

## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

# FOCUSED MEASURES



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

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### Dear Stakeholders,

Despite ongoing uncertainties, AmBank Group achieved an exceptional upswing in our performance this year, driven by strong foundations as well as the dedication of our people.

Since the onset of the pandemic, we have been intensifying our digital efforts. We enhanced digital touchpoints to continue meeting customers' banking needs amidst a new normal. Internally, we deployed digital solutions to drive process efficiencies towards improved cost savings and better business performance. By accelerating our digital initiatives, we emerged from the pandemic as a more dynamic and resilient bank.

Our digital transformation is underpinned by a commitment to creating sustainable value for stakeholders, from enhancing customer experience to generating greater returns for shareholders. This commitment drives all our strategic decisions. Coming from a stronger position this year, we continued to do our part in helping the nation navigate the financial consequences of the pandemic-induced recession. As a result, we achieved record-breaking loan growth, exceeding the industry average. This is a testament to the trust that customers have for AmBank.

In further growing this trust, we have also made significant progress in our sustainability agenda. We are proud to publish our first AmBank Group Sustainability Report, which elaborates on our Environmental, Social and Governance (ESG) performance and contributions toward a more sustainable future.

Overall, our strong performance this year reflects the disciplined execution of our purpose-driven strategy, as we continuously strive to create positive impacts that benefit current and future stakeholders.

## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

### A YEAR OF RECOVERY

While FY2022 was not without its challenges, it was also a comeback year for Malaysia, as the nation shifted gear towards a recovery mode. With vaccines now more readily available, Malaysia registered steady growth in vaccination rate, with nearly 80% of the population now being fully vaccinated. This has allowed the economy to gradually relax COVID-19 movement restrictions, followed by the reopening of international borders and the resumption of most – if not all – industries and business sectors.

Throughout the year, banks extended a six-month loan repayment moratorium to individuals and small businesses on an opt-in basis. This relief measure was part of the government's Pemulihan stimulus package aimed at helping those affected by the pandemic. The Financial Management and Resilience Programme (URUS) was also introduced to provide targeted support for borrowers from the bottom 50% income group (B50) who were struggling financially.

With an improving economic environment, the banking sector closed the year with a stronger financial performance. This improvement was driven by positive sentiments among businesses and consumers following the reopening of the economy. Total loans grew by 4.5% in 2021 while previous year grew by 3.4%. Both the household and business segments recorded a growth of 4.3% and 4.9%, respectively. Household loans were driven by broad-based growth in the home, auto and credit card loans, and the improved demand for working capital financing supported business loan growth.

On the back of global and national recovery, rising concerns on climate change and other ESG risks, we witnessed increased ESG-related expectations from stakeholders. Malaysia and other countries have since made pledges to achieve net-zero carbon by 2050. We also saw accelerated digital transformation, driven by integrated digital solutions, big data as well as blockchain, amongst others.

### PERFORMANCE HIGHLIGHT

The Group recorded a stronger financial performance for FY2022, with total income growing by 2.5% to RM4,665.0 million. Net Interest Income (NII) grew 11.6%, driven by both Net Interest Margin (NIM) expansion and broad-based loan growth. The Group's expenses were lower by 1.8% to RM2,094.2 million. With a positive jaw of 4.3%, our cost-to-income (CTI) ratio improved to 44.9% from 46.8% a year ago.

Our Profit before provisions (PBP) increased 6.2% to RM2,570.8 million, and the net impairment charge was reduced to RM766.0 million (FY2021: RM1,136.7 million), with net provisions charge for the Oil & Gas (O&G) sector being offset by forward-looking and central overlay provision reversals. Gross impaired loans (GIL) ratio was at 1.40% (FY2021: 1.57%), with loan loss coverage (LLC) ratio of 139.2%, (FY2021: 124.1%).

The effective tax rate of 11.5% reflected our tax credit of RM265.6 million, partially offset by the RM105.7 million Cukai Makmur charge.

The Group's net profit after tax and minority interests (PATMI) improved to RM1,502.7 million (FY2021: -RM3,826.5 million). PATMI grew 56.3% Year-on-Year (YoY) compared to FY2021 core PATMI of RM961.6 million after excluding the one-off exceptional items of RM4,767.0 million and related legal and professional expenses of RM21.1 million.

