



C. BUSINESS REVIEW

Business Banking

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We achieved a 10.2% growth in revenue from RM507.0 million to RM558.0 million on a year-to-year basis, with a focus on higher-yielding products and business advisory capabilities in risk management solutions, cash management, Bancassurance and Industrial Hire Purchase. Over the last financial year, we achieved a growth of 8.4% for loans and 23.8% for deposits.

Business Banking continues to focus on Small, Medium and Large Enterprises (SMEs). We have continued to offer various financing relief programmes to support our customers, expanded on our digital efforts, and introduced SMEs with initiatives beyond financing. Through our efforts, our SME loans portfolio achieved a CAGR growth of 26.0%, from RM5.9 billion in FY2017 to RM18.7 billion in FY2022.

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. We serve SMEs with annual turnovers not exceeding RM150.0 million. Our division has brought more than 10,000 SME clients to the Bank. We adopt a high-touch relationship model combined with a structured lending programme for a holistic understanding of our customers' needs. Our 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, and cash management tools that help them operate efficiently and seamlessly. We also implement development initiatives that help SMEs reset, revive and grow during this unprecedented time.

KEY INITIATIVES & OUTCOMES

Key Initiatives

COVID-19 Assistance for SMEs

- Disbursed targeted relief packages in a pre-emptive effort to safeguard our customers’.
- Provided working capital facilities to SMEs to alleviate their financial burden.

AmBank BizCLUB Programme

- In FY2022, the AmBank BizRACE programme completed its third season, focusing on three key themes: (i) Digitalisation, (ii) Industrial Revolution 4.0 and (iii) the Halal Industry.
- We continued our collaborations with Government bodies including the Ministry of International Trade and Industry (MITI), Malaysia Investment & Development Authority (MIDA), Malaysia Digital Economy Corporation (MDEC), Jabatan Kemajuan Islam Malaysia (JAKIM), Halal Development Corporation (HDC) and Malaysia External Trade Development Corporation (MATRADE).
- Collaborated with strategic partners who are experts in Industrial Revolution 4.0 and Digitalisation such as Bosch Rexroth, Microsoft Malaysia and Maxis.

Enhancing Our Digital Efforts

- AmBank’s SME Digital Onboarding is our Digital account opening platform which allows for a fully end-to-end digital account opening for our SMEs and retail customers, making the experience fully contactless. This also represents Malaysia’s 1st fully end-to-end eKYC business current account opening for SMEs.
- Continued to develop 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.

Sustainability and ESG integration: Emerging opportunities for SMEs

- In March 2022, we launched a partnership with leading players in renewable energy to supply solar panels to AmBank’s SME customers.
- Provided free solar system installation packages exclusively to AmBank customers and enabled them to enjoy cheaper tariffs for future usage.
- Provided loans and financing under the Green Technology Financing Scheme.

Outcomes

- Processed over 3,350 financing scheme applications from SME customers that were adversely impacted by the pandemic or needed to sustain their business operations to safeguard jobs and support growth with access to lower cost of financing.
- Disbursed RM1.8 billion to 2,281 applications, with 66.0% of the total disbursed amount contributed by the Business Banking division.
- We are continuing to further enhance and introduce new financing schemes catered to assist the various demographics of SMEs across the nation.

- Received over 2,200 sign-ups for AmBank BizRACE, with more than 200 SMEs shortlisted to undergo various training and development activities. Nine SMEs were selected as the Top 3 finalists for each theme.
- Increase in customer participation of three times from previous seasons. It also helped garner close to RM19.0 million in smart automation grants being approved for SME participants.
- Provided knowledge sharing sessions on the benefits of Halal Certification Awareness to SMEs who participated in the AmBank BizRACE Halal Quest track.
- Hosted over 60 virtual engagement sessions for participants, including webinars, project consultations and training & development courses.

- Through our Digital Onboarding platform, there are continuous system enhancements. Our fastest SME account opening turnaround time was completed 1 hour upon application.
- We saw a 125.0% increase in accounts being digitally opened within the first quarter of 2022 alone.
- In the last year we have onboarded over 500 companies on the AmBank BizHUB from various sectors, including industrial manufacturers, FMCGs and many more.
- We recently included “a request for financing” feature in the platform, this is in addition to the existing payment options available such as FPX and cards. This allows customers to have payment flexibility for big ticket purchases.
- We also have the BizHUB Connect initiative, this aims to help SMEs optimise their supply chain by connecting them with brand owners, manufacturers and distributors on the Marketplace. Such initiatives include virtual pitching sessions to target audience or joint promotions.

- As of May 2022, we have received close to 100 applications from customers under the solar panel installation partnership.
- Business Banking also disbursed RM5.2 million in green loans and financing under the Green Technology Financing Scheme.

