ul style="list-style-type: none"> Deploy a sizeable and experienced relationship management team to continuously engage with our clients. Provide clients with proactive advice in optimising their investment returns. 	<p>Improved the usage of our online banking platform to more than 60%.</p> <hr/> <ul style="list-style-type: none"> Hire purchase disbursed volume increased by 20% Rolled out a new fixed-rate Mortgage loan in 2020 <hr/> <p>Turnaround the perception issues faced by the ratings downgrade.</p>

PROSPECTS & OUTLOOK

Despite the challenges faced in FY2021, we have accelerated our growth across all major product lines and taken market share. In the upcoming year, we aim to continue this positive momentum by further strengthening the segment-based value proposition offered to our individual and SME clients, while also enhancing our ability to acquire and service clients digitally through AmOnline and AmAccessBiz. Similarly, we will reformat our physical branch networks and enable greater non-face-to-face interactions using self-service machines and AmOnline kiosks as well as equip our relationship management team with digital solutions to better serve our AmSPB clients. In expanding our client base, we work closely with our Business and Wholesale Banking clients to extend value propositions to their employees and suppliers. Similarly, through strategic partnerships with Maxis and BonusLink, we will offer their clients value to efficiently acquire greater clientele, as well as accelerate the digitalisation of SMEs through value proposition and product innovation (i.e., SME-in-a-Box, mTAP and PayG).

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.

Business Banking

KEY INITIATIVES & OUTCOMES

Key Initiatives

COVID-19 Assistance for SMEs

- 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.

 For more information, see page 154

AmBank BizRACE Programme

- 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.

AmBank BizHUB

- 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.

Outcomes

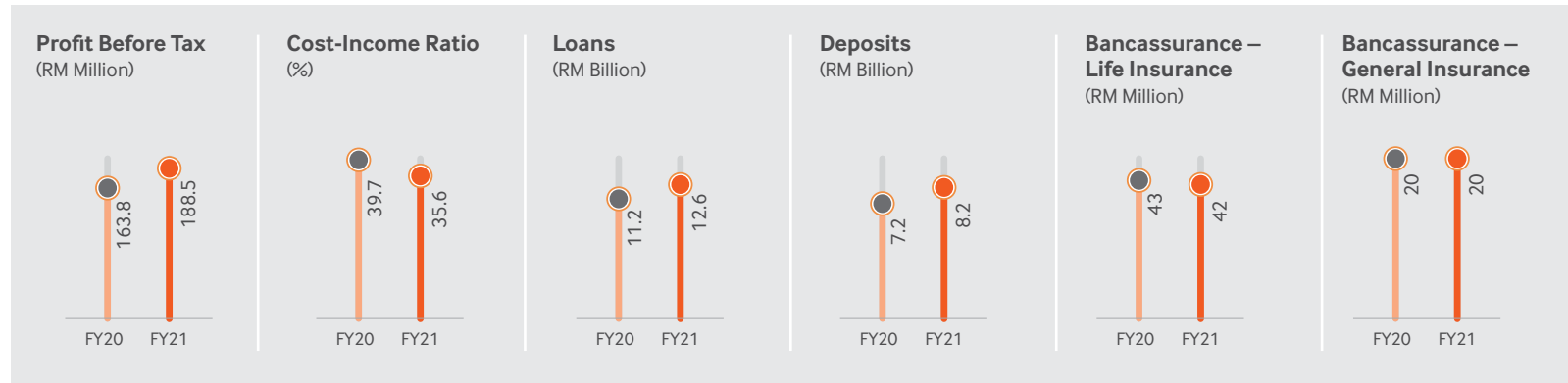
- The Bank received up to 2,795 financing scheme applications by SME customers that were greatly impacted by the pandemic.
- A total of 1,718 applications were successfully disbursed amounting to RM1.4 billion, where 66% of the total disbursed amount was contributed by the Business Banking division.

- 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.

- 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>

Business Banking

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> <hr/> <p>Crowded SME Space Intense competition in the SME sector threatens our market share.</p> <hr/> <p>Margin Compression Increased competition and lower sales lead to margin compression for products and services.</p> <hr/> <p>Rapidly Changing Market Rapid market advancements continue to drastically change market needs.</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>

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.

AmBank Islamic

“The COVID-19 pandemic is impacting societies at their core. This unprecedented situation in recent history presents a new set of challenges for companies and individuals around the world. AmBank Islamic Berhad (AmBank Islamic) fully supports the various measures by the Government of Malaysia and BNM including the stimulus packages to help people and businesses cope with the near-term challenges. In supporting these initiatives, we have implemented various assistance programmes, which include financing to impacted SME customers at favourable terms and the automatic 6-month moratorium to individuals and SMEs. Rest assured of our belief that our success and ability to remain profitable and relevant is intrinsically dependent on the long-term prosperity of the environment and societies which we serve.”

