

# Retail Banking



**AARON LOO BOON SENG**  
Managing Director

## WHO WE ARE AND WHAT WE DO

We place a premium on crafting integrated value propositions specifically tailored to our key segments, which encompass the affluent, mass affluent, mass retail consumers, and SMEs. By strategically combining physical and digital channels, we have not only widened our customer base but also fortified connections with our existing clients.

Our strategic alliances have proven especially influential, extending value beyond financial offerings to encompass lifestyle improvements, business expansion opportunities, and sustainability endeavours. Underpinning our approach is the Focus 8 Strategy, propelling our transformative journey towards elevating customer value through digitalisation and personalisation. This ensures that our services cater precisely to individual preferences, thereby nurturing deeper and more meaningful client relationships.

## OUR KEY FOCUS AREAS

Refining our services through three key focus areas:

### 01 Personalisation for Affluent Segment

Involves offering personalised financial solutions and services tailored to the unique preferences and requirements of affluent clients.

### 02 Digitalisation for Mass Segment

Entails leveraging digital technologies and channels to provide convenient, accessible, and cost-effective banking services to the mass market.

### 03 Localisation for SME Segment

Focuses on understanding and addressing the specific needs of small and medium-sized enterprises (SMEs) operating within local markets.

# Business Review

## HIGHLIGHTS OF 2024


### BUSINESS HIGHLIGHTS

The implementation of the Focus 8 strategy has been instrumental in refining our approach to segment targeting, propelling our Retail Banking transformation journey from a product-centric bank to a universal and innovative institution anchored on beyond-banking customer value propositions.

SME Loan Growth	<p>➤ <b>Achieved</b> a significant <b>Compound Annual Growth Rate (CAGR)</b> of <b>29.4%</b> in SME loan portfolios, demonstrating our commitment to supporting small and medium enterprises.</p>	
Wealth Income Expansion	<p>➤ <b>Sustained</b> a <b>CAGR</b> of <b>11.5%</b> in <b>wealth income</b>, reflecting our <b>ability</b> to provide <b>comprehensive financial solutions</b> and advisory services to our clients.</p>	
CASA Growth	<p>➤ <b>Attracted</b> and retained depositors is evident in the notable growth of our Current Account and Savings Account (CASA) deposits, which have <b>achieved</b> a <b>CAGR</b> of <b>9.9%</b>.</p>	
Digital Penetration	<p>➤ Highlighted our commitment to digital innovation and customer-centricity, the penetration rate of our digital banking platform, <b>AmOnline</b>, surges from <b>19.2%</b> in <b>March 2018</b> to an impressive <b>80.4%</b> as of <b>March 2024</b>.</p>	
Enhanced Customer Satisfaction	<p>➤ Reflected our dedication to <b>delivering exceptional customer experiences</b>, our Net Promoter Score (NPS) significantly rose to <b>+27</b> in <b>2023</b> from a baseline of <b>-21</b> in <b>2018</b>.</p>	


### SUSTAINABILITY HIGHLIGHTS

In Retail Banking, sustainability is a key focus of our operations, reflected in our proactive initiatives to ensure we drive positive impact with a purpose.

<p>Pioneering Support for Electric Vehicles</p>	<p>➤ Offered favourable financing for <b>electric vehicles (EVs)</b>, contributing to <b>sustainable mobility</b> and facilitating the transition to a <b>low-carbon economy</b>.</p>	
<p>Collaborative Efforts for Green Homes</p>	<p>➤ Facilitated suitable financing options for <b>certified green homes</b> through <b>partnerships</b> with <b>property developers</b>, promoting <b>eco-friendly</b> living spaces and sustainable construction practices.</p>	


Substantial Green Financing

Approved **RM1,338 million** of **green financing** with **RM335 million** disbursed.