Return on equity (ROE) stood at 9.3% (FY2021 reported ROE: -20.2%; core ROE: 5.1%) and Return on assets (ROA) of 0.94% (FY2021: -2.24%) and basic earnings per share (EPS) of 45.54 sen (FY2021: -127.22 sen). Net assets per share of RM5.06 (FY2021: RM4.87).

Our gross loans and financing grew 6.5% to RM120.0 billion (FY2021: RM112.7 billion). The Group's customer deposits grew 1.7% to RM122.6 billion, with current account and savings account (CASA) balances up 20.6% (CASA mix at 35.2%). The Group maintains a high liquidity coverage ratio (LCR) of 158.5% (FY2021: 157.5%).

Financial Holding Company (FHC) Common Equity Tier 1 (CET1) capital ratio strengthened to 12.2% (FY2021: 11.3%) while total capital ratio strengthened to 15.3% (FY2021: 14.5%).

With the Group on firmer financial footing, I am pleased to announce that we have resumed dividend payment and declared a dividend of 5.0 sen per share for FY2022, which equates to a dividend payout ratio of 11.0%. As we move forward, the Group is committed to delivering progressive growth in our dividend payout.



AmBank Group recognised as the Best Agent of the Year by Amanah Saham Nasional Berhad (ASNB) in 2020 and bagged multiple awards in the recent ASNB Starz Awards 2021

## FOCUS 8 PROGRESS

I am pleased to report on the commendable progress made during the financial year. With the disciplined execution of our strategy, we were able to meet evolving stakeholder expectations as well as adapt to the ever-changing banking environment. The success of our strategic outcomes is reflected in our three-year compound annual growth rate (CAGR) on key metrics, which saw us consistently ranking in the top three amongst all banks in Malaysia.

We continue to rank  
**top 3**  
in our three-year compound  
annual growth (CAGR)  
performance

**Ranked 1<sup>st</sup>**  
amongst peers for CAGR in:

- Net Interest Income (NII)
- Revenue
- Profit Before Provisions (PBP)
- Cost-to-Income Ratio (CTI)

The progress made in relation to each of our eight strategic priorities, which are interlinked and designed to unlock value for all our stakeholders, is further elaborated below:



## F1 Attaining a Return on Equity (ROE) of $\geq 10\%$

Undeterred by the economic challenges of the past two years, we never lost sight of our central strategic objective to deliver greater returns to our shareholders and investors. Through our focus on achieving an ROE of more than 10%, we were able to generate financial outcomes that directly and indirectly contributed to other forms of stakeholder value creation.

Throughout the year, we sharpened our capital allocation process to become more selective in channelling our resources into businesses and products that yielded better returns. Furthermore, we continued assessing and enhancing process efficiencies under our Business Efficiency Transformation (BET) Programme. Through disciplined cost savings, we were able to reinvest into the business and improve our cost-to-income ratio to 44.9% for FY2022.

We also focused on the strategic divestment of non-core businesses to further improve our ROE. In FY2022, we obtained the regulator's approval to proceed with our divestment plan for the AmGeneral business and have since signed the Sale and Purchase Agreement with Liberty Mutual Insurance Company (Liberty Mutual). Our existing partner, Insurance Australia Group (IAG), will be fully divesting their shares of 49% to AmBank Group and Liberty Mutual. In comparison, we will divest our shareholding from 51% to 30% in the new partnership with Liberty Mutual. The combined entity is expected to become Malaysia's largest motor insurer and leading property and casualty insurer. By leveraging on the complementary strengths and expertise of both entities, we hope to deliver better value to our customers, business partners and stakeholders.

To further optimise our financial capital, we are in the process of changing the way we measure our portfolio risks, moving from a standardised approach to a foundation internal ratings-based (FIRB) system. We are currently working closely with the regulator to complete this transition. Through FIRB, we expect to improve our capital efficiency and CET1 levels.

### BET Programme

- Cost Savings in FY2022:  
**>RM100 million**
- Accumulated gross cost savings (FY2018-FY2021):  
**RM500 million**

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### F2 Sharpening Our Segment Play

Our focus has always been on delivering the best value and service to our customers. Towards this end, we have adopted an outside-in approach to better understand our customers' needs and deliver differentiated value propositions that are segment-focused, solutions-based and intended to deliver meaningful value to our customers.