EQHWAN MOKHZANEE BIN MUHAMMAD
Chief Executive Officer
AmBank Islamic Berhad



TOTAL FINANCING

RM 36.2 BILLION

RM32.3 BILLION IN FY2020



TOTAL INCOME

RM 916.3 MILLION

RM883.8 MILLION IN FY2020



NET FUNDED INCOME (NFI)

RM830.4 MILLION

RM767.5 MILLION IN FY2020

ABOUT US

At AmBank Islamic, we offer a comprehensive range of Shariah-compliant retail and non-retail banking products and services, including investment, treasury, and trade solutions. Our primary role as a credit intermediary is evolving as we advance towards our value-based intermediation (VBI) aspiration. This is an integral strategy to catalyse our journey towards becoming a purpose-based organisation, whilst being mindful of financial returns to our shareholders.

We continue to serve our existing market segments, including retail, SME, corporate and institutional customers. Concurrently, we deliver added value to the Group by offering Islamic-centric solutions and penetrating niche market segments that naturally gravitate towards Islamic banking. AmBank Islamic is poised to further improve its income and profitability through its growth strategies.

AmBank Islamic

KEY INITIATIVES & OUTCOMES

Key Initiatives	Outcomes
<p>Niche Market Segments</p> <ul style="list-style-type: none"> Offered the following solutions and targeted niche segments to drive CASA balances: <ul style="list-style-type: none"> AmWafeeq-i savings account JomPAY Virtual Account Educational institutions Public bodies 	<ul style="list-style-type: none"> Recorded a 20.2% growth in CASA balances. Contributed to RM32.6 million or 3.7% growth in total income. Achieved a RM3.9 billion or 12.2% growth in total financing, with net funded margin recorded at 1.80%.
<p>Income Diversification</p> <ul style="list-style-type: none"> Diversified income base by growing our fixed income securities book. 	
<p>Business Customers</p> <ul style="list-style-type: none"> Implemented capacity-building initiatives and deepening of wallet share to reinforce our relationships with SME and mid-corp customers. 	

OUR PERFORMANCE

Whilst the COVID-19 pandemic had far-reaching ramifications for financial institutions, we managed to record an increase in income by 3.7% to RM916.3 million and financing growth of 12.2%, which were attributable to our strategies in relation to income diversification and management of funding costs. This commendable performance is on the back of day one modification loss from the support given to customers through inter alia the automatic six-month moratorium, repayment assistance and targeted repayment schemes, albeit mitigated by the support given by the Government and BNM. We continued to demonstrate discipline and efficiency in cost management, which resulted in operating expenses falling by 3.8%, and consequently an improved cost-to-income ratio from 34.8% to 32.3%.

The COVID-19 pandemic and the fluidity of the imminent outlook have necessitated the need to adopt a prudent approach to our credit portfolio by recognising a significantly higher net impairment charge of RM502.9 million (FY2020: RM154.9 million). Whilst our underlying business continued to record commendable growth with profit before impairment of RM620.7 million, due to the anticipatory forward-looking overlay adjustments for potential financing delinquency upon expiry of the repayment assistance schemes, as well as from our exposure to the aviation and oil & gas sectors, our profit after zakat and taxation (PAZT) decreased by 63.7% to RM121.3 million.



NON-FUNDED INCOME (NOFI)

RM86.0 MILLION

RM116.3 MILLION IN FY2020



COST-TO-INCOME RATIO (CTI)

32.3%

34.8% IN FY2020



TOTAL CASA

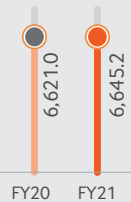
RM12.8 BILLION

RM10.6 BILLION IN FY2020

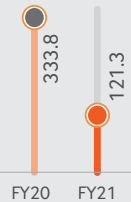
Credit Card Outstanding Balance (RM Million)



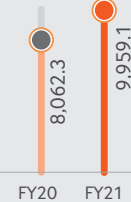
SME Financing (RM Million)



Profit After Zakat and Taxation (PAZT) (RM Million)



Mortgage (RM Million)



Deposits (RM Billion)



