

# AMMB Holdings Berhad

[Registration No. 199101012723 (223035-V)]

MINUTES OF THE 30<sup>TH</sup> ANNUAL GENERAL MEETING ('AGM' or the 'Meeting') OF AMMB HOLDINGS BERHAD ('AMMB' or 'the Company') HELD ON FULLY VIRTUAL BASIS VIA BOARDROOM SMART INVESTOR PORTAL AT BOARD ROOM, 26<sup>TH</sup> FLOOR, BANGUNAN AMBANK GROUP, JALAN RAJA CHULAN, 50200 KUALA LUMPUR ON THURSDAY, 2 SEPTEMBER 2021 AT 10.00 A.M.

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## ATTENDING IN PERSON

**DIRECTOR:** Tan Sri Azman Hashim (*Chairman, Non-Independent Non-Executive Director*)

## ATTENDANCE VIA VIDEO CONFERENCING

**DIRECTORS:** Graham Kennedy Hodges (*Non-Independent Non-Executive Director*)

Robert William Goudswaard (*Non-Independent Non-Executive Director*)

Soo Kim Wai (*Non-Independent Non-Executive Director*)

Voon Seng Chuan (*Senior Independent Non-Executive Director*)

Seow Yoo Lin (*Independent Non-Executive Director*)

Farina binti Farikhullah Khan (*Independent Non-Executive Director*)

Hong Kean Yong (*Independent Non-Executive Director*)

Dato' Kong Sooi Lin (*Independent Non-Executive Director*)

**SENIOR MANAGEMENT:** Dato' Sulaiman Mohd Tahir (*Group Chief Executive Officer ('Group CEO')*)

Jamie Ling Fou-Tsong (*Group Chief Financial Officer ('Group CFO')*)

**GROUP COMPANY SECRETARY** Koid Phaik Gunn (*Group Company Secretary*)

**OTHERS (BY INVITATION)** Ahmad Qadri Jahubar Sathik (*Audit Partner from Messrs. Ernst & Young, PLT*)

Krishman Varges (*Independent Moderator from KPMG Management & Risk Consulting Sdn Bhd*)

*The Meeting was conducted fully virtual in line with the Guidance Note on Conduct of General Meetings for Listed Issuers issued by the Securities Commission on 18 April 2020 and further updated on 16 July 2021.*

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**30/1 CHAIRMAN'S WELCOME REMARKS**

Tan Sri Azman Hashim, the Chairman of the Board (hereinafter referred to as 'Chairman'), welcomed shareholders and all those present to the AGM of AMMB. The Meeting was called to order at 10.00 a.m.

The Chairman informed that in view of the Movement Control Order and to ensure the safety and health of shareholders and employees, the AGM was conducted in a fully virtual manner via live streaming and online remote voting as prescribed by the Securities Commission Malaysia in its Guidance Note and Frequently asked Questions on the Conduct of General Meetings for Listed Issuers.

The Chairman then introduced the Board of Directors ('Board'), the Group CEO, the Group CFO, the Group Company Secretary, and representative from Messrs. Ernst & Young PLT, the Company's External Auditor, who were present at the Meeting via video conferencing.

The Chairman also informed the shareholders and proxies present that AMMB had appointed KPMG Management & Risk Consulting Sdn Bhd ("KPMG MRC") as the independent moderator to stream questions raised by shareholders during the AGM as well as any pre-submitted questions via Boardroom Smart Investor Portal. That was in line with the advice from the Minority Shareholders Watch Group ('MSWG') to appoint an independent party to stream and compile the questions and answers in a fair, objective and impartial manner.

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**30/2 QUORUM AND PROXY**

The Chairman called upon the Company Secretary to confirm the presence of a quorum. The Company Secretary confirmed that in accordance with Clause 74 of the Company's Constitution, the quorum of the AGM was present.

The Company Secretary also reported that a total of 566 proxy forms were received, representing 72.7% or 2,409,415,507 of the total shares of the Company.

The Chairman encouraged shareholders to download AMMB's Integrated Report and Share Buy Back Statement which were available in digital format in support of AMMB's Going Green initiative. He added that shareholders may ask questions in real time via the 'Ask Question' feature which would be independently moderated by KPMG MRC.

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**30/3 NOTICE OF MEETING**

The Chairman proposed that the Notice of the 30<sup>th</sup> AGM, which was circulated to all shareholders and advertised in the New Straits Times newspaper on 30<sup>th</sup> July 2021, to be taken as read.

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**30/4 GENERAL INSTRUCTIONS ON VOTING PROCEDURES**

The Chairman informed shareholders and proxies present that pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a listed issuer must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved at any general meeting, would be voted by poll.

In that regard, the Chairman informed that in respect of Ordinary Resolutions 1 to 9, poll voting for those resolutions could be submitted upon the commencement of the 30<sup>th</sup> AGM or during the poll session. The voting session commenced from the start of the Meeting at 10.00 a.m.

For the purpose of the poll voting, the Company had appointed:

- a) Boardroom Share Registrars Sdn Bhd as the Poll Administrator to conduct the poll voting remotely; and
- b) Coopers Professional Scrutineers Sdn Bhd as the independent Scrutineer to verify and validate the results of the poll.

A video by Boardroom Share Registrars Sdn Bhd was played to demonstrate to the shareholders, corporate representatives and proxies who were present at the AGM on the process of online voting via the Boardroom Smart Investor Portal.

**30/5 GROUP CHIEF EXECUTIVE OFFICER PRESENTATION**

The Chairman invited Dato' Sulaiman, the Group CEO to give a brief presentation to the shareholders/proxies covering the following areas:

- a) AMMB COVID-19 Response

*Being There for Our Customers and Communities*

- 1) Repayment Assistance
- 2) Relief Funds for SMEs
- 3) Over RM1 million Contribution to Community
- 4) Almost RM1.0 million in aid through Zakat Fund & Shariah Non-Compliance Fund.

*Being There for Our Staff*

- 1) AmBank Corporate Vaccination Program ('AVCP')
- 2) Financial Assistance
- 3) Dedicated Internal Microsite on COVID-19
- 4) Face masks, sanitizers and lunch packs
- 5) Wellness programs

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b)	<p data-bbox="383 414 1375 459">Global Settlement &amp; Strategic Corporate Actions</p> <p data-bbox="383 481 1375 526"><i>Global Settlement Announcement</i></p> <ol data-bbox="430 526 1375 728" style="list-style-type: none"> <li data-bbox="430 526 1375 660">1) Agreement with Ministry of Finance for sum of RM2.83billion to resolve legacy matters. Focus now was on executing business strategies. The settlement was reflected in Q4 with material impact on the Group's FY2021 results.</li> <li data-bbox="430 660 1375 728">2) Impairment totalling to RM1.937billion. (<i>Note: RM1.973 billion inclusive of REIT impairment</i>)</li> </ol> <p data-bbox="383 750 1375 795"><i>Strategic Corporate Actions</i></p> <ol data-bbox="430 795 1375 1310" style="list-style-type: none"> <li data-bbox="430 795 1375 840">1) Positive Impact on Private Placement</li> <li data-bbox="430 840 1375 884">2) Improvement in Proforma Return on Equity ('ROE')</li> <li data-bbox="430 884 1375 1131">3) Financial Year 2021 Financial Snapshot and Key Highlights <ul data-bbox="494 896 1375 1131" style="list-style-type: none"> <li data-bbox="494 896 1375 929">▪ Consistent income growth across the Group</li> <li data-bbox="494 929 1375 963">▪ Tight cost management improved operating leverage further</li> <li data-bbox="494 963 1375 996">▪ Good balance sheet growth in loans and deposits</li> <li data-bbox="494 996 1375 1064">▪ Significant impairment charges taken as a prudent measure while extending repayment assistance to our borrowers</li> <li data-bbox="494 1064 1375 1097">▪ Adequate capital position and highly liquid</li> <li data-bbox="494 1097 1375 1131">▪ Exceptional charges impacted results</li> </ul> </li> <li data-bbox="430 1131 1375 1310">4) Other Key highlights <ul data-bbox="494 1164 1375 1310" style="list-style-type: none"> <li data-bbox="494 1164 1375 1198">▪ Digital Initiatives</li> <li data-bbox="494 1198 1375 1232">▪ Customer Satisfaction</li> <li data-bbox="494 1232 1375 1265">▪ Employee Engagement</li> <li data-bbox="494 1265 1375 1310">▪ Sustainability Agenda</li> </ul> </li> </ol> <p data-bbox="303 1332 1375 1377">c) Outlook for 2021/2022 and Q1 FY2022 Performance</p> <p data-bbox="303 1400 1375 1702">d) Accelerating AmBank ('the Focus 8 Strategy')</p> <ol data-bbox="430 1433 1375 1702" style="list-style-type: none"> <li data-bbox="430 1433 1375 1467">1) The Path to ROE of more than 10%</li> <li data-bbox="430 1467 1375 1500">2) Building Capital Light Revenues</li> <li data-bbox="430 1500 1375 1534">3) Sharpening the Group Segment Play</li> <li data-bbox="430 1534 1375 1568">4) Collaborators &amp; Partners</li> <li data-bbox="430 1568 1375 1601">5) Connecting People</li> <li data-bbox="430 1601 1375 1635">6) AmBank Digital</li> <li data-bbox="430 1635 1375 1668">7) Environmental, Social and Governance</li> <li data-bbox="430 1668 1375 1702">8) The Digital Bank Option</li> </ol>

For the benefit of the shareholders and proxies, Dato' Sulaiman took the shareholders and proxies through the questions raised by MSWG, Permodalan Nasional Berhad and Kumpulan Wang Persaraan which were received before the AGM. The corresponding responses as set out in **Appendix 1** to the Minutes.