From an individual segment standpoint, we focused on acting as an enabler, helping customers increase their wealth and build financial resilience, particularly in navigating the pandemic. We continued to sharpen our focus on the affluent segment base, AmSignature Priority Banking (AmSPB). Through our AmSPB value propositions, we were able to cater to the lifestyle needs of our Priority customers through a range of wealth propositions and best-in-class products and services.

One of the key efforts undertaken during the year was the optimisation of the Relationship Manager (RM) client loading ratio in order to enable closer consultation with customers on their financial needs. We also onboarded additional qualified RMs to manage strategic wealth customer portfolios and relationships. AmBank also launched the AmSignature Priority Metal card in conjunction with KL Fashion Week, which garnered encouraging feedback from customers, with Metal card holders increasing their AUM by 6%.

We were recognised as the Best Agent of the Year by Amanah Saham Nasional Berhad (ASNB) in 2020 and continued to hit more than RM1.0 billion in sales in 2021. We have also consistently ranked in the Top 3 in total Assets Under Management (AUM), with a 28% YoY AUM growth in FY2022 alone.

We also aim to unlock the full potential of the SME segment, which represents over 98% of businesses in Malaysia. Through the consolidation of our SME centres in the North and South regions into Business Banking, we have been able to increase our focus on supporting and growing the SME base. This was particularly essential this year in helping us deliver critical financial assistance to SMEs through Bank Negara Malaysia (BNM), the Ministry of Finance (MOF) and state-funded schemes. We provided targeted relief packages and working capital facilities for SME customers impacted by the pandemic, with RM1.8 billion disbursed to 2,281 SME applications.

In line with our commitment to empower and maximise the potential of our SME customers, particularly as they recover and grow from the impact of the pandemic, our AmBank Road to Capital Market initiative has helped aspiring SMEs scale their business as they head toward becoming publicly listed companies. With 46 deals concluded since its inception in 2019, this initiative has delivered RM421 million in loans and has generated RM56 million in revenue.

Under AmBank BizCLUB, we completed the third season of the AmBank BizRACE programme, a competition designed to help spur the growth of SMEs in Malaysia. With more than 2,000 registrations, this season's programme focused on three key themes: Digitalisation, Industrial Revolution 4.0, and the Halal Industry. We had more than RM18 million worth of grants approved under this programme, with over 12,000 SME leaders engaged since its inception.

We also continued to drive AmBank BizHUB, a cloud-based marketplace that aims to help SMEs optimise their supply chain by connecting them with brand owners, manufacturers and distributors. Such initiatives include virtual pitching sessions to target audiences or joint promotions. During the year, we onboarded over 5,000 SMEs from various sectors, including trading, printing and logistics.

We worked with Bay Supply Chain Technology Sdn Bhd, a fintech company offering a digital Supply Chain Finance (SCF) platform that enables integrated digitalisation in SCF to enhance the supply chain management process for our SMEs, their buyers and suppliers. Through digital SCF, we offer seamless digital financing and payment solutions to SME customers and are able to improve the transparency of trade data and documents, offer a simpler and more convenient process, and extend our SCF solutions to micro-SMEs and SMEs, thus enhancing their trade activities and cash flow.

Beyond individual and SME customers, we also focus on helping and growing our corporate clients. Our Mid Corp segment experienced significant growth in FY2022 as a result of the consistent efforts undertaken to nurture strong relationships with existing and new-to-bank businesses.

#### Individual Segment Growth

- AmSPB Customer Base: **3.6%** growth to around 90,000 customers
- Average AUM for AmSPB customers: **13.0%**
- Mass Affluent Customer Base: **1.0%** growth to around 170,000 customers

#### SME Segment Growth

- SME Customer Base:
  - **4.3%** growth to more than 100,000 SME customers overall
  - Mainly contributed by the **18.0%** growth in Enterprise Banking SME customer base
- Three-Year CAGR Performance Amongst Peers:
  - Ranked **2<sup>nd</sup>** highest for SME Deposits (2.9%)
  - Ranked **3<sup>rd</sup>** highest for SME Loans (2.4%)
- AmBank BizCLUB: **Over 4,000** SMEs registered across seasons 1-3, with **12,000** SME leaders engaged since inception

#### Mid Corp Segment Growth

- Total Income: **19.5%** increase
- CASA Growth: **20.0%**
- Loans Growth: **11.1%**



### F3 Delivering Holistic Customer Value Proposition Leveraging a Collaborative Culture and Partnerships

We focused on growing our partnerships with cross-industry partners, particularly in terms of digital connections to create holistic value propositions and transform the customer experience.