AWARDS & RECOGNITION



- **Global Banking & Finance (GBAF)**
 - Islamic Banking CEO of the Year Malaysia 2021 (3rd consecutive year)
 - Best Islamic Corporate Bank Malaysia 2020
 - Best Islamic SME Bank Malaysia 2020
- **Alpha Southeast Asia**
 - Best Islamic SME Bank in Malaysia 2020 (2nd consecutive year)
- **The Asset Triple A**
 - Best Bank Capital Sukuk Malaysia (Role: Shariah Adviser)
 - Best Non-Bank Financial Institutions (NBFI) Sukuk Malaysia (Role: Shariah Adviser)

COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Lockdowns and movement restrictions negatively impacted businesses, resulting in income reductions, pay cuts, termination, and employees' resignations.</p>	<ul style="list-style-type: none"> • Offered six-month automatic payment deferment for financing facilities to all eligible individual and SME customers until 30 September 2020. • Provided an option to customers with credit card facilities to convert their outstanding balances into term financing. • Continued to offer the Repayment Assistance and Targeted Repayment Assistance Programmes to ease the cash flow constraints of our customers. 	<ul style="list-style-type: none"> • Eased customers' cash flow constraints to mitigate the risk of customer default.
<p>Supply-and-demand shocks due to economic lockdowns severely affected SME customers' business continuity and cash flow.</p>	<ul style="list-style-type: none"> • Launched the Financial Relief Programme, which provides financing of up to RM1.0 million to impacted SME customers under Special Relief Facility, an initiative by BNM. • Introduced a moratorium or payment holiday of up to six months to ensure viable businesses continue to operate. 	<ul style="list-style-type: none"> • Approved additional financing to AmBank SME customers at favourable terms.
<p>Corporate customers were severely impacted and required assistance in payment moratorium and/or financial assistance to stay afloat.</p>	<ul style="list-style-type: none"> • Regularly engaged with corporate customers to assist those who are facing financial constraints. • Deployed more resources in managing rescheduling and restructuring (R&R) requests. 	<ul style="list-style-type: none"> • Effectively structured tailored R&R plans to suit customers' respective financial commitments.

KEY RISKS & MITIGATION

Key Risks	Mitigation Strategies	Results
<p>Potential Defaults Poor economic conditions impact customers' ability to meet their payment obligations.</p> <hr/> <p>Cybersecurity Increasing digitalisation and online use expose our critical data and business to cyber-attacks.</p> <hr/> <p>Shariah Risks Shariah non-compliance (SNC) results in the purification of income and could impact our business if it remains unabated.</p>	<ul style="list-style-type: none"> • Manage and monitor the onboarding of customers vis-à-vis strategies and risk appetite. • Implement prudent credit underwriting standards and proactive collection strategies. • Monitor asset portfolio and composition. • Proactively engage major underperforming customers to avoid impairment. <hr/> <ul style="list-style-type: none"> • Implement the Cyber Resilience Policy to enhance cybersecurity through a multi-layered approach that builds our ability to prevent and recover from cyber-attacks and events that disrupt business operations and services. • Establish a Security Incident Response Team to identify, protect, detect, respond and recover from cyber risk incidents. <hr/> <ul style="list-style-type: none"> • Align with the BNM Shariah Governance Framework (SGF), in which the Shariah Management Department acts as the 1st line of defence, Shariah Risk Management and Shariah Review functions act as the 2nd line of defence, and Shariah Audit function acts as the 3rd line of defence. • Implement the necessary policies, guidance and control measures to mitigate SNC risks, including training and awareness programmes. 	<p>Improved gross impaired financing ratio from 1.90% in FY2020 to 1.69% in FY2021.</p> <hr/> <p>Zero successful cyber-attack incidents recorded.</p> <hr/> <p>One SNC event involving the use of insurance coverage for Industrial Hire Purchase-i facilities. There were no SNC income ramifications.</p> <hr/> <p>In relation to the SNC income of approximately RM353,000, this pertains to the extension of Cash Line-i facilities without Aqad. The discovery was prompted by a similar SNC event that took place in the financial year ended 31 March 2020, and was part of the Bank's conscious effort to proactively identify any other potential SNC events involving Cash Line-i facilities. Given that this SNC event is similar to the one SNC incident which occurred in the financial year ended 31 March 2020, both SNC events are grouped as a single SNC event that was deemed to occur in the financial year ended 31 March 2020.</p>

PROSPECTS & OUTLOOK

The current COVID-19 pandemic is a reminder that financial institutions are exposed to financial risks stemming from potential disruption to the global supply chain and customers' operations. We expect the market to remain volatile as the economy gradually recovers from this global health and economic crisis. As we navigate through the post-pandemic climate, we will accelerate our journey towards becoming a sustainable organisation by incorporating VBI-related principles. We will enhance our capabilities to overlay environmental and social risk grades into our credit evaluation process, in particular incorporating climate change considerations in decision-making. Social finance would assist community empowerment on a sustainable basis and this can be driven by our financing products and our efforts in re-thinking zakat mobilisation. Simultaneously, we will manage credit risks through continuous customer engagements, to support them during these trying times.