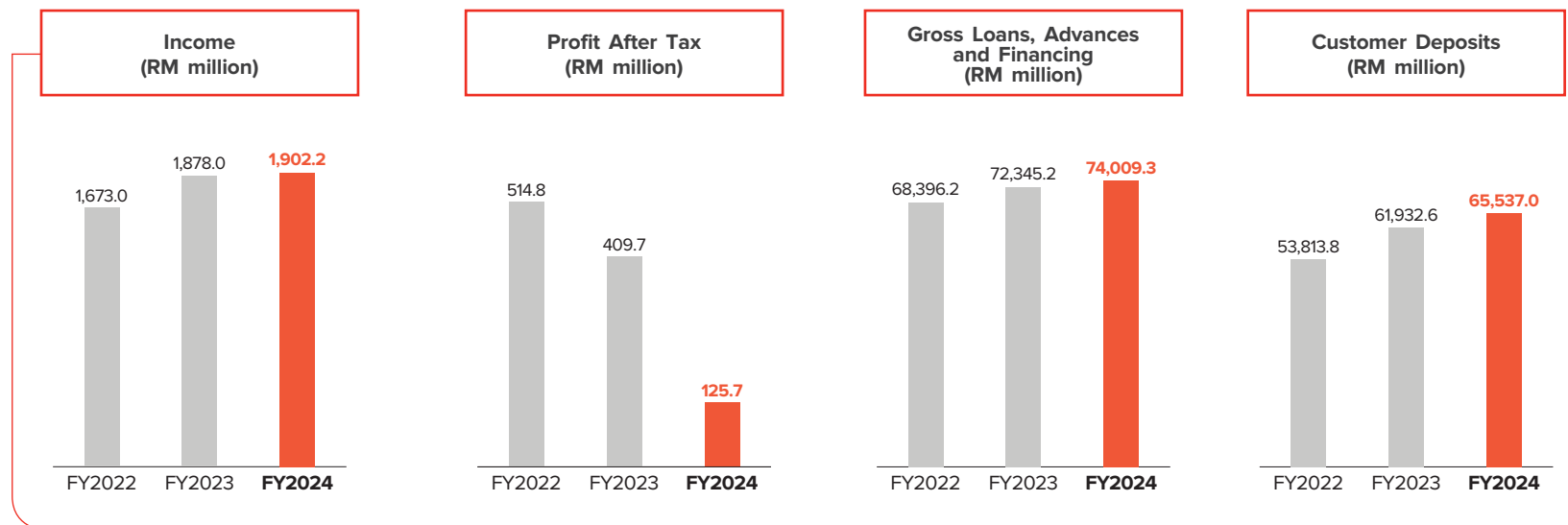
Customer Satisfaction

Enhanced customer experience through **digital customer experience (CX)** and protected our customers against cyber threats. With **84%** of retail banking transactions performed via AmOnline, we **maintained a high customer satisfaction rating (CSAT)** of **81%** amongst AmBank Group customers.



### FINANCIAL HIGHLIGHTS

We are committed to driving growth and creating a meaningful impact for affluent, mass affluent, mass retail consumers, and SMEs.



We recorded an income growth of 1.3%, primarily driven by a 12.7% year-on-year (YoY) increase in Noll due to higher fee income from Wealth Management and Foreign Exchange (FX). However, this was offset by flat YoY NII. Expenses rose by 5.5% in FY2024, mainly due to higher personnel costs. Net impairment increased to RM642.4 million compared to RM301.1 million. Consequently, Profit After Tax (PAT) declined by 69.3% to RM125.7 million.

Gross loans increased by 2.3% YoY to RM74.0 billion, mainly driven by mortgages. Customer deposits grew by 5.8% YoY to RM65.5 billion, bolstered by a strong 16.0% YoY growth in fixed deposits.