In collaboration with Maxis and BonusLink, we developed the integrated SME-in-a-Box solution that offers SMEs a bundled proposition featuring telco and financing solutions. As at March 2022, SME-in-a-Box has helped over 14,000 SME customers since its inception, with a CASA balance of RM1.5 billion (13.8% YoY growth).

As a shareholder of BonusLink, we have been able to collaborate with BonusLink to leverage its digital capabilities. At the same time, we have made it possible for certain financial offerings from AmBank to be provided within the BonusLink app (BLINK). We have also recently enabled the linkage of BonusLink membership accounts to AmOnline accounts. Customers can now redeem and convert their BonusLink Points to cash and have it credited directly into their AmBank/AmBank Islamic Savings or Current Account/-i before expiry. We are incorporating more features to complete the financial ecosystem within the BLINK app, which currently boasts a database of around 700,000 registered users, with approximately 1,900 BLINK touchpoints. Today, the circulation payment volume of our AmBank and BonusLink co-branded card is close to RM600 million, a substantial 24% YoY growth compared to the average industry growth of 16%.

Another major fintech partnership developed this year was with Merchantrade Asia, in which we jointly launched a market-first hybrid e-wallet that offers cross-border, multi-currency payment solutions backed by a current account. This hybrid e-wallet allows customers to seamlessly open a Hybrid Current Account-i with AmBank, experience a greater e-wallet size, and the convenience of moving funds between accounts and internationally.



### F4 Pushing Capital-Light Revenue

We have been developing our FX franchise by leveraging the Group's distribution footprint, while enhancing our cash management capabilities through digital collection and payment solutions. Despite the challenges posed by the COVID-19 pandemic and uncertainties surrounding monetary policy normalisation, our FX revenue recorded a flat growth of 0.4%, compared to the overall Malaysian financial market, which saw a 0.3% decline in total FX volume to RM29.7 trillion. Furthermore, we achieved an FX revenue growth of 25% since FY2020 (pre-COVID), which is a testament to our efforts in enhancing our FX franchise.

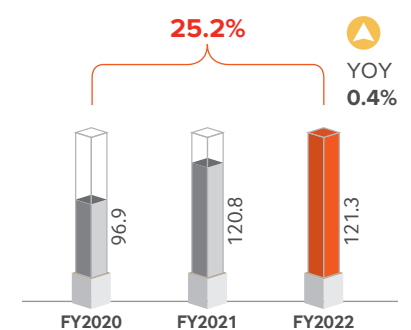
Meanwhile, our CASA maintained good momentum, across all segments, as we acquired more operating accounts, supported by integrated value propositions. As a result, CASA balances grew 20.6% YoY. Our CASA ratio increased from 29.7% in the last financial year to 35.2%, which is above the industry ratio of 32.6%.

From our wealth advisory business perspective, we delivered more than RM1.0 billion worth of ASNBV sales during the reporting year, where we became the 2<sup>nd</sup> largest distributor for the funds amongst financial institutions in the country.

Under our Bancassurance business, we continued to reach out to customers digitally. For example, customers are able to conveniently purchase insurance products on the AmOnline platform.

Finally, we recorded the highest trade loan balance in FY2022, with a RM1.6 billion incremental increase from the previous year. This is a 16% YoY growth for FY2022 compared to the 6% growth in FY2021. In line with this, trade revenue increased by 9.2%, while the trade utilisation rate rose to 71% (FY2021: 66%).

**FX Revenue**  
(RM Million)





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### F5 Ramping Up the Next Wave of Digital Initiatives

With digitalisation creating exponential impact in the financial services industry, we are conscious of the need to be ahead of the curve in mobilising these technologies as we lay the necessary foundation to enhance our position as a data-driven organisation. To this end, we are enhancing our data capabilities to improve convenience and facilitate more accurate business decision-making for our customers.