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<b>30/6</b>	<p data-bbox="317 427 1386 524"><b>AGENDA 1: AUDITED FINANCIAL STATEMENTS AND REPORTS OF THE DIRECTORS AND AUDITORS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021</b></p> <p data-bbox="317 562 1386 658">The Chairman informed that the first item on the agenda was to receive the audited financial statements ('AFS') of the Company for the financial year ended 31 March 2021 ('FY2021') and the reports of the Directors and auditors thereon.</p> <p data-bbox="317 696 1386 763">The AFS for FY2021 and the Reports of the Directors and Auditors were taken as received and tabled at the 30<sup>th</sup> AGM by the shareholders and proxies present.</p> <p data-bbox="317 801 1386 898">The Chairman explained to the shareholders and proxies that the AFS for FY2021 tabled at the Meeting were for discussion only and would not require shareholders' approval. Hence it would not be put forth for voting.</p>
<b>30/7</b>	<p data-bbox="317 965 1386 1032"><b>AGENDA 2: PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021</b></p> <p data-bbox="317 1070 1386 1137">The Chairman proceeded to Ordinary Resolution 1 on the approval of Directors' fees of RM1,291,069.00 for the FY2021.</p> <p data-bbox="317 1176 1386 1272">The Chairman informed that although the Directors' fees for each Director remained the same as that of the last financial year, the Board had volunteered to take a 20% reduction for FY2021 due to uncertainties brought on by the COVID-19 pandemic.</p> <p data-bbox="317 1310 1386 1368">Ordinary Resolution 1 on the payment of Directors' fees of RM1,291,069 for FY2021 was duly tabled to the Meeting.</p>
<b>30/8</b>	<p data-bbox="317 1435 1386 1532"><b>AGENDA 3: BENEFITS PAYABLE TO DIRECTORS (EXCLUDING DIRECTORS' FEES) FOR THE PERIOD FROM 2 SEPTEMBER 2021 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY</b></p> <p data-bbox="317 1570 1386 1666">The Chairman informed that the benefits payable to the Directors remained the same as the approval obtained at the AGM held on 31 July 2018, details as set out on page 48 of the 2021 Governance and Financial Report of the Company.</p> <p data-bbox="317 1704 1386 1839">Ordinary Resolution 2 on the benefits payable to the Directors (excluding Directors' fees) up to an aggregate amount of RM2,500,000.00 as recommended by the Board for the period from 2 September 2021 until the next AGM of the Company was duly tabled to the Meeting.</p>

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**30/9 AGENDA 4: RE-ELECTION OF DIRECTORS RETIRING BY ROTATION PURSUANT TO CLAUSE 94 OF THE COMPANY'S CONSTITUTION**

The Chairman informed that two (2) directors retired by rotation in accordance with Clause 94 of the Company's Constitution and being eligible offered themselves for re-election under Ordinary Resolutions 3 and 4 as follows:-

- i) Mr. Soo Kim Wai – Ordinary Resolution 3
- ii) Mr. Seow Yoo Lin – Ordinary Resolution 4

Mr Graham Kennedy Hodges, representing Australia and New Zealand Banking Group Limited, who retired by rotation in accordance with Clause 94 of the Company's Constitution had expressed his intention not to seek for re-election and therefore, retired at the conclusion of the AGM. On behalf of the Board and AMMB, the Chairman recorded his appreciation to Mr Hodges for this service and contributions rendered to the Group during his six (6) years tenure in office.

The profiles of Mr Soo Kim Wai and Mr Seow Yoo Lin who stood for re-elections were set out on pages 11 and 13 of the 2021 Governance and Financial Report of the Company.

Ordinary Resolutions 3 and 4 on the re-election of Mr Soo Kim Wai and Mr Seow Yoo Lin were duly tabled to the Meeting.

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**30/10 AGENDA 5: RE-ELECTION OF DIRECTOR RETIRING PURSUANT TO CLAUSE 102 OF THE COMPANY'S CONSTITUTION**

The Chairman informed that Mr Robert William Goudswaard was appointed as Director during the financial year and retired pursuant to Clause 102 of the Company's Constitution. Mr Robert William Goudswaard had offered himself for re-election under Ordinary Resolution 5.

The profile of Mr Robert William Goudswaard who stood for re-election was set out on page 10 of the 2021 Governance and Financial Report of the Company.

Ordinary Resolution 5 on the re-election of Mr Robert William Goudswaard was duly tabled to the Meeting.

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**30/11 AGENDA 6: RE-APPOINTMENT OF AUDITORS**

The Chairman informed that after due assessment, the Board upon the recommendation of the Audit and Examination Committee approved the re-appointment of Messrs. Ernst & Young PLT as Auditors of the Company for financial year ending 31 March 2022.

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The Auditors, Messrs Ernst & Young had given their consent for re-appointment as Auditors of the Company and Bank Negara Malaysia had, vide its letter dated 7 July 2021, given its approval on the re-appointment.

Ordinary Resolution 6 on the re-appointment of Messrs Ernst & Young PLT as Auditors of the Company was duly tabled to the Meeting.

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**30/12 AGENDA 7: SPECIAL BUSINESS – RENEWAL OF AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY FOR THE PURPOSE OF THE COMPANY’S DIVIDEND REINVESTMENT PLAN**

The Chairman informed shareholders and proxies that the first agenda under Special Business was a resolution to give authority to the Directors of the Company to issue such number of new ordinary shares in the Company for the purpose of the Company’s Dividend Reinvestment Plan (‘DRP’).

The Directors of the Company did not allot, or issue new ordinary shares pursuant to the authority given by the shareholders at the last AGM.

Ordinary Resolution 7 on the renewal of authority for the Directors of the Company to allot and issue new ordinary shares in the Company for the purpose of the Company’s DRP was duly tabled to the Meeting.

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**30/13 AGENDA 8: SPECIAL BUSINESS – AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

The Chairman clarified that the mandate would enable the Directors of the Company to issue shares as and when the need or business opportunities arise, which the Directors consider would be in the interest of the Company and the shareholders.

The Company had on 12 April 2021, issued 300,000,000 new ordinary shares at an issue price of RM2.75 per share by way of a private placement exercise under the general authority which was approved by the shareholders at the last AGM held on 27 August 2020.

Ordinary Resolution 8 on the authority for the Directors of the Company to allot and issue new ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016 was duly tabled to the Meeting.

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**30/14 AGENDA 9: SPECIAL BUSINESS – RENEWAL OF AUTHORITY FOR THE PURCHASE BY THE COMPANY OF ITS OWN ORDINARY SHARES**

The Chairman informed that the aggregate number of ordinary shares which might be purchased and/or held by the Company should not exceed 3% of the total number of issued shares of the Company at any point in time.

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The Chairman also updated that since the last AGM in August 2020, 3,632,150 shares had been bought back by the Company using internal funds. A total of 8,112,600 of the shares bought back had been transferred to eligible employees under AMMB Executives' Share Scheme. As to-date, 173,450 shares were retained as treasury shares.

Ordinary Resolution 9 on the renewal of the authority for the Company to purchase its own ordinary shares was duly tabled to the Meeting.

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### **30/15 ANY OTHER BUSINESS**

The Chairman informed that no notice had been received by the Company to consider any other business at the Meeting.

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### **30/16 QUESTIONS & ANSWERS ('Q&A') SESSION**

As all resolutions had been tabled, the Chairman then opened the Q&A session and invited questions from the shareholders and proxies.

KPMG MRC, the independent moderator appointed by the Company for the AGM, went through the questions to ensure that the questions were responded to in a fair, objective and impartial manner. A summary of the questions raised during the Meeting together with the corresponding responses as set out in **Appendix 2** to the Minutes

The Chairman then proceeded to deal with the formalities of holding a poll for Ordinary Resolutions 1 to 9.

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### **30/17 CONDUCT OF POLL**

The Chairman announced the close of registration and informed the shareholders and proxies present that the poll voting would be conducted remotely.

The Chairman informed that he had been appointed to act as proxy for a number of shareholders and should vote in accordance with the instructions given.

The Chairman announced the commencement of the e-polling process and that shareholders and proxies who had yet to vote would be given 10 minutes to cast their votes. The Chairman further announced that upon the close of the poll voting, the independent Scrutineer would take approximately 15 minutes to tabulate and verify the votes casted. The Chairman adjourned the Meeting at 12.20 p.m. for the e-polling and verification processes to take place.



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**30/18    ANNOUNCEMENT OF POLL RESULTS**

The Chairman called the Meeting to order at 12.45 p.m. for the declaration of the poll results.

**18.1    Directors' fees for the Financial Year Ended 31 March 2021**

The Chairman announced the poll result in respect of Ordinary Resolution 1 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	2,413,654,618	99.9711	698,608	0.0289

The Chairman declared that Ordinary Resolution 1 was duly passed as follows:

THAT the Directors' fees of RM1,291,069 for the financial year ended 31 March 2021 be approved for payment.

**18.2    Benefits payable to Directors for the period from 2 September 2021 until the next Annual General Meeting of the Company**

The Chairman announced the poll result in respect of Ordinary Resolution 2 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 2	2,413,595,563	99.9686	757,649	0.0314

The Chairman declared that Ordinary Resolution 2 was duly passed as follows:

THAT the benefits payable to the Directors (excluding Directors' fees) up to an aggregate amount of RM2,500,000 for the period from 2 September 2021 until the next Annual General Meeting of the Company be approved.

**18.3    Re-election of Directors Retiring by Rotation pursuant to Clause 94 of the Company's Constitution****18.3.1    The Chairman announced the poll result in respect of Ordinary Resolution 3 which was carried as follows:**

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 3	2,115,145,006	89.4121	250,469,614	10.5879

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The Chairman declared that Ordinary Resolution 3 was duly passed as follows:-

THAT Mr Soo Kim Wai, who retired by rotation pursuant to Clause 94 of the Company's Constitution, be re-elected as Director of the Company.

- 18.3.2 The Chairman announced the poll result in respect of Ordinary Resolution 4 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 4	2,404,603,889	99.5915	9,862,934	0.4085

The Chairman declared that Ordinary Resolution 4 was duly passed as follows:

THAT Mr Seow Yoo Lin, who retired by rotation pursuant to Clause 94 of the Company's Constitution, be re-elected as Director of the Company.

- 18.4 Re-election of Director Retiring pursuant to Clause 102 of the Company's Constitution
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The Chairman announced the poll result in respect of Ordinary Resolution 5 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 5	2,411,665,983	99.8840	2,800,830	0.1160

The Chairman declared that Ordinary Resolution 5 was duly passed as follows:

THAT Mr Robert William Goudswaard, who was appointed during the financial year and retired pursuant to Clause 102 of the Company's Constitution be hereby re-elected as Director of the Company.