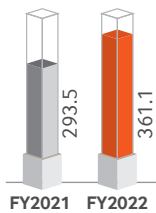
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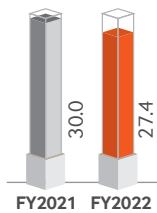
OUR PERFORMANCE

We achieved a 10.2% growth in revenue from RM507.0 million to RM558.0 million on a YoY basis, with a focus on higher-yielding products and business advisory capabilities in risk management solutions, cash management, Bancassurance and Industrial Hire Purchase. Over the last financial year, we achieved a growth of 8.4% for loans and 23.8% for deposits.

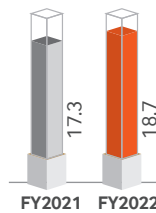
Profit Before Tax
(RM Million)



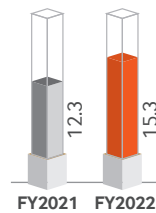
Cost-Income Ratio
(%)



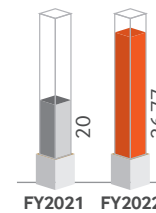
Loans
(RM Billion)



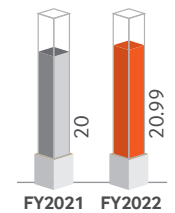
Deposits
(RM Billion)



Bancassurance – Life Insurance
(RM Million)



Bancassurance – General Insurance
(RM Million)



AWARDS & RECOGNITION

- **Global Banking & Finance Review**
> Best SME Bank 2021 and 2022
- **Asian Banking and Finance**
> SME Bank of the Year 2021
- **Top Performer Award by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP)**
> Anugerah Prestasi Terbaik 2020 – 2021

COVID-19 IMPACT & RESPONSE

COVID-19 Impact

Business and cash flow disruption experienced by Business Banking customers.

Movement restrictions impacted SMEs' ability to conduct their business as usual.

Rising need for businesses to experiment with technologies and innovative approaches to reach new markets.

Our Response

- 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 a B2B online marketplace.
- Created awareness and provided SMEs with knowledge on digitalisation.
- Further enhanced our payment flexibility for our customers to allow them to purchase big ticket items such as industrial goods.
- Introduced various programmes for SME customers surrounding timely topics such as Industrial Revolution 4.0, Digitalisation and Halal Certification awareness for their business.

Outcomes

Addressed the immediate needs of our SME customers, with many customers provided with financial relief.

Provided SME customers with new platforms to expand their business and assistance in bringing their digital strategy forward.

Helped over 200 SMEs embark on their digital journey and gain additional Government assistance, such as grants and certification awareness.

RISKS & MITIGATION

Key Risks	Mitigation Strategies	Outcomes
<p>Soft Market Demand</p> <p>Declining demand in the global and domestic markets exacerbated by the pandemic.</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 commitment relief schemes for affected customers. 	<ul style="list-style-type: none"> • Successfully disbursed RM1.2 billion worth of loans for up to 1,315 applications by Business Banking customers under non-retail financing schemes. • Provided RM12.5 billion worth of commitment relief packages to more than 360 Business Banking customers.
<p>Alternative Financing</p> <p>Businesses are increasingly turning to alternative finance to fuel their growth.</p>	<ul style="list-style-type: none"> • Deliver holistic offerings to customers, extending beyond financing initiatives to help SMEs reset, revive and grow. • Assisted with bridging financing to help clients implement their smart automation projects. 	<ul style="list-style-type: none"> • Reached out to more than 230 SMEs and have successfully closed 46 deals. • Obtained more than RM421.0 million in loans and achieved RM56.0 million in revenue through our Road to Capital Markets Series.
<p>Margin Compression</p> <p>Increased competition leading to NIM compression.</p>	<ul style="list-style-type: none"> • Operational efficiency via digital on-boarding, capital-light revenue streams, fee-based income, cash management solutions. 	<ul style="list-style-type: none"> • Improved self-funding loan-to-deposit ratio and higher return on capital employed.
<p>Rapidly Changing Market</p> <p>Rapid market advancements continue to drastically change market needs.</p>	<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"> • Increased take-up rate of our digital solutions by SME customers. Over the last Financial Year, Business Banking’s digital customer base increased by 87.0%. • Created awareness of ESG factors among SMEs through virtual events – connecting with over 400 SME customers.

PROSPECTS & OUTLOOK

In FY2023, we expect market volatility to continue as we transition towards a post-pandemic landscape. As there is now a need for SMEs to re-evaluate their business strategies, this also presents them with opportunities to explore new means to adapt and evolve. We aim to support our customers by deploying innovative financing solutions such as supply chain financing ecosystem, as well as digital and alternative financing platforms for SMEs.

We have developed several strategic priorities for FY2023, such as building our digital ecosystem and roadmaps for our SME customers. We will continue to focus on helping SMEs build and strengthen their business strategies to achieve sustainable growth through ESG as well as adapt to megatrends such as increased globalisation, digitalisation, and the changing nature of operations & demographics.