We are also accelerating our own digitalisation efforts to provide more comprehensive digital touchpoints to customers. Our digital platform, AmOnline, currently has 1.4 million users, marking a 13.5% growth since FY2021. This growth is attributed to our efforts to continuously improve the features and user experience of AmOnline. Case in point, in December 2021, we launched the integration of AmOnline with Tabung Haji to offer customers seamless access to Tabung Haji transaction services on our platform.

Besides that, customers can now access Amanah Saham Nasional Berhad (ASNB), check their ASNB account balances and make additional investments via AmOnline in December 2021. Within the first three months, we recorded 5,000 AmOnline accounts linked with ASNB.

AmAccessBiz, our banking on-the-go digital platform for SMEs, has over 27,000 registered companies as at March 2022. Based on our first customer survey for the platform, AmAccessBiz achieved a high Net Promoter Score of +45, demonstrating superior customer satisfaction. At the same time, AmAccessCorp continues its growth momentum as it caters to the needs of our larger corporate clients. In FY2022, AmAccessCorp recorded a 13.3% growth in its number of registered companies, with a 20.0% and 32.6% growth in transaction volume and transaction value, respectively.

Leveraging on our integrated digital solutions, we were able to launch our fully contactless for individuals and SME digital onboarding capability in June and September 2021. Individuals and SMEs can now gain access to digital financing solutions quickly and seamlessly, be it by opening their current accounts or completing e-KYC, without needing face-to-face interactions. This has been particularly vital amidst the pandemic. Being the first of its kind in Malaysia, this digital solution was recognised with the "Highly Acclaimed, Best Digital CX – Account Opening and Customer Onboarding" award at the Digital Banker's Digital CX Awards 2021. We also garnered the "Best Digital Account Opening/Customer onboarding initiative/ Application 2021" award at The Asian Banker Malaysia Awards 2021.

We are also making strides in enabling cross-onboarding across partners to drive a more seamless, simplified and accelerated onboarding experience. We have integrated the AmOnline and BonusLink platforms allowing customers to digitally open accounts. With our e-KYC capabilities, we are also working with our strategic partners to enable the cross-onboarding of SME and corporate customers.

In addition, with the growing need for fast, contactless and effortless payment methods, we collaborated with Maxis to introduce mTAP, a secure contactless payment solution that particularly caters to SMEs. Through our partnership with KIP Group, we further extended mTAP solutions to shoppers at KIPMalls, offering them more security and convenience to go cashless. Since 2020, over 4,000 merchants have signed up for mTAP nationwide, with a total outstanding mTAP merchant Current Account Savings Account (CASA) balance of RM37 million (+250% YoY).

Furthermore, a digital FX pricing, execution and distribution engine known as eFX was rolled out across AmBank branches and digital channels. eFX enables customers to access live FX rates and immediate FX contract bookings, contributing to a 14.0% growth in FX volume.

The Bank has also launched a new system called AmACE, an initiative that involves the reengineering and automation of credit processes to reduce turnaround time by half (5.5 days to 2.5 days) and ultimately deliver a better experience to our customers.

#### Digital Growth

• Digital CASA Growth:  
**26.9%**

• Retail Digital  
– CASA Growth: **37.1%**  
– Digital Penetration: **63.7%** (8.5% growth)

• Non-Retail Digital:  
– CASA Growth: **23.7%**  
– Digital Penetration: **59.4%** (17%)

To empower our employees with data-enabled decision-making, we have embarked on a digital initiative to establish a data management platform (DMP), coupled with data analytics and a data lake, aimed at providing explainable data and actionable insights that will enhance our ability to serve our customers better. Our future success lies in our ability to gain an in-depth understanding of customer behaviour and their ecosystem. Through this initiative, we will be able to enhance our predictive capabilities to offer customers the right service at the right time and place. In the first year of this six-year project, we are putting in place a DMP foundation to understand holistic customer demographics as well as enrich customer data. The ultimate goal of this initiative is to deliver an unparalleled customer experience, thus deepening their relationship with the bank.