- 18.5 Re-appointment of Auditors
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The Chairman announced the poll result in respect of Ordinary Resolution 6 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 6	2,412,784,138	99.9373	1,513,883	0.0627

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The Chairman declared that Ordinary Resolution 6 was duly passed as follows:

THAT Messrs Ernst & Young PLT, be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that their remuneration be determined by the Directors.

18.6 **Renewal of Authority to Allot and Issue New Ordinary Shares in the Company for the Purpose of the Company's Dividend Reinvestment Plan**

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The Chairman announced the poll result in respect of Ordinary Resolution 7 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 7	2,413,321,435	99.9526	1,145,392	0.0474

The Chairman declared that Ordinary Resolution 7 was duly passed as follows:

THAT the Directors of the Company be and are hereby authorised to allot and issue such number of new ordinary shares in the Company from time to time as may be required for the purpose of the Company's Dividend Reinvestment Plan as approved at the Extraordinary General Meeting of the Company held on 2 September 2010, which gives the shareholders of the Company the option to elect to reinvest their cash dividend entitlements in new ordinary shares of the Company.

18.7 **Authority to Allot and Issue New Ordinary Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

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The Chairman announced the poll result in respect of Ordinary Resolution 8 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 8	2,060,914,758	85.3569	353,552,173	14.6431

The Chairman declared that Ordinary Resolution 8 was duly passed as follows:

THAT subject to the approvals of the relevant authorities and pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby authorised to allot and issue new ordinary shares in the Company at any time, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.

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THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.

AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

**18.8      Renewal of Authority for the Purchase by the Company of its Own Ordinary Shares**

The Chairman announced the poll result in respect of Ordinary Resolution 9 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 9	2,413,105,652	99.9474	1,269,983	0.0526

The Chairman declared that Ordinary Resolution 9 was duly passed as follows:

THAT subject to the Companies Act 2016 (Act), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) (Listing Requirements) and the approval of such relevant governmental and/or regulatory authorities, the Board of Directors of the Company (Board) be authorised to renew the authority to purchase such number of ordinary shares of the Company on the Main Market of Bursa Securities (Proposed Renewal of Share Buy-Back Authority) at any time through Bursa Securities, upon such terms and conditions as the Board shall in their discretion deem fit and expedient in the best interest of the Company provided that

- a) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed three percent (3%) of the total number of issued shares of the Company at any point in time; and
- b) the maximum amount of funds to be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company at the time of purchase by the Company of its own ordinary shares.

THAT upon the purchase by the Company of the ordinary shares, the Board shall have the absolute discretion to decide whether such shares purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on the Main Market of Bursa Securities or transferred for the purpose of or under the AMMB Holdings Berhad Executives' Share Scheme and any other employees' share scheme which the Company may establish or any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the requirements of the Listing Requirements and any other relevant authority for the time being in force.

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THAT such authority conferred by this resolution will commence immediately upon the passing of this resolution and may only continue to be in force until:

- a) the conclusion of the Thirty-First (31<sup>st</sup>) Annual General Meeting (AGM) of the Company, at which time the authority will lapse unless by ordinary resolution passed at the 31<sup>st</sup> AGM, the authority is renewed, either unconditionally or subject to conditions;
- b) the expiration of the period within which the 31<sup>st</sup> AGM of the Company is required by law to be held; or
- c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever is the earliest but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the Listing Requirements and/or any other authorities.

AND THAT authority be and is hereby unconditionally and generally given to the Board to take all such steps that are necessary and expedient (including without limitation, the opening and maintaining of central depository accounts under the Securities Industry (Central Depositories) Act 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter on any part of the shares bought-back in accordance with the Act, the provisions of the Constitution of the Company, the Listing Requirements and all other relevant governmental and/or regulatory authorities.

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**30/19 CLOSURE**

There being no other business, the Meeting ended at 12.55 p.m. with a vote of thanks to the Chairman and the Board.

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## AMMB Holdings Berhad

(hereinafter refer as 'AMMB' or 'the Company')  
[Registration No. 199101012723 (223035-V)]

### AMMB'S RESPONSE TO WRITTEN QUERIES BY PERMODALAN NASIONAL BERHAD ('PNB'), MINORITY SHAREHOLDERS WATCH GROUP ('MSWG') & KUMPULAN WANG PERSARAAN ('KWAP')

#### 30<sup>th</sup> Annual General Meeting ('AGM')

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#### AMMB'S RESPONSE TO WRITTEN ENQUIRIES BY PNB

##### PROPOSED DISPOSAL OF AmGeneral Insurance Berhad ('AGIB')

On 19 July 2021, AMMB announced that AmGeneral Holdings Berhad ('AGHB'), a 51%-owned subsidiary of AMMB, entered into an agreement with Liberty Insurance Bhd ('LIB') to dispose AGIB to LIB for approximately RM2,290 million which is around 1.4 times historical AGIB's book value.

1. What are the total proceeds to AMMB and what is the plan on proceed utilisation?
  - *The Proposed Disposal was still subject to regulatory approvals. Contingent on receiving the said approvals, AGHB and LIB would, inter alia, execute a share purchase agreement under which :*
    - a) *LIB would acquire 100% equity stake in AGIB from AGHB for approximately RM2,290.0 million (subject to adjustments); and*
    - b) *AMMB's share of proceeds from the Proposed Disposal would be satisfied via combination of cash and shares, which would result in AMMB holding 30% interest in the LIB and AGIB's businesses.*
  - *The Proposed Disposal would also see AMMB Group entering into a 20-year new bancassurance partnership.*
  - *Proceed utilisation plan: Cash proceeds would go towards the replenishment of Common Equity Tier ('CET') 1.*
  - *Further details on the Proposed Disposal would be announced in due course.*
  
2. What is the estimated gain on disposal which will be recognised in the financial year ending 2022 ('FY2022')?
 

*There would be completion adjustments which would only be known after the regulatory approval is obtained. Further details on the Proposed Disposal would be announced in due course.*
  
3. How is the expected fee structure from the new bancassurance?
 

*The Group would be terminating the existing banca arrangement with AGIB and entering into a new 20-year banca agreement with AGIB under the new LIB's shareholding structure. The Group would be working on the marketing support from AGIB (under LIB) as part of the new banca arrangements. It is too soon to comment on fee structure at this juncture.*

4. Considering the insurance segments have contributed about 15% in Group's profit before tax ('PBT'), how will this proposed disposal impact the structure and level of AMMB's future earnings?
- *AGIB and LIB's synergistic fit would benefit the Group's shareholders, customers, employees and all other stakeholders.*
  - *The combined insurance business was expected to become the largest motor insurer and the number two (2) property and casualty insurer in the market with an estimated proforma premium base of RM2.3 billion in 2022 based on 2020 data.*
  - *As such, the Group expected the partnership to contribute to the Group's future income positively.*
  - *Further details would be disclosed upon successful completion of the Proposal Disposal.*

#### CAPITAL POSITION

5. On 14 April 2021, AMMB has completed a private placement exercise. Can AMMB share the details on the private placement takers?
- *The private placement ('PP') entailed the issuance of 300 million new ordinary shares, representing 9.97% of the Group's existing issued ordinary share capital (excluding treasury shares) at RM2.75 per share, raising RM825.0 million. The issue price of RM2.75 per share represents a discount of 7.44% to the 5-day volume-weighted average price ('VWAP') of AMMB shares up to and including 2 April 2021, being the market day immediately before the Price-Fixing Date, of RM2.9711 per AMMB Share.*
  - *The placees who took up the private placement and made it to the Group's list of Top 20 shareholders were set out below. The other placees hold less than 0.8% individually. Placees were required to hold the placement shares for mid to long term.*

Rank	% of shareholding	30 June 21
9	Merit Alpha Sdn Bhd	2.12%
15	Chua Ma Yu (Individual Investor)	1.11%
17	Areca Capital	0.83%

- *Percentage of shareholding of the Group's Top 3 shareholders Post 'PP':*

Rank	% of shareholding	30 June 2021	31 March 2021	Variance (%)	Remarks
1	ANZ Funds Pty Limited	21.63%	23.78%	-2.10	Dilution
2	Amcorp Group Bhd	11.38%	12.97%	-1.59	Dilution
3	Employee Provident Funds Board	9.18%	10.73%	-1.55	Dilution and sales of circa 1 million shares

6. What is the resultant level of CET 1 ratio post-private placement, and is the level adequate for AMMB to start paying interim dividend in FY2022?

- *The PP raised RM825.0 million and lifted the Group CET1 by circa 0.7% from 10.4% to 11.1% (without Transitional Arrangements ('TA')) or from 11.3% to 12.0% (with TA).*
- *While the Group was making good progress, it was still not at pre-settlement levels in terms of CET1.*
- *AMMB would continue to assess the resumption of dividend payment, taking into consideration, amongst other factors, the state of the Malaysian economy, the Group's latest capital position and stress tests outcomes as well as the Group's earnings forecast. Dividend payment would also subject to the approval from the regulator.*

7. If yes, does AMMB consider paying dividend under Dividend Reinvestment Plan ('DRP') going forward to improve payout ratio?

*AMMB's DRP was approved at an Extraordinary General Meeting ('EGM') back in 2010 but has yet to be implemented. The discussion would be more relevant when the Group resumes its dividend payouts.*

8. How does the disposal of AGIB impact the capital level of AMMB?

*The Group's cash position of the disposal consideration is earmarked for replenishment of CET1. The Proposed Disposal was still subject to regulatory approvals and further details would be announced in due course.*

9. Are there any indications that the credit agency will re-rate AMMB's credit ratings?

*The matter was one of the Group's top priorities. The Group hopes to regain its pre-settlement rating as soon as possible. An update on the matter would be provided at the appropriate time.*

#### NEAR-TERM AND LONG-TERM OUTLOOK: FY2022

Moratorium: On 28 June 2021, the Prime Minister has announced a moratorium flexibility for all individual and eligible microenterprises and small and medium enterprises ('SMEs').

10. What is the application/take-up rate so far, and what is the expected increase in loans under payment assistance programme?

