

Retail Banking

“FY2021 has been a challenging year, with the pandemic impacting both the economy as well as social behaviour. Retail Banking proudly rose to the challenge by helping our customers navigate the financial crisis, enhancing our digital channels for remote banking, strengthening our segment value propositions for SMEs and Priority Banking customers, and maintaining employee morale and productivity. Despite the unprecedented difficulties, we delivered on our commitments to customers as well as overall Group performance. As a testament to our resilience, we recorded an encouraging growth in assets under management (AUM), gained market share across major product categories, and exceeded RM1.0 billion in ASNBV sales volume for the first time in AmBank’s history.”

AARON LOO
Managing Director, Retail Banking
AmBank Group



INCOME

RM1,597.8 MILLION

RM1,466.3 MILLION IN FY2020



PROFITS BEFORE PROVISIONS (PBP)

RM732.8 MILLION

RM601.2 MILLION IN FY2020



PROFIT AFTER TAX (PAT)

RM151.0 MILLION

RM315.0 MILLION IN FY2020

ABOUT US

We provide banking solutions to help individuals and small businesses realise their aspirations. Our range of products and services addresses customers’ financial, and lifestyle needs through physical and digital channels. We offer a full suite of financial products tailored to the needs of different segments and sub-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 on such needs seamlessly. Additionally, our partnership with technology companies like Maxis has enabled us to provide our clients with value-added access to digital capabilities as well as access to government grants to support their migration to a digital environment.

Our clients have access to a wide variety of channels, including:

- AmOnline (Web and AMY 2.0) and AmAccessBiz that enable clients to conduct most of their transactions without having to leave the comfort of their home or office
- 170 branches nationwide network
- 1,090 self-service machines
- Call Centres

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KEY INITIATIVES & OUTCOMES

Key Initiatives	Outcomes
<p>Helping Our Customers</p> <ul style="list-style-type: none"> Developed and deployed a comprehensive set of Repayment Assistance packages to help affected customers. Mobilised more than 1,000 bankers nationwide to reach out and proactively help our most at-risk clients. Simplified the Repayment Assistance application process with minimal requirements to provide evidence of hardship. 	<ul style="list-style-type: none"> Approved close to 100% of customers that applied for Repayment Assistance.
<p>Enhance Digitalisation</p> <ul style="list-style-type: none"> Launched AMY 2.0, our refreshed mobile app improved usability and functionality. Started pilot trials on full digital account opening for individuals through AMY 2.0 and for SMEs via AmAccessBiz using electronic Know Your Customer (e-KYC) capabilities. 	<ul style="list-style-type: none"> Increased the number of individuals using our digital channels by 30% YoY, with a more than 80% increase in individuals' total financial transactions via digital channels.
<p>Strengthen Segment Value Proposition</p> <ul style="list-style-type: none"> Launched SME-in-a-Box in partnership with Maxis and BonusLink. The box allows customers to gain preferential rates to an entire host of products, including deposits, financing, merchant terminal, telecommunications and more. Introduced PayG, a new product that allows us to grant financing to SMEs based on their historical transaction volume captured by their credit card merchant terminals. Developed mTAP (in partnership with Maxis), an app that converts smartphones with Near Field Communications (NFC) into payment acceptance devices. This enables businesses to accept credit, debit and QR based payments using their mobile phones. 	<ul style="list-style-type: none"> Recorded more than 20% growth in RSME CASA and financing volume.
<p>Signature Priority Banking</p> <ul style="list-style-type: none"> Pivoted our Priority Banking value proposition away from lifestyle-related programmes centred on giving clients more flexibility via cashback programmes. Launched relevant campaigns linked to our client's level of Assets Under Management (AUM). This includes our Wealth Connection Campaign that rewarded loyal clients with digital devices to help them stay connected during MCO. Launched a series of new investment propositions, including retail bonds, equity-linked investments and foreign currency products, enhancing and diversifying their returns. Developed our Relationship Management team to ensure that our Priority Banking clients get the coverage and attention they deserve. 	<ul style="list-style-type: none"> Increased in AmSPB customers with Wealth products and higher Wealth AUM per AmSPB customer.
<p>Energise Our People</p> <ul style="list-style-type: none"> Developed digital engagement programmes including physical and mental health programmes to keep our teams connected and engaged during MCO. Launched a series of Robotic Process Automation (RPA) to reduce repetitive tasks, thus allowing employees to focus on more meaningful work. 	<ul style="list-style-type: none"> Improved our Gallup engagement score to the 60th percentile of Malaysian companies from the 24th percentile in the previous year. Increased staff engagement scores by 13% YoY.