# Business Review

## BUSINESS PERFORMANCE REVIEW

Strategic Focus	KEY INITIATIVES	ACHIEVEMENTS
Personalisation for Affluent Segment	<ul style="list-style-type: none"> <li>• Hosted lifestyle events via our flagship Kuala Lumpur Fashion Week (KLFW) partnership.</li> <li>• Introduced AmBank Signature Priority Private.</li> <li>• Collaborated with Cycle &amp; Carriage for the Mercedes EV Drive initiative.</li> </ul>	<ul style="list-style-type: none"> <li>• 12% year-on-year growth in AmSignature Priority Banking (AmSPB)'s Customer Assets Under Management (AUM).</li> <li>• 28% year-on-year growth in AmSPB's Wealth AUM.</li> <li>• 30% year-on-year growth in the new AmSPB's Customer Acquisition.</li> </ul>
Digitalisation for Mass Segment (AmOnline)	<ul style="list-style-type: none"> <li>• Implemented a series of initiatives to bolster cybersecurity features on AmOnline.</li> <li>• Continuously expanding new services on AmOnline through partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>• First bank in Malaysia to introduce a “kill switch” security feature.</li> <li>• 15% year-on-year growth in AmOnline adoption.</li> <li>• Fourfold surge year-on-year in DuitNowQR transaction volume.</li> </ul>
Localisation for the SME Segment	<ul style="list-style-type: none"> <li>• Launched SME Amplify to address SME challenges by providing easier access to financing and empowering with tailored solutions beyond banking.</li> <li>• Extended AmSPB to SME customers to further support them.</li> <li>• Collaborated with:                             <ol style="list-style-type: none"> <li>a) Bank Simpanan Nasional (BSN) to amplify MSMEs programme.</li> <li>b) FashionConnect23, fostering collaboration and knowledge-sharing across the fashion industry supply chain to create a sustainable ecosystem.</li> <li>c) <i>Persatuan Usahawan Maju Malaysia (PUMM)</i>, providing members access to financing and understanding AmBank's business optimisation tools.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• A 10% deposit growth year-on-year allowed Retail SME (RSME) to maintain its position as a net funder of the Group, resulting in a loan-to-deposit ratio (LDR) of 53.4%.</li> <li>• 17% of RSME customers have an AmSPB relationship as of July 2023, compared to 9% in FY2021.</li> </ul>
People & Culture	<ul style="list-style-type: none"> <li>• Conducted a series of staff engagement workshops and activities covering business, compliance, innovation &amp; technology, cybersecurity, sustainability, and employee well-being and health topics.</li> </ul>	<ul style="list-style-type: none"> <li>• 91% Employee Engagement score, a notable improvement from 88% in FY2023.</li> <li>• +27 increase in Net Promoter Score (NPS) among AmBank Group's users from +20 in FY2023.</li> <li>• 90% increase in the average revenue per employee compared to FY2017.</li> </ul>

**CHALLENGES AND MITIGATION**

**CHALLENGES**

**OPR hike**

The tailwind of the Overnight Policy Rate (OPR) hike has impacted affordable housing mortgage customers and small business owners, resulting in increased delinquencies.



**MITIGATION**

Our multifaceted collection strategy from the enhanced communication and support to provide personalised guidance, financial counselling and leveraging on predictive analytics in prioritising outreach efforts as well as tailoring Reschedule & Restructure, Repayment plans to assist customers on their monthly obligations.



**RETAIL BANKING**

**The Global Economics**  
– 2 May 2023

Most User-Friendly  
Mobile Banking Solutions  
– Malaysia 2023



**Contact Centre Association of Malaysia (CCAM)**  
– 8 September 2023

Best In house inbound  
Contact Centre – Large



**OUTLOOK**

Heading into the next year, we are closely monitoring the ongoing geopolitical conflict that is most likely to persist. Despite these challenges, we remain cautiously optimistic about the anticipated GDP growth in 2024. Positive market indicators, favourable economic policies, and potential advancements in key industries suggest the potential for strong economic expansion, even amidst geopolitical uncertainties.