*Update as of 13 August 2021, circa 32% of total loans or RM36.5 billion (Retail: RM21.2 billion, SME RM11.0 billion, Corporate: RM4.3 billion) were under the Group's repayment assistance ('RA') scheme (including Restructuring and Rescheduling).*



11. Will AMMB record another round of mod loss from this second moratorium implementation?

*The Group expected this round of modification loss to be lesser than the one caused by the previous blanket loan moratorium from April to September 2020 as borrowers have to opt-in to accept financial RA this time around instead of opt-out as well as interest accruals could be applied to the principal sums deferred.*

12. Does AMMB foresee the loan loss provision to remain elevated in FY2022 due to the continued (opt-in) moratorium?

- *Yes, further macro provision would be needed in view of the business disruptions caused by the full Movement Control Order ('MCO') and the additional six (6) months of loan moratorium announced in June 2021.*
- *While loans under RA have increased, the Group expected lower credit costs in FY2022 as the Group already has a significant overlay amount of RM833.0 million (carried forward) since the financial year ended 2020 ('FY2020').*
- *The first quarter of FY2022 annualised net credit loss was 65 basis points ('bps') (35 bps excluding overlay).*
- *The Group's forward-looking model took into consideration the potential impact of the latest lockdown, resurgence in COVID-19 infections and the Government's National Economic Recovery plan.*

13. Are there any benefit schemes by the Government which can cushion the impact of moratorium to banks?

- *Targeted Relief & Recovery Facility ('TRRF')- zero rated loans offered to existing and viable business at 3.5% for seven (7) years. That partially offsets the modification losses.*
- *The Group would be participating in all the relief schemes provided by the regulators.*

14. Given the moratorium and extension on movement restriction, will AMMB revise its guidance on FY2022 financial performance?

*The Group would remain cautious in FY2022 as it would do its best to anticipate the impact of the full MCO and the additional 6-month loan moratorium announced in June 2021.*

#### LONG-TERM OUTLOOK (FOCUS 8: DIGITAL INITIATIVES)

15. How does digital partnerships impact the business of AMMB – i.e. higher topline due to wider market reach, cost saving due to higher efficiency?

- *Wider market reach: Attained a distribution footprint expansion through BonusLink, with close to 150 merchant partners on its platform.*

- *Built extensive cross-industry ecosystem with established global and local players to offer customers a more seamless experience.*
- *Partnership with Merchantrade to launch the Hybrid e-wallet, first in the market cross border, multi-currency payment solution.*
- *Improve operational efficiencies: Cost savings of more than RM100.0 million in the financial year ended 2021 ('FY2021') through the PARETO programme and utilised more than 60 robotic process automation ('RPA') to improve operational efficiency and costs.*

16. What are the current digital partnerships that AMMB has at the moment?

- *Digital Partnerships: Leveraged strategic partnerships with Luno, Merchantrade and Rakuten to digitally enable open Application Programme Interface ('API') connectivity to FinTechs, provide sponsor banking services and broaden revenue streams.*
- *The Group was currently developing a cross-onboarding programme through AmOnline with BonusLink which would enable BonusLink members to open their current accounts and saving accounts ('CASA') with the Group seamlessly.*
- *The Group partnered with Maxis to develop mTAP, a secure contactless payment solution, to help Malaysian SMEs accept credit and debit card payments via their mobile phones.*

17. Other than digital partnerships, what are the internal digitalisation efforts being explored by AMMB in 2021 under the purview of Group Information Technology Committee?

- *Digitalisation is one of the Group's key business goals currently. The aim is to reduce the Group's back-office work as much as possible.*
- *The Group wants to achieve greater efficiencies, cost savings and better customer experience. Some of the initiatives include:*
  - a) *Improve turnaround time of repetitive process using RPA.*
  - b) *Established RPA Centre of Excellence.*
  - c) *Promote Go-Green and sustainable organisation initiatives, e.g. implementing paper-less processes.*
  - d) *Review and optimise operating model through centralised/ decentralised and hybrid operations. In short, to achieve greater efficiencies, effective cost savings, and better customer experience.*
  - e) *Completed fully contactless Digital Onboarding SME and Retail.*
  - f) *Implementing artificial intelligence-based security operation monitoring including data leakage prevention and 'zero-day attacks'*

FOCUS 8: FOCUSED SEGMENTS

18. In the 'Focus 8' strategies, AMMB mentioned about focusing on Retail, SME and Islamic segments. Can you clarify more details on this focus strategy, i.e. the growth target, the capital allocation, and the expected increase in contribution from these segments to Group profit after tax and minority interest ('PATMI')?
- *On Retail, the Group wants to build retail contribution from FY2019 circa 20% to a stretch of a 40% of the Group's contribution. There were already plans in place to drive that roadmap. Today, as at the financial year to-date ('FYTD') July 2021, Retail was at 34% revenue contribution and 29% PATMI contribution to the Group.*
  - *The Group would be reviewing the branch footprint with digitalisation in mind.*
  - *Retail would be the biggest beneficiary of the Group move to Foundation Internal Rating-Based ('FIRB') in FY2022 as the Group foresees reduction in capital consumption from a risk weighted average ('RWA') of 64% to 38% upon conversion.*
  - *As for SMEs, the Group started driving this segment when it started its Top 4 Strategy. The Group created a specific channel Business Banking tasked to focus in this space. Since then the Group was seeing the loans 4-year Compounded Annual Growth Rate ('CAGR') of 13% and absolute amount growth of RM8.8 billion which was the highest in the country. The returns on capital employed of the business was more than 14%, being the highest amongst the Group's loan portfolios.*
  - *The Group has gone further in the space extending its growth beyond just financing.*
  - *Through the Group's partnerships with Maxis and BonusLink, it has started offering its SME clients value proposition and product innovation especially in digital that could be useful in current times (i.e. SME-in-a-Box, mTAP and PayG).*
  - *As for Islamic Banking, the Group created unique products/value propositions during the Top 4 Strategy. AmBank Islamic Berhad ('AmBank Islamic')'s contribution to the Group's revenue was 21% from 17% before. As for the return on equity, it was now more than 10% (from 7%) when it first started the journey.*

FOCUS 8: SUSTAINABILITY

19. Based on the latest sustainability survey that AMMB conducted in April this year, are there any changes in the materiality matrix and strategy to be embedded in AMMBs sustainability journey?
- *There has not been much changes in the Materiality Matrix and Strategy in driving the Group's Sustainability agenda as seen from the table below. That survey was done this year whilst the last one was in FY2019.*
  - *First - the differences were the swapping of priorities between Ethics, Governance and Compliance vs Customer Satisfaction and Responsible Sales and Marketing.*

- *Second - the prioritising of Community Investments and Development over Energy, Plastics and Waste Management.*
- *There was also a new sustainability introduced FY2021 which was Brand and Market Presence.*
- *The results of the FY2021 Stakeholder Sustainability Engagement Survey: -*

<b>Sustainability Matters</b>	<b>FY2021</b>	<b>FY2019</b>	<b>FY2017</b>	<b>F2021 vs FY2019</b>
	<i>Ranking</i>	<i>Ranking</i>	<i>Ranking</i>	
Data Security & Digital Transformation	1	1	3	↔
Ethics, Governance & Compliance	2	3	2	↑
Customer Satisfaction & Responsible Sales and Marketing	3	2	1	↓
Employee Development and Well-Being	4	4	4	↔
Brand & Market Presence	5	-	-	New
Responsible Lending & Source of Funds	6	5	7	↓
Responsible Investments & Advisory Services	7	7	6	↔
Responsible Procurement	8	8	8	↔
Energy, Plastics & Waste Management	9	10	10	↑
Community Investments and Development	10	9	5	↓

20. Can you share the key ESG projects that AMMB pursued in FY2021 and will there be more alignment towards United Nations' Sustainable Development Goals ('UN SDG')? (currently AMMB supports nine (9) out of 17 UN SDG)

*AmBank Group Sustainability Agenda:*

- *The Group formalised its Sustainability Framework in May 2020, encompassing ten (10) sustainability matters ('SMs').*
- *Each SM was sponsored by at least one (1) senior management team member with relevant sustainability related key performance indicators ('KPIs') assigned to their scorecards.*
- *Various initiatives under each SM that touch on the various aspects of Environmental, Social and Governance ('ESG') are in place.*

*AmBank Group Lending/ Financing Practices:*

- *The Group's lending and financing practices were at the heart of its Sustainability agenda. A number of resources such as the Value-based Intermediation Financing and Investment Impact Assessment Framework Implementation Framework and Sectoral Guides had been developed for the Islamic Banking industry, so there was no need to reinvent the wheel. The Group would leverage on some of these materials in refining its lending/ financing practices.*

- As of January 2021, the Group overlaid Environmental and Social Risk Grade with Credit Risk Grade when assessing credit applications for selected non-individual customers.
- The Group had also embarked on a pilot project in assigning Climate Change Risk Classification based on the DRAFT Climate Change and Principle based Taxonomy ('CCPT') issued by Bank Negara Malaysia ('BNM') at the end of 2019.

The next priorities of the Group would be:

**Enhance the methodology on ESG risk assessment**

- To commence creating sector specific checklists prioritising sectors which are susceptible to ESG risks, so that the Group would be able to assign ESG Risk Grade with more granular criteria when it evaluates loan/ financing applications.

**Implement the CCPT dated 30 April 2021**

- To appoint Project Managers from each work stream (e.g. policies, processes, people, solutioning) for implementation.

**Stress Testing and Scenario Analysis**

- Build capacity to include climate change considerations into stress testing and scenario analysis for results to be incorporated in internal capital target setting as part of Internal Capital Adequacy Assessment Policy (part of BNM's expectation).

**Task Force on Climate-related Financial Disclosures ('TCFD') Implementation**

- Public declare support for the TCFD and its recommendations.
- Develop and issue a Climate Change Position Statement.
- Establish climate-change parameters to facilitate TCFD recommended disclosures under Governance and Risk Management (Phase 1: Foundation).