Within the Group, we are progressively implementing end-to-end business process reengineering and robotic process automation to drive better productivity and business efficiency. We now have close to 90 robots across the Group. We have established our RPA Centre of Excellence (COE) which will centrally manage both attended and unattended robots. In addition, we continue to strengthen our processes by streamlining and automating where possible under the Group's Pareto initiative.

As we continue to make great headways with our digital initiatives, we are consistently monitoring our cyber security to protect our business and stakeholders from potential attacks or breaches. Our Cyber Security Maturity level has improved over the previous year, thus strengthening the resiliency of our cyber security.

### Cyber Security

- **Implemented the Cyber Resilience Policy**

to enhance cyber security through a multi-layered approach that builds our ability to prevent and recover from cyber-attacks and events that disrupt business operations and services.

- **Zero** successful cyber-attack incidents.



## F6 Future-Proofing Our Workforce

Delivering on our purpose is closely intertwined with how we invest in our people, who are the backbone of our organisation. The sustainability of our business is premised on doing right by our people by creating a fair, inclusive and nurturing work environment that keeps our people engaged and motivated. In response to the changing work landscape, we are future-proofing our employees through a three-tiered talent development approach.

The first tier involves attracting and developing raw talent in order to build a diversified workforce. This includes recruiting young graduates through the AmGraduate Programme and the AmDigital Graduates Programme. AmGraduate Programme offers internal job mobility, as employees can transfer to other roles and departments to build their banking careers. Additionally, AmDigital Graduates gain specific future digital and analytic skills through three months of immersive Data Science & Software Engineering courses.

Our next focus is on mid-career development for employees, which involves both internal and external secondment to departments within or beyond the line of business to pick up relevant skills. Importantly, we place great emphasis on succession planning and getting our people to step up to leadership roles through customised talent development programmes i.e., Being a Talent Manager for Assistant Managers and Managers (BATMAN), Emerging Leaders Programme for Senior Managers and Vice Presidents (ELP) and Leadership Enhancement and Acceleration Programme for Senior Vice Presidents and Executive Vice Presidents (LEAP). We have had 332 talents joining these leadership and talent development programmes since their inception, with an additional 83 talents joining in FY2022.

With a focus on driving future-ready training and development programmes, we are committed to equipping our employees with the necessary tools to excel in a digital future. We also established the Digital Academy Management Council to drive digital-related skills, certifications, and awareness to accelerate our digital banking aspirations.

In addition to training, we also utilise digital solutions to improve the employee experience. We strengthened human resources processes to provide greater convenience for employees, such as e-Leave and e-Claims. At the same time, the data collected will improve employee management. Furthermore, we also leveraged on digital solutions to facilitate remote recruitment and onboarding, with over 2,500 applications processed since July 2021.

By putting our people's needs first, AmBank's Employee Engagement Index (EEI) scored 78% in FY2022 compared to 77% in FY2021. Our employee engagement ratio doubled from 17% in 2019 to 35% in 2021, reflecting the effectiveness of our engagement initiatives, which have been essential in helping employees cope and thrive in the last two years.

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**F7 Integrating Environmental, Social, and Governance (ESG) into Our Business**

The pandemic has significantly impacted virtually every aspect of business operations, reinforcing how fundamental sustainability is for business resilience. By weaving ESG considerations into our strategy and decision-making, we are better positioned to deliver on the long-term financial needs of our stakeholders.

To enhance the integration of ESG considerations into our financing solutions, we now assign ESG Risk Grades (ESG-RG) for select non-individual customers based on BNM's Climate Change and Principle-based Taxonomy (CCPT) and Value-Based Intermediation (VBI) Sectoral Guides. Furthermore, we developed eight sector-specific checklists to prioritise ratings for sectors that are more susceptible to ESG risks, while continuously refining our green loan/financing taxonomy.

We continue to engage with customers to decarbonise as well as improve our resilience to climate change. At the same time, we have also pledged to refrain from any new coal financing transactions. To this end, we have ceased accepting customers who derive more than 25% of their revenue from coal-fired power plants or where coal or coal-related activities contribute 20% or more to the customer's total revenue or where coal-related products make up 20% or more of the customer's raw materials. This reflects our contribution to our nation's transition towards a low-carbon economy.

