

# HOW WE CREATE VALUE

## An Integrated Approach to Value Creation

As a stakeholder-centric organisation, we strive to create value for everyone impacted by our business. This requires integrated thinking that takes into account the connectivity and interdependencies of factors that affect our ability to create stakeholder value – now and far into the future. In the following pages, we describe our value creation story based on a multitude of factors, such as the operating landscape, stakeholder expectations, the capitals available, our responses to risks and opportunities, as well as the strategy we formulate.

### Analyse



#### 1. OPERATING LANDSCAPE See more on page 42-44

We actively monitor and evaluate our operating environment to understand the context in which we can thrive in today's dynamic banking environment.

#### 2. STAKEHOLDER EXPECTATIONS See more on pages 38-41

We conduct regular stakeholder engagements to gain insights and consequently respond to their legitimate needs and interests.

Customers	Community/NGO/ Civil Society
Shareholders	Suppliers
Investors	Sustainability-Certified Bodies
Employees	Media
Business Partners	
Government & Regulators	

#### 3. RISKS & OPPORTUNITIES See more on pages 48-50

We examine the risks and opportunities that affect our ability to create immediate and long-term value, thus enabling informed risk decision-making and robust risk management.

Risks Identified:

1. Credit Risk
2. Market Risk
3. Liquidity Risk
4. Operational Risk
5. Cyber Risk



### Formulate



#### 4. MATERIAL MATTERS See more on pages 45-47

We apply the principle of materiality by focusing particularly on issues, challenges and opportunities that materiality impact both our business and stakeholder value.

- Geopolitical & Economic trends
- Technology & Digital Transformation
- Governance & Compliance
- Customer Satisfaction
- Leadership & Talent
- Environmental, Social & Governance (ESG) Factors

#### 5. STRATEGY See more on pages 51-54

We develop a robust strategy according to the operating context, stakeholder needs and business objectives, with initiatives and measurable outcomes in place to drive the strategy forward.

**F8** ACCELERATING **AmBank**

1. Attaining a Return on Equity (ROE) of  $\geq 10\%$
2. Sharpening Our Segment Play
3. Delivering Holistic Customer Value Proposition  
Leveraging a Collaborative Culture and Partnerships
4. Pushing Capital-Light Revenue
5. Ramping Up the Next Wave of Digital Initiatives
6. Future-Proofing the Workforce
7. Integrating Environmental, Social and Governance (ESG)  
into Our Business
8. Exploring Digital Bank



## Execute



### 6. CAPITAL RESOURCES

See more on pages 36-37



#### Financial Capital

We channel the investments, income and earnings generated back into the business, enabling capital appreciation for sustainable growth.



#### Manufactured Capital

We manage a wide network of physical assets and channels that allow us to deliver critical financial services.



**Human Capital:** We nurture the knowledge, skills and innovative capabilities of our employees, enabling them to drive our strategy forward.



**Intellectual Capital:** We promote a values-driven culture and knowledge-based intangible assets that help us remain competitive in the long term.



**Social & Relationship Capital:** We build strong stakeholder relationships critical to business continuity, while contributing to the communities where we operate.



**Natural Capital:** We optimise the responsible use of natural resources required by our operations to minimise our environmental impact.



## Value Creation

### 7. VALUE CREATION

See more on pages 36-37

**We create sustained value for all our stakeholders, enabling us to realise our strategic vision of Growing and Winning Together.**



# OUR VALUE CREATING BUSINESS MODEL

## KEY INPUTS →

### CAPITAL INPUTS

#### HUMAN

- Circa **10,000** AmBankers
- **RM14.2 million** invested in employee training and development

#### FINANCIAL

- **RM9.0 billion** in Market Capitalisation

#### INTELLECTUAL

- **Over 40** years of banking expertise

#### MANUFACTURED

Key Customer Touch Points:

- **170** retail branches nationwide
- **1,090** self-service machines
- **9** Priority Centres
- **Digital Initiatives:** AmOnline & AmAccessBiz