At the industry level:

- AmBank Islamic was the Chairman of the Value-based Intermediation ('VBI') Sectoral Guides Working Group which issued the sector guides for palm oil, renewable energy and energy efficiency on 31 March 2021.
- AmBank Islamic is part of the working group developing the VBI Sectoral Guides (cohort 2: Oil & Gas, manufacturing, construction and infrastructure).
- AmBank is a member of the Joint Committee on Climate Change.
- Ten (10) SMs:
  - a) Customer Satisfaction & Responsible Sales and Marketing
  - b) Branding & Market Presence
  - c) Data Security & Digital Transformation
  - d) Responsible Financing & Sources of Funds
  - e) Responsible Investment & Advisory Services
  - f) Ethics, Governance & Compliance
  - g) Employee Development and Well-being
  - h) Responsible Procurement

- i) *Energy, Plastics & Waste Management*
- j) *Community Investment and Development*

21. Will AMMB Appoint a Head of Sustainability as recommended by the Malaysian Code on Corporate Governance ('MCCG')? AMMB's Green Financing Plan was formulated with a target of 5% of net loans and financing growth in FY2020. Can you share the updates on the Group's exposure in Green Financing?

*The Group's Head of Sustainability had joined the Group this month and would be responsible for driving the Group's ESG agenda, ensuring that the sustainability agenda is embedded within the Group and structurally monitored.*

*Up to FY2021, the Group had also disbursed RM406.0 million of green financing.*

- *The Group would no longer be tracking Green Financing from FY2022 onwards. Instead, the Group would be implementing an Environmental and Social Risk Grade ('ESRG') lens for the credit evaluation process.*
- *The Group targeted for 60% of new loans disbursement to be low ESG – part of 10-year Responsible Financing Strategic Plan.*

22. Does AMMB plan to have engagement initiative with stakeholders (especially foreign shareholders) to share on the Group's ESG journey?

*Yes. Local and foreign shareholders that the Group had engaged in 2021 so far to discuss ESG matters were:*

- *Local: Areca Capital, Eastspring, AIA, CMY Capital, Ikhlas Capital, Public Mutual & etc.*
- *Foreign: Blackrock, Dimensional, Manulife (HK), JP Morgan etc.*

*The Group would continue the engagement plan on a regular basis.*

23. Has AMMB been approached/received any feedback from investors on ESG matters. What are the main ESG concerns and what are the initiatives undertaken to address the concerns?

*The Feedback received:*

- *Sustainability governance: the structure and board's involvement*
- *Quantitative metrics and disclosure*

*Initiatives to address ESG concerns are an ongoing effort. The Group intends to engage shareholders/ stakeholders on ESG matters on a regular basis.*

## GOVERNANCE – MCCG AND POLICY DOCUMENT ON CORPORATE GOVERNANCE

### Re-election of Directors

24. The re-election of Directors as set out in AMMB's Notice of AGM 2021 – is as per the recommendation of Group Nomination and Remuneration Committee ('GNRC') pursuant to its Board Effectiveness Evaluation ('BEE') conducted for FY2021, Based on the BEE, what are the areas to be improved and strengthened by the Directors?

*Based on the outcome of the BEE for the FY2021, both the Directors scored above average in all areas of assessment and there was no adverse feedback.*

### Female representation

25. Currently, there are two (2) female board members which makes up to 25% of total board members (lower than the 30% as recommended by MCCG). In AMMB's Corporate Governance ('CG') Report 2020, it was mentioned that the Board has identified a female Director for appointment to the Board. What is the progress on this appointment?

*The Board of Directors of AMMB ('the Board') currently comprises two (2) female Directors, reflecting a 22% female representation among the Directors on the Board. As reported in the Integrated Report 2020 of the Company, the Board had identified a female candidate and submitted the application to BNM for approval. However, due to unforeseen circumstance, the appointment did not take place. The GNRC and the Board's search for a suitable and qualified female director candidate is on-going.*

### Risk Management

26. In AMMB's Risk Management Committee Report 2020, among the priorities for FY2021 is to enhance the Compliance function to assist business adjust to COVID-19 impact. What are the enhancements/ initiatives being undertaken so far and what are the related cost?
- *With COVID-19, restrictions in movement was a key constraint for customers' ability to open accounts and perform their desired transactions. One of Compliance's key initiatives was digitising the customer onboarding process where account opening is conducted fully online. The Know-Your-Customers process flows were re-designed to ensure strict compliance to regulatory requirements.*
  - *The Compliance Monitoring and Testing coverage was enhanced/expanded to cover adherence to Regulatory requirements on administering loan moratoriums and ensuring customers' needs are attended to in a timely manner.*
  - *The advisory functions were enhanced (by upskilling staff/training) to ensure seamless action/responses to business needs in meeting regulatory requirements. Compliance work hand-in-hand with the business units to provide products and operations solutions to address customer needs.*
  - *The above do not require significant costs (no additional investment except for training) as the Group leveraged on functions that were already in place.*

RESOLUTION 1: TO APPROVE THE PAYMENT OF DIRECTORS' FEES OF RM1,291,069 FOR THE FY2021

As part of the Group's initiative to exercise financial prudence, the Board of Directors of AMMB had agreed on a voluntary 20% reduction in Directors' fees for FY2021

27. Does AMMB plan to maintain the 20% reduction in the Directors' fees moving forward, or will the fees revert to the remuneration structure for Directors?

*The Board would deliberate this matter again next financial year and would take into consideration, amongst other factors, the recovery of the Malaysian economy and the Group's performance in arriving at a decision.*

28. In page 213 of AMMB's GFR2021, it stated total fees for Non-Executive Directors are RM1,614 million. Why is this figure different from the amount to be approved under this resolution?

*The total fees of RM1.61 million as stated in the report was based on the remuneration structure for directors. That amount has been provided for in the Group's financial statements and would be paid once approved by the shareholders at the AGM. However, in view of the Group's performance for FY2021 which was materially impacted by the RM2.83 billion settlement to the Government, the Board had agreed on a voluntary 20% reduction in Directors' fees for FY2021, hence the reduced amount to be approved by shareholders was RM1.29 million.*

RESOLUTION 2: TO APPROVE THE PAYMENT OF BENEFITS PAYABLE TO DIRECTORS (EXCLUDING DIRECTORS' FEES) UP TO AN AGGREGATE AMOUNT OF RM2,500,000 FOR THE PERIOD FROM 2 SEPTEMBER 2021 UNTIL THE NEXT AGM OF THE COMPANY.

29. Will there be any revision on meeting allowances given the change in meeting environment and working practices?

*No. Meeting allowances were paid to compensate directors appropriately and fairly for the time, effort and accountability in the preparation for and contribution at the meetings. The amount payable also reflects the competitive nature of the industry and, to attract and retain suitably qualified talent for the Board. The Board would look into the suggestion for the next financial year.*



RESOLUTION 8: TO APPROVE THE PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016.

PNB Voting Guideline requires disclosure on the planned utilisation of the proceeds and the manner in which the funds are to be raised, in order to make an informed decision in approving the resolution.

30. Given that AMMB has just recently issued 300 million shares pursuant to private placement exercise, does AMMB still have any plan to issue shares in the near future? If yes, what will be the manner of issuance and the proceeds utilisation plan?

*Proceeds of RM825.0 million raised from the PP had been fully used to inject equity capital into the Group's operating subsidiaries and enabled the Group to replenish its CET1 capital following the RM2.83 billion settlement. To the best of the Group knowledge, AMMB has no plan to raise additional equity capital at this juncture, based on its current earnings outlook for FY2022.*

31. As mentioned in page 45 of AMMB's 2021 Governance & Financial Report, under the Board Performance Evaluation – "The results of the Board, Board Committees' evaluation and assessment of the individual Directors enabled the Board to put in place actions to address areas for improvement. Priority areas and key findings have since been incorporated in the action plans to be addressed in the new financial year." Can you elaborate more on the areas for improvement and what are the action plans to be implemented?

*The Board is cognisant of the 30% female director Board representation requirement pursuant to the MCCG 2021. The Board's search for suitable and qualified female candidate to fulfil the requirement soonest possible is ongoing.*

*As part of the Group's action plans to enhance overall corporate strategy and communication, the Group has increased the frequency of Senior Management engagements with key shareholders and stakeholders. The Group would continue to be accurate, transparent and timely in the dissemination of pertinent information related to AMMB on multiple platforms. The Group CEO and Group CFO would update the Board on all action plans and requests for feedback regularly.*

*In view of the pandemic whereby the Board Retreat sessions were being held virtually, the virtual structure of the Retreat sessions is being re-looked to improve the effectiveness of the sessions. For example, instead of having the sessions on two (2) full days as in the past, perhaps a half-day session spread over four (4) days is being considered.*

## AMMB'S RESPONSE TO WRITTEN ENQUIRIES BY MSWG

### OPERATIONAL AND FINANCIAL MATTERS

1. Recently, BNM has revised the 2021 economic growth target to 3.0%-4.0% as compared to 6.0-7.5% announced earlier. How will the economy slowdown affect AMMB's loan growth (FY2021: 7%), asset quality and profitability?

*The Group's in-house gross domestic product ('GDP') forecast was around 3.0% to 3.5%. AMMB's loans growth was usually 1% to 2% above GDP. The Group continued to support its borrowing customers in need during the challenging time by extending various RA schemes, and the Group's loans under RA had increased to 32% of total loans under the PEMULIH scheme of 7 July 2021.*

*At the same time, given that RA is still in place, non-performing loans ('NPL') are expected to be manageable in FY2022 as delinquency flow rates have been suspended when loans are under RA. Upon expiry of RA, the Group expected NPL to trend upwards.*

*While the loans under RA are not impaired, the Group proactively analysed the risk profiles of this portfolio regularly to assess asset quality and the adequacy of provisions. Overlay provisions might rise given the increased level of loans under RA schemes and the level of overlay provisions are conducted every quarter to ensure that sufficient provisions are retained against the inherent default risk which might not be visible today.*

2. For FY2021, AMMB's CTI had declined to 46.8% from 49.9% a year before, being the lowest since FY2016. Does the CTI have further room for decline? What are the areas for further cost and operational efficiency?

*Cost to income ('CTI') is a function of both income and costs. Since the implementation of the Group's Top 4 strategy in FY2017, the Group has grown its income consistently while keeping costs flat, resulting in CTI improving year-on-year. The Group continues to monitor cost diligently, driving further cost optimisation through efficiency and cost initiatives like BET300 and PARETO. In PARETO, the Group was progressively implementing end-to-end business process reengineering and RPA to drive better productivity and business efficiency.*

3. The private placement announced on 5 April 2021 had raised additional equity capital of RM825.0 million, raising AMMB's Core CET1 to 12.04% on a proforma 31 March 2021 basis.

