

C. BUSINESS REVIEW

## Retail Banking



**AARON LOO**  
Managing Director, Retail Banking  
AmBank Group

**We performed well in a challenging macroeconomic environment, achieving a 4.7% growth in revenue, 5.6% for loans and 23.3% for CASA deposits. Our performance was driven by our consistent growth in customer acquisition supported by the deepening of relationships with existing clients.**

Our priority when we started the year was to ensure our team's physical and mental well-being. We worked closely with private health care providers to offer COVID-19 vaccines to our teams and conducted over 100 online staff engagement programmes to keep connected with our teams. We continued to improve upon our digital banking channel deploying new capabilities resulting in significant growth in the utilisation of AmOnline.

Although the pandemic has been disruptive, the Retail Bank's strategy of focusing on high-value segments, namely Retail SMEs, AmBank Signature Priority Banking and TRUE clients, yielded positive results. Compared to the previous year, Assets Under Management (AUM) for our AmBank Signature Priority Banking clients grew by 14.0%, Total Current and Savings Accounts (CASA) grew by 23.0% and Merchant Acquiring Volume grew by 24.0%, of which e-commerce transactions increased by 70.0%.

### ABOUT US

We provide banking solutions to help individuals and small businesses realise their aspirations. Our suite of products and services addresses our customer's financial and lifestyle needs through physical and digital channels. Our financial products are tailored to the needs of different 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 integrated value propositions beyond banking to our clients. Additionally, our partnership with technology companies like Maxis enabled us to provide our clients with value-added digital capabilities and government grants to support their migration to a digital environment.

We serve our clients through various channels, including:

- **AmOnline** (for individuals) and **AmAccessBiz** (for SMEs).
- **168** branches and three sales kiosks nationwide.
- **1,090** self-service machines.
- Inbound and outbound **call centres**.

**KEY INITIATIVES & OUTCOMES**

**Key Initiatives**

**Helping Our Customers**

- Assisted customers in transitioning smoothly into various repayment assistance programmes.
- Maintained engagement and relations with clients throughout to understand their future needs.

**Enhance Digitalisation**

- Continuously enhancing our refreshed mobile app AMY 2.0 which was launched in 2020.
- Enabled conversion of purchase to Flexible Payment Plan (FPP) instantly via AMY 2.0.
- Integrated AmOnline with Tabung Haji, ASNBV and BonusLink access via AmOnline.

**Strengthen Segment Value Proposition**

- Continued offering of bundled propositions and assisting SMEs with various business digitalisation solutions via AmBank’s SME-in-a-Box.
- Introduced “One-stop Merchant Business Solutions payment platform” (i.e., all-in-one Android terminals, mPOS, DuitNow QR, major e-Wallets and mTAP).

**Signature Priority Banking**

- Launched an exclusive, invitation-only ‘The Metal’ card for top tier AmSignature Priority Banking clients.
- Tied up as Banking partner for 2021/22 exclusive KL Fashion Week (KLFW).

**Energise Our People**

- Developed a comprehensive full-year programme
- Developed a holistic 360° employee recognition programme called STAR Awards, which included team building, gamification, social engagement, and health & well-being activities.
- Established a task force to develop management programmes for retail bankers.

**Outcomes**

- Over RM22.0 billion of our portfolio is registered for the government assistance programmes, including the PEMULIH programme (six months moratorium) and offering the Bank’s internal Repayment Assistance (six months payment holiday + a period of tiered lower monthly repayment). The targeted approach of Repayment Assistance extended relief measures more sustainably to borrowers whose incomes have been affected by the pandemic.

- Close to 80.0% year-on-year (YoY) increase of transactions via mobile app.
- More than half of FPP sales volume was contributed by AmOnline.
- Customers are able to view their account in Tabung Haji, ASNBV, Bonuslink and perform their desired transactions within AmOnline with ease.

- Achieved SME-in-a-Box penetration of 15% of our total SME customer base.
- Enabled SMEs to manage all their needs from deposits, working capital loans, payroll solutions, or business digitalisation seamlessly through SME-in-a-Box.
- Empowered digital SME customers to accept cashless payments and build their eCommerce business during COVID-related restrictions.

- New ‘The Metal’ cardholders grew their AUM by 6.0%.
- Enhanced AmSignature Priority Banking’s lifestyle pillar.
- KLFW-AmSPB social media campaign reached >9.6m viewers, with >70.0% positive comments on the collaboration.

- Communicated the latest update and development in Retail Banking to employees regularly.
- Big Huddle videos broadcasted and RB Buzz Magazines published throughout the year.
- Launched leadership programmes, 233 staff successfully completed the Emotional intelligence training.
- Staff engagement scores increase to 81.0% YoY.

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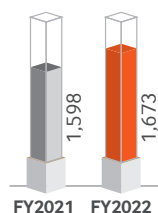
OUR PERFORMANCE

We performed well in a challenging macroeconomic environment, achieving a 4.7% growth in revenue, 5.6% for loans and 23.3% for CASA deposits. Our performance was driven by our consistent growth in customer acquisition supported by the deepening of relationships with existing clients.