Recognising behavioural changes and the emergence of new opportunities arising from COVID-19, we will also reinforce the digitalisation agenda. In doing so, we aim to improve customer experience and end-to-end solutions, including in supporting the e-commerce segment. Furthermore, we will drive business growth by identifying and supporting industries and/or customers not severely impacted by COVID-19, deepen wallet share with existing customers. We will improve the targeting of the affluent segment by reinforcing our Islamic wealth management proposition.

AmGeneral Insurance

“In FY2021, AmGeneral realigned its strategic initiatives to gain new growth opportunities and prepared for market volatilities given the current challenging operating environment due to the COVID-19 pandemic. In view of unprecedented times, we remain committed to supporting and servicing our customers and intermediaries to address their insurance concerns while adapting to the new norm. We took a proactive lead in COVID-19 measures and responses, rolling out many initiatives to support our customers, partners, and all Malaysians at large. We continue to address concerns in response to the changing landscape. The recent awards and recognitions received from both Insurance Asia News and Motordata Research Consortium (MRC) served as testaments to our market-leading capabilities.”

DAVID TAN SEE DIP
Chief Executive Officer
AmGeneral Insurance Berhad



GROSS WRITTEN PREMIUM

RM1,559.5 MILLION

RM1,575.9 MILLION IN FY2020



NET PROFIT AFTER TAX

RM232.5 MILLION

RM228.1 MILLION IN FY2020

ABOUT US

We are one of Malaysia’s most prominent motor and leading general insurance companies in the market. Driven by a robust sales force and committed support from our business partners, we continue to deliver better-valued products and services. Under two retail brands, AmAssurance and Kurnia, we provide insurance to one in every seven cars in Malaysia. Additionally, we are ranked Top 2* in motor with a market share of 15.4% and Top 2* for overall general insurance. With over two million customers, we generate business from a comprehensive range of general insurance solutions distributed through a network of 33 branches and counters, servicing over 6,200 agents and dealers, as well as through AmBank Group’s branches nationwide. Our purpose is to make Malaysia a safer place and be recognised as the ‘Most Trusted Insurer’ in Malaysia, which places utmost importance on honesty and transparency in doing business.

* Source: Insurance Services Malaysia (ISM), December 2020

AmGeneral Insurance

KEY INITIATIVES & OUTCOMES

Key Initiatives

Enhanced Motor Services

- Launched Motorcycle365, an enhanced motorcycle product targeted at the mass market.
- Introduced Grab Daily Insurance, an e-hailing insurance coverage for Grab drivers and passengers.
- Offered complimentary motor assistance to all Malaysians during MCO.

Efficient Claims Management

- Strengthened the efficiency of our claims management approval process.
- Provided constant updates via calls and SMS to our customers to keep them informed of their claim's approval during MCO.

New Value-Added Products

- Launched several key products with new value-added benefits, gaining market recognition in property segments. These products include:
 - **Fire365:** provides additional Sabotage & Terrorism (S&T) extension benefits to the existing Fire365.
 - **Flexi SME 365:** delivers a comprehensive policy with flexible solutions for SMEs, as well as a renewal and multiple policy discounts.

Outcomes

- Recorded RM34.2 million in gross written premium for Motorcycle365.
- Maintained our #2 position in motor, with 15.4% in market share.
- Outperformed the industry average in motor loss ratio (61.0% vs 62.5%).

- Achieved an average three-day turnaround time (TAT) for overall claims approval. For comparison, the next closest insurer had a six-day* TAT whilst the rest averaged at 16 days.

* Source: Motordata Research Consortium

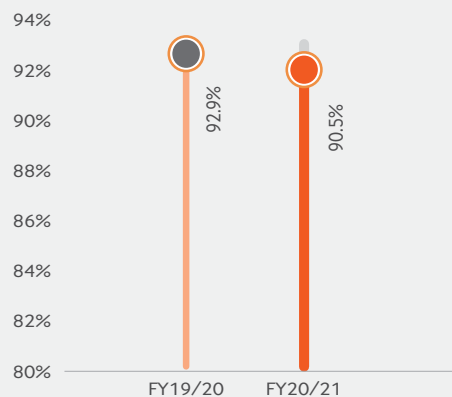
- Recorded the following gross written premium for each new product since launch until financial year-end:
 - **Fire365:** RM35.4 million
 - **Flexi SME 365:** RM976,000
- Grew AmGeneral's Fire portfolio by 3.3% YoY, which is faster than the industry average of 1.6%, despite the current economic uncertainties.