- a) What are AMMB's capital requirement targets (with and without Transitional Arrangements) imposed on CET1 and Total Capital Ratio?

*AMMB aims to restore its capital ratios to pre-settlement levels within a period of 18 to 24 months. The Group's FY2022 plan is to achieve a target CET1 of around 12.5% (without TA). The Group's current CET1 as at 30 June 2021 was at 11.3% and Total Capital Ratio was at 14.9% (without TA).*

- b) Apart from non-core asset divestures and organic capital restoration, what are the other measures to enable the Group to achieve these capital requirement targets? When does the Group expect to achieve these targets?

*The Group was also working towards implementing RWA optimisation adopting via the FIRB approach, expected to be in 2nd Quarter of 2022, which would further uplift CET1 by circa 2%.*

- c) Will the near-term bleak economic outlook impede AMMB's capital restoration progress?

*The Group would be continuously assessing the possible impact of the prolonged lockdown through regular credit risk monitoring and assessment and would remain focused in ensuring the Group's capital restoration plans remain on track.*

- d) Will AMMB be able to resume paying dividend in FY2022?

*AMMB would continue to assess the resumption of dividend payment, taking into consideration, amongst other factors, the state of the Malaysian economy, the Group's latest capital position and stress tests outcomes as well as its earnings forecast. Dividend payment would also subject to the approval from the Regulator.*

4. As at 31 March 2021, the total loan moratorium, repayment assistance, rescheduling and restructuring granted by AMMB to customers amounted to RM68.2 billion, of which RM49.93 billion (73%) was 'resumed repayments', RM16.25 billion (24%) was extended and/or repaying as per revised schedules, and the remaining RM2.02 billion (3%) loans were 'missed payment' (page 263, Note 49.2.1h COVID-19 customer relief and support measures, GFR2021).

- a) From which industry sectors do these 'missed payment' loans originate from? Has the Bank seen improvement in the collection of the 'missed payment' loans? Is there an increase in default risk for these loans? Is there a need for provision for these loans?

- *63% of these 'missed payment' loans were related to Retail customers who were in various sectors, while 37% were related to non-Retail customers mainly in Trading, Manufacturing, Construction, Transport and Agriculture.*
- *'Missed payment' loans have increased from RM2.02 billion in March 2021 to RM2.54 billion in June 2021 mainly due to the expiry of payment holiday in March 2021.*
- *The Group has methodologies that assess the riskiness of customers, based on their characteristics and loan conduct behaviours (including record missed payments), and make provisions for their expected losses accordingly.*
- *The Group has taken significant overlay provisions of RM745.0 million as of March 2021, of which RM377.0 million was taken for Retail and SME loans under RA. The Group would continue to take additional overlay provisions if warranted in view of the business disruptions caused by the full MCO and the recently announced additional six (6) months of loan moratorium under the PEMULIH scheme (effective from 7 July 2021).*

- b) As of 31 March 2021, what is the size of outstanding loans that is still under AMMB's repayment assistance program? What is the percentage of these outstanding loans in relation to AMMB's total loan book?
- *As of 31 March 2021, outstanding loans that were still under AMMB's RA program was RM18.3 billion, which is circa 16% of AMMB's total loan book.*
5. AMMB will dispose its stake in AmGeneral Insurance Berhad to Liberty Insurance Berhad for RM2.29 billion. Upon completion of the disposal, AMMB will be holding 30% stake in the later merged insurance entity. At the same time, AMMB will also be entering into a 20-year new bancassurance partnership. For FY2021, AmGeneral Insurance recorded net profit of RM232.5 million (FY2020: RM228.1 million). What is the impact of this divestment on the Group's earnings moving forward? To what extent that the 20-year bancassurance agreement able to offset the divestment impact on earnings? How does the Group plan to utilise the proceeds?
- *The combined insurance business was expected to become the largest motor insurer and the number two (2) property and casualty insurer in the market with an estimated proforma premium base of RM2.3 billion in 2022 based on 2020 data. As such, the Group expect the banca partnership to contribute to the Group's future income positively.*
  - *The impact to earnings from the disposal would be offset by the continued recognition of 30% share of post-tax earnings of the enlarged insurance entity as the Group would be accounting for the 30% investment as an associated company. Further disclosures on the financial effects would be made when the transaction is completed as the regulatory approval remained pending.*
  - *Since the Group would only be divesting effectively 21% of its shareholding, the cash portion of the disposal proceeds would be retained to improve the CET1 and forms part of its projection.*
6. AMMB had planned to apply for a digital banking license earlier by way of partnership, however, it did not to pursue this path eventually. The establishment of digital banks is to promote financial inclusion by offering suitable and affordable digital financial solutions to the underserved and unserved segments. Moving on, what is AMMB's strategy to tap into these segments? Are these segments worthwhile for AMMB to address as they are perceived to be low revenue potential and high servicing cost?
- *The Group believed its recalibrated digital strategy would continue to strengthen its existing position without having the need to apply for a separate digital banking license. The Group would continue to expand its ecosystems to harness new market spaces and revenue streams with partners who have the ability to tap into new segments. These segments include the gig economy, mass and selected propositions for the underserved. The Group would leverage its combined capabilities and offerings with its partners while at a cheaper cost than traditional banking.*

- *The Group's aim is to target these segments from graduating students / new working adults to business owners / working parents. The Group would want to manage the customer lifecycle. Similarly embedding these offerings across the Group's ecosystem, the Group could help small businesses graduate to bigger ones, bringing them along the journey from cradle to Initial Public Offerings ('IPO').*
  - *The new way of banking would be differentiated through the Group's ability to meet and fulfil customer needs, by offering conveniences to customer at a fraction of costs in a simplified manner. That would be how the Group wants to pivot from the traditional banking and financing method.*
7. Promoting green financing is part of AMMB's initiatives to promote the Responsible Banking agenda. Has the Bank set specific targets e.g., loan/fund size, to demonstrate its commitment towards green and sustainable finance?
- *Responsible Lending: The Group has set a target to achieve 70% of loans/financing portfolio to constitute low ESG risk grade by 2030 and would set yearly ESG-related internal disbursement targets to achieve the 2030 target.*
  - *On Responsible Investments & Advisory Service: The Group has set targets on new funds to be raised by ESG-oriented capital market and new ESG-oriented funds to be launched by AmFunds.*
  - *These targets were incorporated in the relevant Sustainability Sponsors' scorecards which were at all C-suite level that reports directly to the Group CEO.*
8. Based on the Corporate Governance report of the Company on the application of the Practices under the MCCG, please provide clarification on the following:
- Practice 4.5: The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors. AMMB's response: Departure. The GNRC and Board will continue to search for a suitable female candidate within two (2) years.
- MSWG's comment: AMMB has departed from applying the Practice since FY2018 (Corporate Governance Report 2018 – 2021). The indicated timeframe to apply the Practice was also constantly extended. Being a Large Company, AMMB should lead by example. Why does it take the Company such a long period to apply the Practice?
- As reported in the FY2020 Integrated Report of the Company, the Board had identified a female candidate and submitted the application to BNM for approval. However, due to unforeseen circumstances, the appointment did not take place. The GNRC and Board's search for a suitable and qualified female candidate is ongoing.*

**CORPORATE GOVERNANCE MATTERS**

9. AMMB previously mentioned the Board reserving its rights to act against previous Board/directors over the RM2.83 billion settlement with Ministry of Finance Malaysia relating to AMMB's historical transactions with 1Malaysia Development Berhad ('1MDB'). What is the Board's decision on this?
- *It is complex. The 1MDB deal was initiated by the Terengganu State Government and the Government of Malaysia at that time. It had the Cabinet approval and was backed by a Federal Government guarantee.*
  - *The Group had taken matters in good faith given that the party it was dealing with was related to the Government of Malaysia. As per industry practice at that point in time, such Government related Malaysia entities were onboarded as low risk entities.*
  - *The Group had been advised by its legal counsel that pursuing litigation would not be the best course of action for the Group given the numerous legal hurdles.*
  - *Should any new information surface, the Group would review the situation again.*

**AMMB'S RESPONSE TO WRITTEN ENQUIRIES BY KWAP**

1. Can you share with us on the progress of the asset divestiture? Following the asset divestiture, please indicate what is your expected CET1 ratio by end of FY2021 and FY2022? Further to the above, can we expect the dividend pay-out to be normalise back to pre-COVID levels following the improvement of CET1?

- *The proposed sales of AGIB was still subject to regulatory approval. The cash portion of the disposal consideration was earmarked for replenishment of CET1.*
- *AMMB aimed to restore its capital ratios to pre-settlement levels within a period of 18 to 24 months. The Group's FY2022 plan was to achieve a target CET1 of around 12.5% (without TA). The Group's current CET1 as at 30 June 2021 was at 11.3% and Total Capital Ratio at 14.9% (without TA).*
- *The Group was also working towards implementing from standardised approach on RWA by adopting the FIRB approach. That is expected to be in 2nd Quarter of 2022, subject to BNM's approval. Upon migration to FIRB, the Group estimated a further uplift CET1 by circa 2% based on current assumptions.*
- *The divestitures of other non-core assets, if any, would be announced in due course.*
- *The Group would continue to assess the resumption of dividend payment, taking into consideration, amongst other factors, the state of the Malaysian economy, the Group's latest capital position and stress tests outcomes as well as its earnings forecast. Dividend payment would also subject to the approval of the regulator.*

2. **Responsible Lending**

a) What is your strategy in implementing ESG in the group including your lending practices? Are you planning to adopt a formal responsible lending/sustainability policy? If yes, please share the planned timeline to adopt this.

*In FY2020, the Group developed AmBank Group's Sustainability Framework based on ESG and VBI principles in Islamic banking. That is to guide the Group aspiration to become a more sustainable organisation.*

- *The framework is aligned to the Group's business strategies and would support nine (9) out of seventeen UN SDGs and the higher objectives of Shariah Principles ('Maqasid Shariah').*
- *The framework is supported by a robust governance structure that enables better sustainable decision-making, implementation and accountability.*
- *At the heart of the framework is responsible lending. Some of the measures implemented include :*
  - i) *Not extending new facilities to customers who are in the Group's exclusion lists*

- ii) *To strengthen the Group's sustainability risk assessment system, as of 2021, credit applications for non-individual customers are now assigned with an ESG. That would allow us to assess a customer's activities from a sustainability perspective to build a more resilient portfolio.*
  - iii) *In line with the Group's focus on green financing, the Group developed a green taxonomy for classifying transactions pertaining to critical sectors, such as energy, manufacturing, building, transport and palm oil that are deemed green, drawing upon the global SDGs*
- b) Additionally, is there any target in place that AMMB aims to achieve with regards to green lending?