**First bank in Malaysia** to install solar panels in one of our buildings

#### NATURAL

- **25,434 kWh** in energy consumption
- **44 million** sheets of paper used

#### SOCIAL AND RELATIONSHIP

- **1,225** total suppliers and vendors
- More than **RM200,00** invested in community development

**Strong partnerships** with Maxis & Bonuslink

### OUR BUSINESS

#### BUSINESS ACTIVITIES



Wholesale Banking



Investment Banking



Retail Banking



Business Banking



Islamic Banking



General Insurance



Life Insurance



Family Takaful

#### MATERIAL MATTERS



Geopolitical & Economic Trends



Technology & Digital Transformation



Customer Satisfaction



Governance & Compliance



Leadership & Talent



Environmental, Social & Governance (ESG) Factors

#### OUR STRATEGY

- 1 **Attaining a Return on Equity (ROE) of ≥10%**
- 2 **Sharpening Our Segment Play**
- 3 **Delivering Holistic Customer Value Proposition Leveraging a Collaborative Culture and Partnerships**
- 4 **Pushing Capital-Light Revenue**



- 5 **Ramping Up the Next Wave of Digital Initiatives**
- 6 **Future-Proofing the Workforce**
- 7 **Integrating Environmental, Social and Governance (ESG) into Our Business**
- 8 **Exploring Digital Bank**

#### TOTAL INCOME

**RM4,552.5**  
Million

#### CTI

**46.8 %**

#### PROFIT BEFORE IMPAIRMENT LOSSES AND SETTLEMENT

**RM2,420.2**  
Million

#### ADJUSTED PATMI

**RM961.6**  
Million

**VISION**

Growing Trust, **Connecting People**

**OUR PURPOSE**

To Help Individuals And Businesses **Grow and Win Together**

**VALUES**

Principled • Proactive • Appreciative • Collaborative • Experimental

➔ **KEY OUTPUTS**

**OUTCOMES CREATED FOR STAKEHOLDERS**

**HUMAN**



- **97.0%** employee retention rate
- **47** average hours of training provided to employees
- **22.0%** of Board positions held by women



**FINANCIAL**

- **RM4,552.5 million** in total income



**INTELLECTUAL**

8 international awards & recognition received:



- Best Mobile Banking App
- Most Innovative Mobile Banking App
- Red Hat APAC Innovation Awards 2020 for Malaysia
- Malaysia's Best Investment Management Company
- Best FX Bank for Corporates and Financial Institutions (9<sup>th</sup> time)
- Best FX Bank for Structured Products: Commodities, Credit, Equity, FX and Multi-Assets for FX & Treasury (2nd time)
- Best Islamic Banking CEO Malaysia 2020 Awards
- Best Islamic SME Bank Malaysia 2020 Awards



**MANUFACTURED**

- More than **57,943** business customers
- **78.0 million** average online transactions (monthly)



**NATURAL**

- **38,221 kWh** of energy generated by solar panels
- **12.5%** reduction in overall CO<sub>2</sub> emissions
- **43.0%** reduction in petrol consumption
- **10.4%** drop in kWh energy consumption



**SOCIAL AND RELATIONSHIP**

- **RM539.1 million** contributed to local suppliers
- **RM2.7 million** in total Zakat contribution
- **33,670** community members reached
- More than **20.0% growth** in RSME CASA and financing volume



**GROSS LOANS, ADVANCES AND FINANCING**

**RM114.8**  
Billion

**DEPOSITS FROM CUSTOMERS**

**RM120.5**  
Billion

**CASA GROWTH**

**24.0 %**

**CET1 CAPITAL RATIO**

**11.3 %**

# STAKEHOLDER ENGAGEMENT

AmBank Group's strategic performance is based on our ability to balance our diverse stakeholders' near and long-term interests. We take into account the feedback we receive from various stakeholder engagement platforms to better serve their needs. By establishing meaningful and relevant stakeholder relationships, we create value for the Group and our stakeholders, thus enabling a more sustainable future for everyone.



## CUSTOMERS

Frequency: **Daily/Monthly** \*

### WHY ARE THEY IMPORTANT?

Customers are key to our long-term success. They provide critical support by purchasing our products and services, contributing to our strategic direction.