OUR PERFORMANCE

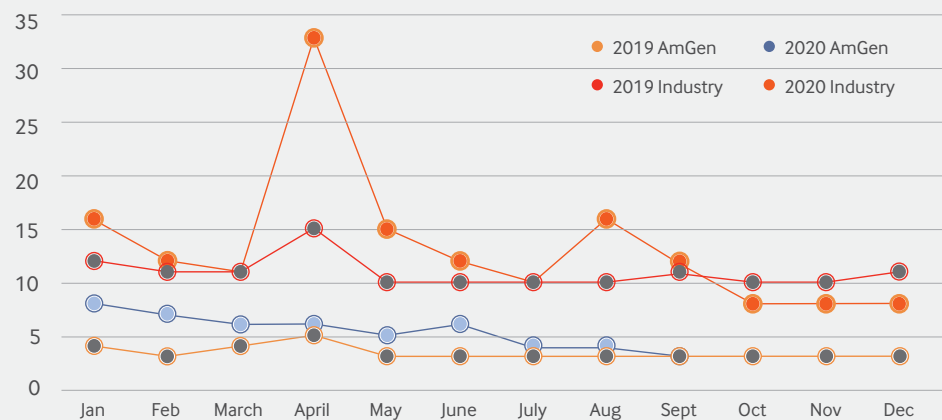
Despite the effects of COVID-19 lockdowns, our lead in COVID-19 response helped protect the scale of the business, with a Gross Written Premium of RM1.56 billion. Additionally, our underwriting combined ratio significantly improved over FY2021. This is due to the favourable impact of reduced accident frequency, which led to a lower loss ratio. As a result, we recorded an underwriting profit of RM133.0 million, which is higher than the same period last year by RM32.0 million. Concurrently, we continued to spearhead the competitive general insurance market by delivering the fastest claims turnaround time in the industry.

	FY2020	FY2021
Gross Written Premium (RM Million)	1,575.9	1,559.5
Net Profit After Tax (RM Million)	228.1	232.5

Combined Ratio (COR)



Claims Turn Around Time (TAT) Comparison



Source: Motordata Research Consortium



AWARDS & RECOGNITION

- **Domestic General Insurer of the Year (Malaysia)**
 - Insurance Asia Awards 2020
- **Best P&C Insurer of the Year in Malaysia**
 - Insurance Asia News Awards for Excellence 2019
- **Motor Claims Insurer of the Year 2019**
 - Fastest Estimate Claim Approval Time for Own Damage Claims' by Motordata Research Consortium (MRC)
- **Motor Claims Insurer of the Year 2020**
 - Fastest Estimate Claim Approval Time for Own Damage Claims' by Motordata Research Consortium (MRC)

COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Lockdown measures created customer concerns such as underutilisation of vehicles, difficulties in road tax/license renewals, travel plan disruptions, bereavement benefits and temporary liquidity issues.</p> <hr/> <p>Delays in claims and vehicle repair services due to the closure of mechanical and panel workshops.</p>	<ul style="list-style-type: none"> • Extended complimentary assistance for stationary cars with flat batteries/tyres. • Assured the validity of customers' Motor insurance claims, even if they have not been able to renew their road tax/license. • Extended complimentary coverage for all annual Kurnia Travel Supreme (KTS) policies. • Introduced an ex-gratia benefit for travel policy holders for cancellations/curtailments due to COVID-19. • Pledged a fund of up to RM1 million through a series of support initiatives and insurance protections, such as Complimentary Bereavement Benefit to all AmGeneral policyholders. • Provided an interest-free instalment facility for customers with Corporate Non-Motor policies, with fast-tracking of payments to both customers and suppliers. <hr/> <ul style="list-style-type: none"> • Set up MCO Express claims, whereby customers could submit photos of minor damages via WhatsApp for prompt assessments and repair payments. • Kept customers regularly informed on their vehicle's status and repair progress through text messages and personal phone calls. • Offered a cash incentive to repairers who repaired customers' vehicles within a certain timeframe. • Provided repairers with up to 50% advance payment for their outstanding repair invoices to maximise cash flow. • Waived external adjuster assignments to fasten the repair process and avoid travel needs. 	<ul style="list-style-type: none"> • Delivered continuous support to customers amid the COVID-19 pandemic. • Improved customer satisfaction and loyalty, with an 8-point growth in Net Promoter Score (NPS) compared to the same period last year. <hr/> <ul style="list-style-type: none"> • Maintained our leadership position in the motor claims ecosystem and customer services. • Delivered improved Claims services and seamless user experience with higher value for both customers and business partners.