*In FY2021, the Group disbursed RM406.0 million of low risk financing (inclusive of green financing). As part of the Group's Responsible Lending agenda, the Group had set a target to achieve 70% of loans/ financing portfolio to constitute low ESG risk grade by 2030 and would set yearly ESG-related internal disbursement targets to achieve the 2030 target.*

- c) Appreciate if you can also share with us your current lending exposure for coal, palm oil as well as oil & gas sectors and what is your target exposure in the next two (2) to five (5) years?

*The Group has a small exposure to the coal sector – circa RM41 million and the Group would phase that out. The Group has about RM2.9 billion in loans (2.5% of total gross loans) to the crude palm oil sector, a majority of them were Malaysia Sustainable Palm Oil certified. As for oil and gas and related sectors, the Group's exposure was RM4.6 billion (4% of total gross loans). These companies were working on plans to mitigate their Greenhouse Gases emissions and the Group is monitoring their progress in those areas closely.*

### 3. Digital Banking

We were informed that AMMB will not be applying for Digital Banking License. Further to this, what are the strategies in place for AMMB to compete against the new players as well as incumbent banks who are currently dominating the digital banking space such as Maybank, CIMB and Hong Leong Bank? In your opinion, can you quantify the impact to financial in the short term and longer term?

- *The Group believed its recalibrated digital strategy would continue to strengthen its existing position without having the need to apply for a separate digital banking license. The Group would continue to expand its ecosystems to harness new market spaces and revenue streams with partners who have the ability to tap into new segments.*
- *That includes gig economy, mass, and selected propositions for the underserved.*
- *Embedding these offerings across the Group's ecosystem, the Group could help small businesses graduate, bringing them along the journey from cradle to IPO.*



- *The new way of banking is differentiated through the Group's ability to meet and fulfil customer needs, by offering conveniences to customer at a fraction of costs in a simplified manner.*
- *That is how the Group is pivoting from the current traditional banking and financing method.*

#### 4. **AMMB's Settlement**

We were informed that AMMB has agreed to pay RM2.83 billion to Ministry of Finance as a global settlement on all outstanding claims and actions in relation to AMMB's involvement in the 1MDB scandal. Kindly clarify if sufficient time was allocated for discussions/negotiations before AMMB accepted the settlement and what is your communication timeline with the shareholders?

- *In February this year, the Group went through a series of intense protracted negotiations, back and forth, between the Group and the Government until the Group arrived at an amount and terms and conditions that were mutually acceptable to both parties.*
- *It could have been worse, from a factual perspective, a claim could also be made to include the long-term interests to be paid on the coupon.*
- *When the Group had discussions, it had the option to go to Court and go through a long- protracted process which could have destroyed the franchise.*
- *When the Group looked at the settlement, it was within the Group's capacity to absorb.*
- *In terms of quantum, there was a robust discussion not only on the amount but also on the terms and conditions.*
- *Finally, when the Group arrived at the amount after negotiations, it immediately made the necessary announcement.*
- *The Settlement amount was mutually agreed and is full and final.*

#### 5. **Board Composition**

We note that AMMB has 22% (2 out of 9) female representatives on the Board. Kindly be informed that KWAP's Voting Guidelines recommends for its investee companies to have at least 30% women directors on the board. Further to the above, what are AMMB's strategy to meet the recommendations as stated above?

- *As reported in the Integrated Report for FY2020, the Board had identified a female candidate and submitted the application to BNM for approval. However, due to unforeseen circumstances, the appointment did not take place.*
- *The GNRC and Board's search for a suitable and qualified female candidate is ongoing.*

## 6. COVID-19

With the rising cases of COVID-19 in Malaysia, what are the initiatives in place for AMMB to safeguard your employees during this pandemic?

- *The Group recently rolled out the AmBank Corporate Vaccination program (all vaccines were fully sponsored by the Group) to ensure its staff receive their vaccination soonest possible. That program was also extended to dependents of staff as an option. To date, 98% of the Group's staff had received at least one (1) dose of vaccine and 86% of the staff had received two (2) doses of vaccine.*
- *The Group has comprehensive work from home policies implemented. On average, about 75% of the workforce was working at home to prevent unnecessary workplace infection or contracting the virus while travelling to work.*
- *The Group has comprehensive testing procedures where staff, upon close contact with infected person, would be sent for Polymerase Chain Reaction ('PCR') testing for early detection.*
- *The Group had implemented many webinars on staff health welfare and how to manage stress levels during pandemic situations.*
- *The Group designed various Standard Operating Procedures ('SOPs') which are tailored to its needs and at the same time in adherence to the overall SOPs mandated by the National Security Council.*
- *The Group regularly sanitise its premises and offices to ensure offices are consistently being cleansed. The Group is presently working to enhance its air conditioning system to ensure air is duly filtered before being recycled.*
- *The Group also provides free face mask, face shield and lunch pack to staff who are working in office. Thermal scanners and thermometers have also been placed at the Head Office buildings and branches for customer and staff screening.*

## AMMB Holdings Berhad

(hereinafter refer as 'AMMB' or 'the Company')

[Registration No. 199101012723 (223035-V)]

### AMMB'S RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS DURING 30<sup>th</sup> Annual General Meeting ('AGM')

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*(Unless indicated otherwise, all questions here were responded to by the  
Group Chief Executive Officer, Dato' Sulaiman Mohd Tahir)*

#### ADMINISTRATIVE CONDUCT OF AGM

1. What is the cost incurred by the Company for hosting the AGM this year?

*The cost of conducting the virtual AGM was approximately RM170,000.*

2. Will there be any rewards (e.g. e-wallet, e-voucher) for shareholders who participate in the AGM?

*As stated in the Company's Administrative Guide, there is no AGM gift for participants.*

3. Will AMMB be taking active measures to ensure that the Annual Reports are delivered in a timely manner and improve the packaging of these reports to avoid damages incurred by the courier?

*Feedback on timely delivery and safe packaging would be looked into. Due to the Movement Control Orders, the printer's operations were suspended as they were not deemed to be in the "essential services" segment as defined by the Government of Malaysia. Under normal circumstances, the printers had been fairly efficient.*

4. When will the AGM minutes and shareholders' questions be posted?

*In compliance with the Malaysian Code on Corporate Governance, the minutes of AMMB's AGM would be uploaded onto AMMB's corporate website within 30 business days after its AGM.*

5. What is the process for Shareholders to request for a hard copy of the Annual Report?

*You may request for a printed copy of the Integrated Report 2021 from the Company Secretary by submitting your request to [ir@ambankgroup.com](mailto:ir@ambankgroup.com) or from the Share Registrar as per the contact details set out in the Administrative Guide.*

6. Would future physical AGMs and EGMs be held in locations that are easily accessible via public transport such as Bangsar South, KLCC Convention Centre or vicinity of Jalan Sultan Ismail?

*In order to encourage greater shareholder participation, AMMB would continue to leverage on technology to facilitate remote participation and electronic voting. At this juncture, AMMB would continue to hold general meetings virtually. However, the Board of Directors of AMMB ('the Board') would review and consider hybrid approaches (a mixture of virtual and physical participation) for future AGMs, taking into consideration prevailing regulatory requirements and COVID-19 related circumstances at that point in time.*

7. What is the frequency for rotation of the Audit Engagement partner from Ernst & Young PLT? When was the last time AMMB changed its external audit firm and what is the current policy of rotating audit firm?

*The frequency of rotation is every five (5) years. Messrs Ernst & Young PLT ('EY') has been the Company's auditors since Financial Year ("FY") 2005. AMMB and its subsidiaries (i.e. the "Group") had conducted a tender/ Request for Proposal for the appointment of external auditors for FY2021 onwards. Of the 'Big Four' accounting firms that responded to the Group's request for proposal, EY scored the highest across both technical and commercial proposals and hence was elected to be the Group's auditor.*

## FINANCIALS AND STRATEGY

8. If all the provisions were realised in the past quarter, would there be any incurrence of provision in the coming quarter?

*The Group had built-up significant overlay reserves of RM833.0 million (carried forward) since FY2020. Hence at this juncture, the Group would expect net credit cost to be circa 65 basis points ('bps') for FY2022.*

9. In the latest financial quarter (Q1FY2022), customer deposits decreased by 5% to RM 114.1 billion. What is the attributable factor which caused this decline?

*In Q1FY2022, deposits decreased by 5% year-to-date ("YTD") to RM 114.1 billion, mainly due to a reduction in Wholesale Banking deposits. However, it was worthy to note that Retail Banking deposits grew by 6% YTD in the same period. AMMB would continue to focus on expanding that segment as part of AMMB's plans to drive sustainable deposits and diversify sources for deposits.*

10. What is AMMB's estimated Compounded Annual Growth Rate with respect to the net profit for the next 3 years?

*The Group aims to achieve profit after tax and minority interest ('PATMI') of circa RM1.4 billion for FY2022. AMMB registered PATMI of RM387.0 million in Q1FY2022 and would be on track to achieve the said target.*

11. Is there an increase in bad debt during the financial year?

*Yes, mainly due to overlay provisions after taking into consideration the loan moratorium granted to retail and small and medium enterprise ('SME') customers.*

12. How does ANZ as a major shareholder play its role in improving the profitability of the organisation?

*The Board representative from Australian and New Zealand Banking Group Limited ('ANZ') is actively involved in many of the Group's initiatives, strategies and board related matters. That includes financial budget setting and regular performance reviews across all lines of businesses.*

*The Board representative from ANZ provides valuable input/ feedback to the Board of Directors and Senior Management regularly on important matters that would improve the bank as a whole, including nominating high-calibre ANZ staff to take up positions in AMMB.*

13. What are AMMBs new initiatives post-pandemic that can serve as differentiating factors/ unique selling points?

*The Group noted that its customers' expectations of the post-pandemic banking environment were on improved electronic banking access. The Group sees technology as a key enabler and driving factor for change. Hence, AMMB would continue to enhance/ improve its existing electronic banking channels: AmOnline, AmAccessBiz and AmAccessCorp.*

*The Group continues to expand its ecosystem play to harness new market spaces and revenue streams with partnerships and propositions to the underserved. The Group would continue to provide valuable services such as SME-specific value propositions (e.g. SME in a Box), BonusLink cross-onboarding with AmOnline, New-to-bank e-Know Your Customers for SME and individuals.*

*The Group would also explore and consider cloud-based digital infrastructures to drive secure and convenient sharing of data/ information.*

14. What is the proportion and quantum of defaulted commercial loans?

*AMMB Commercial Loans were mainly from the Wholesale Banking and Business Banking segments.*

*The Group's Wholesale Banking Gross Impaired Loans (GIL) ratio decreased 5bps from 1.79% in FY2021 to 1.74% in Q1FY2022.*

*However, the Group's Business Banking GIL ratio increased 47bps from 1.99% in FY2021 to 2.46% in Q1FY2022.*

15. Is AMMB still facing unsettled financial issues with overseas sovereign entities vis-a-vis deposits and payments of banking clients?