### WHAT ARE THEIR KEY EXPECTATIONS?

- Seamless customer experience
- Financial inclusion and literacy
- Data security

### ENGAGEMENT PLATFORMS

- ➔ Customer Satisfaction Survey
- ➔ CX Mystery Shopping
- ➔ Digital and Online Solutions
- ➔ Contact Centres

### OUR APPROACH

- Invest in digital platforms and solutions
- Deliver financial opportunities for different customer segments according to their financial needs and motivation
- Continuously enhance cybersecurity measures



## EMPLOYEES

Frequency: **Daily/Monthly/Quarterly** \*

### WHY ARE THEY IMPORTANT?

The dedication and productivity of employees drive our strategies forward. Therefore, we need to create a positive and nurturing work environment that attracts, develops and retains the best talent.

### WHAT ARE THEIR KEY EXPECTATIONS?

- Work-life balance
- Safe and productive work environment
- Career development opportunities

### ENGAGEMENT PLATFORMS

- ➔ Learning & Development Programmes
- ➔ Townhalls
- ➔ AmConnected Portal/Within eHR Emails, AmBerita Newsletters and Direct Employee Electronic Feedback
- ➔ Senior Management Visits to Touchpoints
- ➔ Department Meetings, Senior Management Quarterly Engagements, Team Huddles
- ➔ Senior Management Offsite and Department Offsite
- ➔ KPI and TOR Sessions (1-1 Performance Review and Development Cycle)
- ➔ AmBank Group Sports Club

### OUR APPROACH

- Provide flexible working hours
- Strengthen governance on employee well-being
- Establish a career succession plan for all employees
- Encourage participation in our digital Employee Engagement programmes to keep employees motivated and engaged

\* Frequency of Engagement: Estimated average frequency of engagement



## SUPPLIERS

Frequency: **Periodically** \*

### WHY ARE THEY IMPORTANT?

Our supply chain partners deliver essential products and services that enable us to execute our strategy. Strong supplier relationships help provide the best value for our operations.

### WHAT ARE THEIR KEY EXPECTATIONS?

- Ethical procurement, guidance and effective communication

### ENGAGEMENT PLATFORMS

- ➔ Onboarding Procurement Process
- ➔ Performance Evaluation
- ➔ Adhoc Engagements

### OUR APPROACH

- Engage suppliers based on a win-win approach
- Conduct a supplier performance management and improvement plan
- Prioritise local suppliers and contractors
- Maintain fair engagement for all suppliers
- Perform regular due diligence



## GOVERNMENT & REGULATORS

Frequency: **Quarterly** \*

### WHY ARE THEY IMPORTANT?

Regulatory bodies and government agencies determine the license and scope of our operations. In return, we contribute to socio-economic growth and financial stability.

### WHAT ARE THEIR KEY EXPECTATIONS?

- Responsible banking practices
- Good governance and compliance
- Socio-economic growth

### ENGAGEMENT PLATFORMS

- ➔ Regular Meetings and Updates Sessions
- ➔ Seminars and Workshops
- ➔ Feedback to Regulators' Sustainability-Related Consultation Papers

### OUR APPROACH

- Adopt Value-Based Intermediation (VBI) and ESG principles
- Establish stringent a stringent compliance system
- Contribute to various development programmes



## COMMUNITY/NGO/CIVIL SOCIETY

Frequency: **Monthly** \*

### WHY ARE THEY IMPORTANT?

We have an ethical responsibility to involve community groups and organisations in activities that directly impact communities. Healthy links to the local community are part of our social license to operate.

### WHAT ARE THEIR KEY EXPECTATIONS?

- Financial inclusion and literacy
- Community development and outreach

### ENGAGEMENT PLATFORMS

- ➔ Financial Industry Collective Outreach (FINCO)
- ➔ Focus Groups
- ➔ AmBank Group Sports Club
- ➔ Volunteering Programmes
- ➔ Zakat Contributions
- ➔ AmKasih – CSR Activities

### OUR APPROACH

- Offer financial literacy programmes for communities
- Invest in Corporate Social Responsibility (CSR) programmes

\* Frequency of Engagement: Estimated average frequency of engagement

# STAKEHOLDER ENGAGEMENT



## SHAREHOLDERS & THE INVESTMENT COMMUNITY

Frequency: **Quarterly/Annually** \*

### WHY ARE THEY IMPORTANT?

A company with competent management, sound financial position and good business practices will attract the investment community to become shareholders, which in turn, will lead to a strong valuation of the company through its share price.