AmGeneral Insurance

RISKS & MITIGATION

Key Risks	Mitigation Strategies	Outcomes
<p>Strategy Execution Prolonged COVID-19 threat leading to Movement Control Orders implemented nationwide would affect consumer spending capabilities and poses threat to meeting our strategic objectives.</p>	<ul style="list-style-type: none"> Continue to improve product offerings to provide the best prospective proposal to customers. Setup an Underwriting, Pricing & Product (UPPCo) Committee to review underwriting, pricing and product development. 	<p>Delivered competitive product pricing and attractive product features that meet consumer protection needs.</p>
<p>Cybersecurity Cyber threats to our core systems may lead to business and customer data breaches.</p>	<ul style="list-style-type: none"> Implement preventive measures according to regulatory requirements and best practices to protect the integrity and privacy of sensitive data. Work closely with AmBank Group to monitor for potential threats and enhance cyber resilience. 	<p>Effectively secured our customers' and company's data as well as improving our cyber resilience to effectively respond in the event of a cyber-incidence.</p>
<p>Economic Uncertainties The challenges in the economic outlook will give rise to volatilities in earnings from our investments.</p>	<ul style="list-style-type: none"> Actively manage and revise our investment portfolio holdings to manage market uncertainties. Work closely with AmFunds to ensure our investment strategy is able to optimise the Company's investment returns. Implement the Tactical Asset Allocation and Strategic Asset Allocation of the Company set within our risk appetite. 	<p>Successfully lowered our investment earnings' volatility with optimised investment returns.</p>

PROSPECTS & OUTLOOK

In view of the challenging market landscape, we are taking a holistic view of the potential impacts of COVID-19, reprioritising our initiatives and investments to ensure business growth and sustainability. We will continue with our current 'Big 4' Strategic Pillars, which aligns with our purpose and mission:

- Grow to be One of Malaysia's Largest Most Profitable Motor Insurer
- Accelerate Non-Motor Growth to 30% of Total Portfolio
- Offer Market Leading Customer & Agent Servicing
- Develop Outstanding Internal Capabilities

Additionally, in FY2022, we will intensify our efforts on becoming the leading insurer in Malaysia. We have set out strategies to win in the changing landscape by growing profitably in our portfolios. With this, we will be embracing agency challenges whilst intensifying broking and Banca relationships. Our aim is to increase productivity by scaling up IT and expand analytics capabilities. This will be achieved by strengthening our core systems, front-end systems and processes.

As customers and our employees play a significant role in our current and future successes, we will also continue to enhance our customer experience by digitalising customer touchpoints. We aim to improve our good Net Promoter Score and increase customer retention and loyalty. To drive high-performance capabilities within AmGeneral, we will keep investing in employee development to drive stronger engagements with our customers. Overall, we are poised to continue to be a market leader, as we move into a more agile business environment in the 'new normal' – embracing change and adapting to market challenges.

“At AmMetLife, we emerged from the pandemic with greater confidence that we have the right strategy, the right businesses, the right culture, and the right team to create long-term value for our customers and stakeholders.”



LEE JIAU JIUNN
Chief Executive Officer
AmMetLife Insurance Berhad



GROSS WRITTEN PREMIUM

RM592.1 MILLION

RM 604.7 MILLION IN FY2020



TOTAL INCOME

RM248.7 MILLION

RM140.3 MILLION IN FY2020

ABOUT US

Stemming from AmBank Group and MetLife’s strategic partnership in 2014, AmMetLife aims to be a leading customer-centric and modern insurer in Malaysia. We are focused on meeting our customers’ diverse needs with innovative solutions at different stages of their lives, making it easier and simpler for families and individuals to achieve financial security and pursue more from life. AmMetLife offers a comprehensive range of life insurance solutions to meet protection, medical and savings needs, and credit-related insurance solutions distributed through the AmBank Group’s network of nearly 200 AmBank and AmMetLife branch offices nationwide. Additionally, we leverage the strength of our authorised life insurance agents who provide comprehensive coverage and reach across Malaysia.

KEY INITIATIVES & OUTCOMES

Key Initiatives

Agency Leaders

- Revitalised Agency channel by recruiting new agents and developing future Agency Leaders.

Digital Solutions

- Introduced new customer solutions with a simplified enrollment process.
- Implemented the digitalisation of sales distribution and customer experience.
- Launched a virtual sales process through digital point-of-sale tools.