We partnered with Armani Energy Sdn Bhd and Nestcon Sustainable Solutions Sdn Bhd, two leading players in renewable energy, to galvanise customers to adopt sustainable energy practices by offering them free solar panel system installation and cheaper tariffs for future electricity usage. This partnership further complements the Group's ESG journey to promote the adoption of green energy technology. We have received close to 100 applications from customers under this solar panel installation partnership.

On 12 January 2022, we held our inaugural virtual ESG Day to bring together perspectives and insights from customers and investors as part of our transition to a more sustainable financial future. Themed 'Forward Thinkers: Journeys That Converge', we shared our sustainability road map with stakeholders during the ESG Day.



*Collaboration with Yayasan Hijau Malaysia (YHM) to carry out the 100 million Tree Planting Campaign as part of the Greening Malaysia Programme*

Furthermore, we are building our capabilities in the management of climate-related risks. On this note, we are currently establishing climate change parameters according to the Task Force on Climate-Related Financial Disclosures (TCFD), which includes conducting a climate change scenario analysis of our business.

As part of our Internal Capital Adequacy Assessment Process, we will perform stress testing exercises, with results incorporated into the internal target setting to ensure that we set appropriate emissions targets that effectively prevent the worst impacts of climate change as well as future-proof business growth.

Towards achieving our long-term strategy of becoming a net-zero carbon company, we continue to transition to green and renewable energy. Coupled with the use of solar panels, we have offset more than 1,786 metric tonnes of carbon emissions. We received recognition for this achievement by becoming the first financial institution in Malaysia to be awarded the Energy Management Gold Standard Certification for Menara AmBank in May 2022. Through our carbon-reduction strategies, we lowered our Scope 1 and Scope 2 carbon emissions by 11% to 12,612 metric tonnes and are on track to achieving our carbon reduction target of 24% by FY2023 against our FY2019 baseline.



**F8 The Digital Bank Option**

We previously explored the option of a digital license application and decided conclusively that we will not need to embark on this path. Instead, we will leverage our existing license with selected partners to embed financial solutions within their ecosystem. We are collaborating with key industry players to share and complement each other's strengths, capabilities, customer base and distribution reach.

A fundamental next step in our digital journey is to extend beyond forging partnerships, as we immerse ourselves into the ecosystem and create omnipresence in the businesses and network of our partners. For example, we have begun exploring ways to embed financial solutions in several strategic partners, such as the BonusLink platform. This will enable us to deliver savings, financing, investment and protection offerings to BonusLink's over 5.8 million active customer base. By orbiting ourselves inside a larger ecosystem, we can tap into new market opportunities and revenue streams, while simultaneously reaching out to underserved and unserved customers.



## WHAT THE FUTURE HOLDS

While FY2022 has set the nation on a path of economic recovery, underpinned by Malaysia's transition towards endemicity as well as the reopening of international borders, continued geopolitical risks, supply disruptions, financial market volatilities from the tightening of monetary policies globally, and a potential global slowdown poses challenges to the global economy.

We will continue our efforts to strengthen buffers and ensure financial stability while at the same time supporting and driving sustainable growth.

We are confident in our ability to face any potential headwind. Our transformation efforts, from our Top 4 strategy and now continuing into our Focus 8 strategy, have placed us on a firmer footing to face the challenging operating landscape.

With this in mind, we look forward to unlocking new opportunities while staying true to our strategic vision of 'Growing Trust, Connecting People'.

## Appreciation



I would like to take this opportunity to express my deepest gratitude to our outgoing Chairman, Tan Sri Azman Hashim, for his dedicated service over the past 40 years. As a visionary with a strong entrepreneurial spirit, he has been a key driver in building AmBank into the formidable Group it is today. It has been an honour to have worked alongside such an extraordinary leader. We will carry forward his wisdom as we move to our next phase of growth.

I would also like to welcome Tan Sri Md Nor Yusof as our new Chairman. With over 40 years of senior management and board-level experience, including extensive expertise in the financial services sector, I look forward to his guidance and expertise in steering the Group to new levels of success.

I would also like to acknowledge our terrific AmBankers, who have been outstanding in ensuring that we navigated the new normal well – I continue to be impressed by your resilience and hard work.

Finally, thank you to our customers, shareholders, investors, regulators, communities, and other stakeholders for their continued trust and support. As we move forward with our strategy, we will continue to deliver value for each of you.