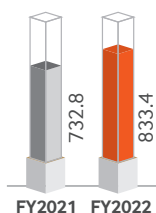
Our income grew by 4.7% YoY while maintaining cost discipline, enabling our Profit Before Provision to grow by 13.7%. Cost Income Ratio improved to 50.2% from 54.1% last year. We closed this year with a PAT of nearly 3.5 times that of the previous year, attributable to lower prudential overlays and our collection team’s efforts in managing delinquencies. Gross Loans grew by 5.6% to RM68.4 billion, as we were able to sustain good sales momentum during the year, while the Pemulih and Pemeraksa moratorium programmes partly reduced repayments which supported loans growth.

We continued our efforts to diversify our deposit base with a CASA growth of RM3.8 billion or 23.3%, resulting in an improvement in our CASA ratio to 37.3% from 34.5% last year.

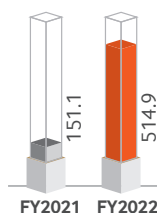
Income (RM Million)



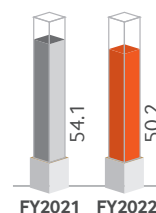
Profit Before Provision (PBP) (RM Million)



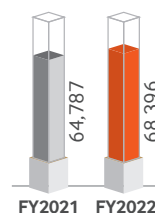
Profit After Tax (PAT) (RM Million)



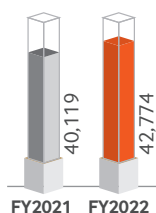
Cost-to-Income (CTI) (%)



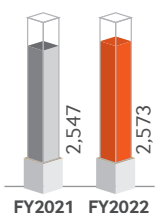
Gross Loans (RM Million)



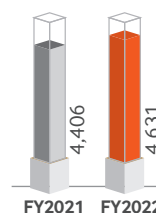
Mortgage (RM Million)



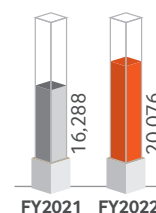
Credit Card Outstanding Balance (RM Million)



Retail SME (RM Million)



CASA (RM Million)



AWARDS & RECOGNITION

- **The Asian Banker Excellence in Retail Financial Services Awards 2021**
  - > Best Digital Employee Engagement Initiative/Application 2021
- **The Asian Banker Malaysia Awards 2021**
  - > Best Digital Account Opening/ Customer On-boarding Initiative/ Application in Malaysia
- **Amanah Saham Nasional Berhad - ASNB STARZ Awards & ASNB Sales Triumph 2020**
  - > Best Agent of The Year
  - > PNB Award

### COVID-19 IMPACT & RESPONSE

#### COVID-19 Impact

Customers unable to resume business during MCO period.

#### Our Response

Close engagement with customers via various channels on financial health checks and their financial needs.

- Implemented Remedial Programs (i.e. Payment Holiday, RA1.0, RA2.0, RA Gen 2.0, Pemerkasa & Pemulih)

#### Outcomes

Addressed the immediate needs of our RSME customers, to ease their financial distress.

### SUPPORTING MALAYSIANS DURING FLOODS

The Bank had provided a targeted Flood Relief Programme (FRP) assistance (6 months payment holiday) to eligible customers who struggled with the after-effects of the flood. A total of 906 cases had been approved, benefiting both individuals and RSME customers where the latter either through the Flood Relief Programme or Disaster Relief Facility (DRF) to alleviate their burden and assist in resuming business operations.

### RISKS & MITIGATION

#### Key Risks

##### Customer Experience

Challenges in customer engagement during lockdowns impacted our ability to acquire new clients.

#### Mitigation Strategies

- Digital Channels (Internet banking and Mobile Banking) were identified as primary drivers impacting customer experience during the lockdown period.
- Post MCO, physical channel interactions increased. We improved on our non-face-to-face interactions such as ATM, CDM, CQM and AmOnline kiosk at branches for customer safety.
- Launched CX Digital survey for feedback to improve digital processes that directly impact customer experience.

#### Outcomes

- Improved Net Promoter Score (NPS).
- Customer Satisfaction (CSAT) improved for Internet Banking from 76.0% to 82.0% and Mobile Banking from 79.0% to 84.0%.
- 448 feedbacks were collated from the CX digital survey.

### PROSPECTS & OUTLOOK

The groundwork laid in addressing FY2021 challenges enabled us to address the greater challenges faced in FY2022. We continue to accelerate our growth across all major product lines and key segments. We aim to continue our momentum by strengthening the segment-based value proposition offered to our individual and SME clients in the upcoming year. We will build on our ability to acquire and service clients through AmOnline and AmAccessBiz, and reformat our physical branch networks with greater non-face-to-face interactions using self-service machines and AmOnline kiosks. At the same time, we will continue to equip our relationship management team with digital solutions to better serve our AmSignature Priority Banking clients. We will continue to collaborate with our Business and Wholesale Banking clients to extend our value propositions to their employees and suppliers in order to expand on our customer base.

We will continue our Employee Engagement effort to celebrate, recognise and build a strong, participative learning and working environment that encourages and creates more engaged staff to propel our business to greater heights. We will create a better customer experience by helping customers navigate challenging times. This includes serving their banking needs well and deepening our customer relationships, which will enable us to attract new customers. To grow a sustainable business, we will continue to inculcate and strengthen both fraud and compliance awareness and build a strong compliance and control culture across the Retail Banking network. We will continue embracing responsible financing and treating customers fairly and better as part of our service charter.