Outcomes

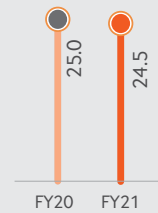
- Gained professional and high calibre agents through our Young Entrepreneur Scheme.
- Launched a market-leading whole life plan, ProtectEase, and critical illness rider, CriticalEase, both with guaranteed acceptance.
- Enhanced customer touchpoints with 24/7 self-served functionalities, ePolicy, ePayment facilities and faster policy issuance turnaround time.

AmMetLife

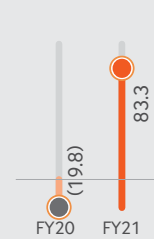
OUR PERFORMANCE

We are proud to announce net earnings of RM83.3 million for FY2021, despite the challenges presented by the pandemic. Over the past five years, we have also recorded a positive growth of 31.3% in gross written premiums, from RM451 million in 2015 to RM592 million in 2021.

Management Expense Ratio (%)



Profit/(Loss) After Tax (PAT) (RM Million)



AWARDS & RECOGNITION



- **Excellence in CSR Efforts**
– MY AMCHAM CARES 2020

COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Cash flow disruptions of customers impacted by the economic lockdowns.</p>	<ul style="list-style-type: none"> • Regularly communicated with customers to better understand and meet their financing needs. • Offered three-month premium deferment to ease customer needs. 	<p>Received over 400 applications for premium deferment amounting above RM600,000.</p>
<p>Various challenges and hardships faced by customers following the COVID-19 pandemic.</p>	<ul style="list-style-type: none"> • Provided special lump sum of RM6,000 compassionate benefit per life upon death for life assured, agents and front-line medical workers of registered hospitals (including non-policyholders). • Offered additional complimentary benefits to new customers, including death benefits of RM25,000, up to RM300 for daily hospital income, and reimbursements up to RM400 for COVID-19 Test or pre-surgical COVID-19 test. 	<p>Received positive feedback from our customers and agents regarding our COVID-19 initiatives.</p>
<p>Lower sales due to lockdowns as well as customers' reluctance for face-to-face sales meetings.</p>	<ul style="list-style-type: none"> • Implemented a regulatory compliant workaround solution for new sales submissions. • Accelerated digitalisation to enable end-to-end virtual sales submission, which can be activated during lockdowns. 	<p>Ensured business continuity and ability to deliver insurance solutions to customers.</p>

PROSPECTS & OUTLOOK

As the world gradually recovers from the impact of COVID-19, we expect digital adoption and digital plays to continue accelerating at a great pace. At AmMetLife, we will leverage this digital opportunity to improve efficiency and customer value. For Bancassurance, we are progressively streamlining our end-to-end sales process through Point-of-Sale, as well as building a robust sales activity management system. Our agents will also be re-trained to increase usage of the fully integrated digital Point-of-Sale tool, iEASY. Our overall focus for FY2022 is to improve the customer experience, which includes continuously enhancing customer online self-serve portal key functionalities and promote electronic communications. To deliver the right solutions for the right customers, we aim to target retail bank mass affluent customers with customisable product offerings and solutions. Similarly, the Agency will be launching a new medical product that provides superior protection needs for the mass market. At the same time, we will continue to revitalise and rebuild our professional Agency force through a 36-month Young Entrepreneur Scheme (YES 2.0) that recruits new agents and develops future AmMetLife leaders.

AmMetLife Takaful

“FY2021 marked another landmark for AmMetLife Takaful as we continue to expand our businesses. We generated an income of RM62.7 million, which is 44% higher than FY2020. This growth is driven by the relentless efforts and continuous improvement from our Business Distribution team, with Bancatakaful channel remaining the primary contributor from the Credit business, followed by the Alternative and Agency channel. We are guided by the Three-Year Business Plan & Strategy, which aims to accelerate the company growth by improving existing Bancatakaful arrangements, harnessing business banking opportunities, and exploring alternative distribution channels by proactively collaborating with third-party banks, government bodies and other co-operations.”

NOOR AZAM BIN MOHD YUSOF
Chief Executive Officer
AmMetLife Takaful Berhad



PROFIT BEFORE TAX (PBT)

RM5.7 MILLION



YOY GROWTH

70%

ABOUT US

AmMetLife Takaful Berhad (Family Takaful) is licensed by BNM to conduct Family Takaful business in Malaysia under the Takaful Act 1984. Established in 2012, we are a strategic collaboration between AmBank Group and MetLife International Holdings. We offer a comprehensive range of Takaful solutions distributed by our authorised Takaful agents and Bank Partners' branches nationwide. AmMetLife Takaful aims to meet our customers' diverse needs with innovative solutions at different stages of their lives, making it easier and simpler for individuals to achieve financial security and pursue more from life.