OUR PERFORMANCE

Our focus on mass affluent, affluent and small business segments have yielded a higher YoY Net Promoter Score (NPS) among our customers, gains in key products market shares, as well as a deepening of our customer relationship.

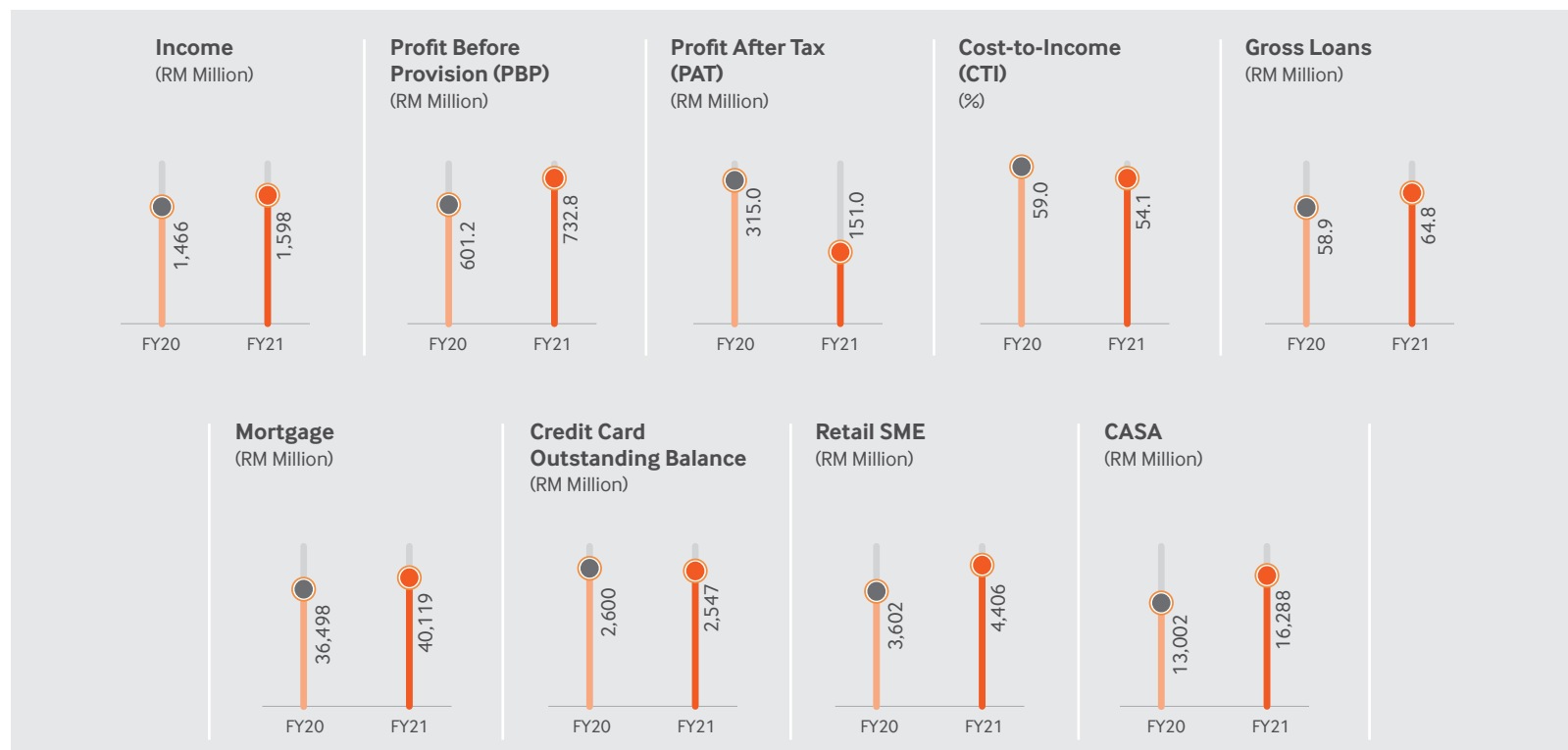
Our income registered strong underlying growth YoY while maintaining strict cost discipline to enable our Profit Before Provision to grow by 22%. Cost Income Ratio improved to 54% from 59% last year.

PAT reduced by 52% YoY mainly attributable to prudential management overlays in our Expected Credit Loss ('ECL') Provisions. This ensures that the

business is sufficiently buffered against potential future credit deterioration upon the expiry of repayment assistance programmes.