Shareholders can also be an avenue for additional capital when required through corporate exercises like a Private Placement or Rights Issue.

Our key duty to shareholders, as a responsible publicly-listed company, is to return value to them through the fair valuation of share price and stable dividend payments. At the same time, we ensure shareholders are kept abreast with accurate and timely updates on the Group's latest news, financial performance and significant events through multiple engagement platforms.

### ENGAGEMENT PLATFORMS

- ➔ Annual General Meeting
- ➔ Analyst and Fund Manager Briefings
- ➔ Dissemination of briefing materials - Investor Presentations, Financial Statements, Media Releases
- ➔ Media Briefings/Media Releases on Significant Events
- ➔ Thematic investor day briefings
- ➔ One-on-One and Group Meetings with GCEO, GCFO and Head of Investor Relations
- ➔ Investor Conferences and Roadshows
- ➔ AmBank Group IR Corporate Website and Dedicated IR Mailbox

### WHAT ARE THEIR KEY EXPECTATIONS?

- Strategic priorities and direction
- Sustainable earnings growth and stable dividend stream
- Prudent cost management
- Proactive management of asset quality and credit exposure from individuals and sectors impacted by COVID-19
- Digital initiatives to remain competitive with peers
- Governance – to promote transparency and accountability
- ESG aspects as a consideration for lending and investment decisions/practices

### OUR APPROACH

- Focus on our refreshed strategy – FOCUS 8
- Focus on strengthening balance sheet, maintaining high liquidity buffers and credit vigilance and adoption of automation
- Active engagement with shareholders and the investment community
- Ensure timely and comprehensive updates on quarterly financial results, asset quality disclosures and significant event(s) if applicable
- Integrate ESG considerations into business decisions



## BUSINESS PARTNERS

Frequency: **Monthly** \*

### WHY ARE THEY IMPORTANT?

Strategic partnerships provide essential skills and expertise that help us achieve our goals and objectives. Consequently, we need to collaborate with our partners to efficiently and effectively run the business.

### ENGAGEMENT PLATFORMS

- ➔ Meetings, Knowledge Sharing Sessions and Webinars
- ➔ Seminars/Workshops
- ➔ Roadshows

### WHAT ARE THEIR KEY EXPECTATIONS?

- Ethical business practices
- Strong financial performance

### OUR APPROACH

- Maintain good governance of partnerships
- Ensure mutual benefits for all parties

\* Frequency of Engagement: Estimated average frequency of engagement



## MEDIA

Frequency: **Monthly** \*

### WHY ARE THEY IMPORTANT?

The media acts as a platform for us to communicate with key stakeholders and the public at large. Strong media relations ensure that the information they circulate is relevant and accurate.

### WHAT ARE THEIR KEY EXPECTATIONS?

- Accurate and relevant information
- Fair and transparent content

### ENGAGEMENT PLATFORMS

- ➔ Virtual Conferences and Events
- ➔ Media Releases
- ➔ Media Interviews
- ➔ Media Engagements

### OUR APPROACH

- Organise media activities
- Promote open and transparent communication



## SUSTAINABILITY-CERTIFIED BODIES

Frequency: **Annually** \*

### WHY ARE THEY IMPORTANT?

Sustainability certifications demonstrate our transparency and commitment to creating a positive impact. At the same time, it enables us to track our sustainability performance for continuous improvement.

### WHAT ARE THEIR KEY EXPECTATIONS?

- ESG performance
- Sustainable financing

### ENGAGEMENT PLATFORMS

- ➔ Meetings
- ➔ Audit
- ➔ Assessments

### OUR APPROACH

- Continuously improve our own ESG footprint
- Expand our ESG portfolio
- Establish an exclusion list for financing decisions

\* Frequency of Engagement: Estimated average frequency of engagement