AmMetLife Takaful

KEY INITIATIVES & OUTCOMES

Key Initiatives

Distribution Reinforce

- Accelerated sustained Bancatakaful Specialists.
- Aligned hybrid business priorities with strategic KPIs.
- Implemented a differentiated premier Agency Model.

Distribution Reinforce

- Harnessed new business banking opportunities.
- Implemented the loyalty acquisition initiative.

Distribution Expansion

- Continued to build integrated distribution partnerships and value propositions with comprehensive solutions.

Outcomes

- Improved credit business penetration from 86% to 95%.
- Increase Agency's total manpower to 274, with the productivity per active agent increasing to 3.3/case per agent.
- Established a business banking channel in Q4 FY2020, capturing business amounting to RM1.6 million to date.
- Successfully launched new alternative business partnerships with
 - PMB Tijari – PENJANA scheme (March 2020)
 - iMARA – PENJANA scheme (November 2020)
 - Affin Business Banking (January 2020)

OUR PERFORMANCE

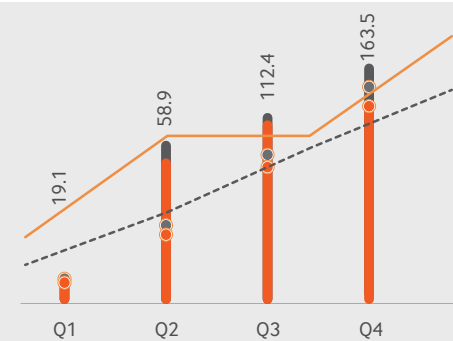
We continued our growth momentum in FY2021 with a profit before tax (PBT) of RM5.7 million. This growth is driven by achieving a commendable 103% of the committed sales target amounting to RM164.6 million, a YoY growth of 70%. Our positive performance is mainly attributed to the 95% of business penetration, particularly credit-related business (i.e., Mortgage Reducing Term Takaful and Personal Financing Reducing Term Takaful). Another critical driver of growth was the Banca business strategy's alignment with AmMetLife Insurance, AmBank, and AmBank Islamic. The Government's Public Sector Housing Financing Board (LPPSA), where the Company provides coverage for LPPSA Mortgage Financing, demonstrated an exceptional 122.0% growth since its development in 2019, totalling RM24.7 million. Lastly, the reprioritising of resources in managing projects allowed us to better control and minimise costs for enhanced financial performance.

Operating Profit & Loss (RM Million)



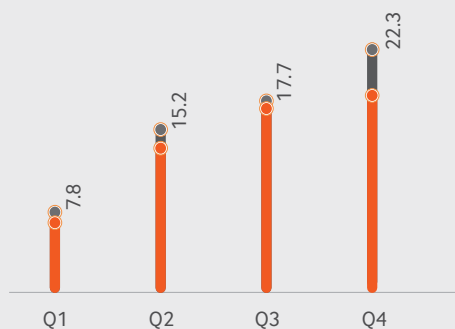
Overall Performance (RM Million)

- Credit
- Advisory
- Group EB
- - - Plan

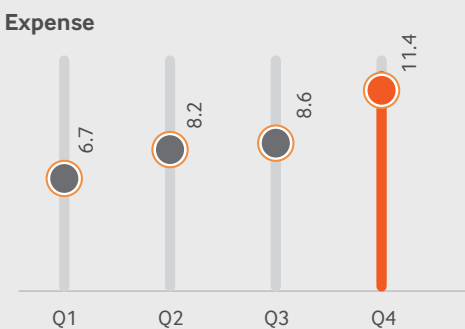


Wakalah Fee (RM Million)

- Wakalah Fee
- Investment & Other Income



Management Expense (RM Million)



COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Financial challenges faced by customers resulted in an increase in lapsation of Takaful Certificates.</p> <hr/> <p>Movement restrictions disrupted day-day business transactions, mainly for sellers in the proposal submission.</p>	<ul style="list-style-type: none"> • Provided a contribution payment deferment option to affected certificate owners. <hr/> • Established a "Virtual Communication Process" for new business submissions. 	<p>Successfully received and conserved 54 Certificates that requested for deferments.</p> <hr/> <p>Effectively conducted the sales process online during MCO.</p>

PROSPECTS & OUTLOOK

Despite the unprecedented challenges of COVID-19, we proudly ended the FY2021 financial year in a better position than last year. We forecast to continue on this positive trajectory in FY2022, leveraging what we have achieved to accelerate the business towards sustainable growth. With most of the infrastructure in place, we are well-positioned to generate higher income. In the upcoming year, we will also continue to prospect for strategic partnership and collaboration with other financial institutions, cooperatives and Government agencies to accelerate the business growth.