Gross Loans grew by 10% to RM 64.8 billion, partly due to the impact of the automatic moratorium which reduced repayments but also attributable to our ability to sustain good sales momentum during the year despite a challenging macroeconomic environment.

We have also been successful in diversifying our deposit base with CASA growth of RM3.3 billion or 25%, hence resulting in an improved CASA ratio of 34.5% compared to 28.6% last year.



AWARDS & RECOGNITION



- Visa Award 2019**
 - Highest Payment Volume (PV) Growth for eCommerce Spend
 - Highest Payment Volume (PV) Growth for Co-Brand Card'
- The Global Business Outlook Awards**
 - Best Mobile Banking App
 - Most Innovative Mobile Banking App
- The Asset Triple A Digital Awards 2020**
 - Best Retail Mobile Banking Experience
 - Best Wealth Management Experience
- Malaysian e-Payments Excellence Awards**
 - Outstanding Contribution to MyDebit (fourth consecutive year)
 - Outstanding Contribution to JomPAY (fourth consecutive year)
 - Top JomPAY Acquirer
- Excellence in Retail Financial Services Awards 2021 – by The Asian Banker**
 - Best Digital Employee Engagement Initiative/Application

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COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Cashflow disruptions of customers, with 85% of our borrowing customers taking the six months National automatic moratorium.</p> <hr/> <p>Overall, industry credit card transaction volumes dropped as a result of movement and social distancing restrictions.</p>	<ul style="list-style-type: none"> Reached out to financing customers through multiple channels of communications. Provided Senior Management Oversight to ensure close monitoring and speedy decisions were made. Mobilised more than 1,000 staff bank-wide staff to support Repayment Assistance programs, with 6,400 site visits conducted on Retail SME customers. <hr/> <ul style="list-style-type: none"> Listened to our customer needs during the lockdown and amalgamated all our propositions in Essential Kit. Recalibrated credit cards and financing options through the launching of the new Cash Rebate Card, Amazing 30 – a campaign that rewards cardholders with attractive cash rebates, cash backs and discounts. 	<p>Enrolled 22% of our Balance Sheets with various Repayment Assistance programmes.</p> <hr/> <p>Gained in market share on the credit card in circulation, retail spend and receivables.</p>

RISKS & MITIGATION

Key Risks	Mitigation Strategies	Results
<p>Customer Experience Challenges in customer engagement affect sales growth.</p> <hr/> <p>Margin Compression Uncertainty in the Overnight Policy Rate (OPR) makes it challenging to manage our margins.</p> <hr/> <p>High Cost of Funds A low CASA ratio leads to a higher cost of funds.</p> <hr/> <p>High-Net-Worth Clients A ratings downgrade by RAM impacts the confidence of our high-net-worth clients.</p>	<ul style="list-style-type: none"> Accelerate digital onboarding and transactions. <hr/> <ul style="list-style-type: none"> Grow our fixed-rate loans through Hire Purchase and new fixed-rate mortgage products. <hr/> <ul style="list-style-type: none"> Delivered segment-led value propositions via strategic partnerships. Introduced self-directed digital solutions to grow operating CASA accounts. <hr/> <ul style="list-style-type: none"> Deploy a sizeable and experienced relationship management team to continuously engage with our clients. Provide clients with proactive advice in optimising their investment returns. 	<p>Improved the usage of our online banking platform to more than 60%.</p> <hr/> <ul style="list-style-type: none"> Hire purchase disbursed volume increased by 20% Rolled out a new fixed-rate Mortgage loan in 2020 <hr/> <p>Turnaround the perception issues faced by the ratings downgrade.</p>

PROSPECTS & OUTLOOK

Despite the challenges faced in FY2021, we have accelerated our growth across all major product lines and taken market share. In the upcoming year, we aim to continue this positive momentum by further strengthening the segment-based value proposition offered to our individual and SME clients, while also enhancing our ability to acquire and service clients digitally through AmOnline and AmAccessBiz. Similarly, we will reformat our physical branch networks and enable greater non-face-to-face interactions using self-service machines and AmOnline kiosks as well as equip our relationship management team with digital solutions to better serve our AmSPB clients. In expanding our client base, we work closely with our Business and Wholesale Banking clients to extend value propositions to their employees and suppliers. Similarly, through strategic partnerships with Maxis and BonusLink, we will offer their clients value to efficiently acquire greater clientele, as well as accelerate the digitalisation of SMEs through value proposition and product innovation (i.e., SME-in-a-Box, mTAP and PayG).