*Not that the Group was aware of. The Group's correspondent banks' arrangements for foreign currency payments remain unchanged.*

16. The current business portfolio of AMMB is highly geared towards SMEs which in turn impacted the bottom line. Will AMMB move towards more balanced portfolios?

*With the Group's Top 4 strategy to grow SME segments, the Group had seen a boost in its return on capital equity contributions and widened its net interest margins. Today, the Group has a well-balanced and diversified portfolio comprising SMEs and retail customers.*

17. Regarding AMMB's move to Foundation Internal Ratings-Based (FIRB) system, please explain in layman terms the risks involved and how this can improve the capital or capital ratio? Are other banks adopting this strategy?

*FIRB is a regulatory-approved methodology of allowing a bank to use its own credit risk models to measure the amount of capital it needs to support its credit business. Credit risk models enable a bank to measure the risk levels of each borrower individually or at finer portfolio segments. With the ability to differentiate customers better, the Group could optimise the efficiency of its risk-taking capacity by directing its lending strategy to segments that generate more efficient returns to capital invested.*

*There were three (3) domestic banks and a number of foreign banks that are already FIRB-accredited. Having taken factors such as level of investment, resource capability and infrastructure into careful consideration, the Board of Directors had decided that this was the right time to embark on the initiative.*

*Please note that the adoption of FIRB is subject to regulatory approval. More information would be provided at the appropriate time.*

## **SETTLEMENT/1MALAYSIA DEVELOPMENT BERHAD ('1MDB')/PRIVATE PLACEMENT**

18. Has AMMB finalised the 1MDB fines to the relevant authorities? Is this reflected in the financial statements of the Bank?

*The Group wished to stress that this was not a fine from the authorities. The RM2.83 billion settlement with the Government of Malaysia was a full and final settlement mutually agreed upon by all relevant parties to resolve legacy matters in relation to transactions with 1MDB and its subsidiaries. That amount was fully accrued in Q4 and reflected in the FY2021 financial statements.*

19. Who are the subscribers or takers of the private placement? What is the dilution impact to earnings per share (EPS)?

*The placees who took up the private placement shares and made it to the Group's Top 20 largest shareholders as at 30 June 2021 were:*

<b>Rank</b>	<b>Name</b>	<b>Percentage of shareholdings</b>
9	Merit Alpha Sdn Bhd	2.12%
15	Chua Ma Yu (Individual Investor)	1.11%
17	Areca Capital	0.83%

*Dilution of EPS (in RM) was 1 sen to 11.86 sen from 12.86 sen based on Q1FY2022 financial statements.*

20. Given the quantum of the penalty settlement, how long, realistically, will it take to fully recover this amount calculated in terms of dividends payment to shareholders at the normalised rate?

*The Group has guided that it estimates a timeline of 18 to 24 months to improve its capital levels to pre-settlement levels. It was worthy to note that the successful private placement exercise which raised RM825.0 million had accelerated the Group's capital build.*

*AMMB would continue to assess the resumption of dividend payment, taking into consideration, amongst other factors, the state of the Malaysian economy, the Group's latest capital position and stress tests outcomes as well as its earnings forecast. Dividend payment is also subject to the approval from the regulator.*

**ADDITIONAL QUESTIONS – WRITTEN RESPONSE**

21. Our bank pays RM2.83 billion to Ministry of Finance to settle the misconduct case in the 1MDB bond. Understand that this amount represented more than 50% of the bond total value, and more than 5 times the fee that Ambank received. Considering that the money raised is not siphoned by Ambank, why do we need to pay such a big amount to cover the 1MDB loss? What is the rationale for reaching this amount?
- *The settlement is a binding and confidential agreement.*
  - *The Group went through a series of intense protracted negotiations, back and forth with the Government in February 2021 until the Group arrived at an amount and terms and conditions that were mutually acceptable to both parties.*
  - *It was important to note that the Group undertook a robust evaluation while adhering to strict governance at all levels of the decision-making process.*
  - *It was in the best interest of the shareholders that the Group resolved the matter to enable it to fully focus on its strategies, execution and the way forward.*
  - *Six (6) months after the settlement, the Group remained at a very strong position in the market.*
  - *From a factual perspective, it could have been worse, a claim could also have been made to include the long-term interests to be paid on the coupon.*
  - *When the Group had discussions, the Group had the option to go to Court and go through a long-protracted litigation process.*
  - *Any kind of protracted litigation would certainly impact business.*
  - *When the Group looked at the settlement, it was within the Group's capacity to absorb.*
  - *In terms of quantum, there were robust discussions not only on the amount but also on the terms and conditions.*
  - *Finally, when the Group arrived at the amount after negotiations, the announcement was made.*



22. The 1MDB settlement amount of RM2.83 billion is a great detriment to our company, it is equivalent to more than 30% to market cap, more than 14% to total equity and almost 3 years of group core earnings.
- a) This transaction is obviously material in terms of amount and nature, why this transaction does not require shareholder approval?
  - b) In a normal situation, these types of transactions with such amount and significance would require seeking shareholder approval under SC rules. Understand the company circumvented the SC rules using the technical loophole where settlement is not defined as a transaction. However, are these morally correct?
  - c) Does this demonstrate a poor corporate governance, where board and management just enter into a significantly material settlement that is detrimental to the company, without needing to deliberate with shareholders?
- *To provide context, the Group was left with two (2) options, to be sued in court and fight the suit or settle.*
  - *The Group's decision to settle with the Government of Malaysia was to protect shareholder value.*
  - *Any kind of protracted delay in resolving the matter would certainly impact business.*
  - *The Group was looking at the franchise of the business and six (6) months or so down the road, the business franchise had stayed very much intact as evidenced by the Group's Q1FY2022 results and its performance six (6) months post the settlement.*
  - *Yes, at that point, the Group saw some erosion for a short period of time, particularly in market capitalisation but the Group has since recovered to a stable position.*
  - *In arriving at this position, AMMB's legal advisors undertook a thorough review of Bursa Malaysia Securities Berhad's Listing Requirements (Chapter 10 in particular) and concluded that shareholders' approval was not required for the settlement.*
  - *The Minority Shareholders Watch Group in its Weekly Newsletter dated 12 March 2021 confirmed that in their opinion "the LR does not require AMMB to call for an Extraordinary General Meeting to seek shareholders' approval for the settlement."*
23. The media reported that our bank helped middlemen to gain from 1MDB bond fundraising, which seems to be like a type of kickback.
- a) Are these types of kickback to middlemen common in our bank, and in the banking industry?
  - b) Are these types of practices legal?
  - c) Are the board at that time, aware of these arrangements?

- d) If it is illegal, why none of the previous bank officers who were involved, and current/previous board members who approved these transactions be held responsible?
- e) Are AMMB paying this big sum to Ministry of Finance to protect this group of people from being charged, but in the expenses of minority shareholders?
- f) Do our board planning to crawl back the loss from executives and board members who were responsible?
- *The 1MDB deal was initiated by the Terengganu State Government and the Government of Malaysia at that time. It had the Cabinet approval and was backed by a Federal Government guarantee.*
  - *The Group had taken matters in good faith then, given that the party which the Group was dealing with was related to the Government of Malaysia. As per industry practice at that point in time, such Government related Malaysia entities (GLCs) were onboarded as low risk entities.*
  - *The Group had to consider, in consultation with its legal counsel, the legal hurdles if the Group was to go for the legal route, and that it would be long and protracted, there would be legal costs, other suits involved and continuous adverse publicity. That would affect the franchise and name of AmBank and distract the Group from focusing on growing the business.*
  - *The Group would like to put the 1MDB saga behind and move forward with rebuilding the AmBank Group's image and to continue to be one of the most successful banking groups in Malaysia.*
  - *Should any new information surface, the Group would review the situation as required.*
24. FY2021 reported a goodwill impairment of RM1.79 billion.
- a) This impairment is on which business units?
- b) What is the carrying value of these business units, and profit contribution in FY2021.
- c) Did we overpay for these businesses?
- d) What is the total invested amount or acquisition cost of these business units?
- e) What are the total returns from this investment or acquisitions?
- *The Group had flagged two (2) areas to focus on, that being the goodwill relating to the conventional bank (RM1,495.0 million) and investment bank (RM428.0 million). Further details on the subject are available in the Group's announcement to Bursa Malaysia Securities Berhad.*

**Goodwill by Banking CGUs – post impairment**

Banking CGU <sup>2</sup> (RM' mil)	Before impairment	Net of goodwill impairment	Total impairment
Conventional Banking	1,495	130	(1,365)
Asset and Fund Management	116	116	-
Islamic Banking	54	54	-
Investment Banking	428	4	(424)
<b>Total</b>	<b>2,093</b>	<b>303</b>	<b>(1,789)</b>

- *The Group wished to stress that this was an accounting write-down, and would not affect capital ratios, cashflows and liquidity, as well as future earnings. Post write-down, the Group's return on equity ('ROE') would improve.*
25. FY2021 reported big one-off exceptional items, such as 1MDB settlement, goodwill impairment and REIT impairment, which total RM4.77 billion. This would significantly reduce the total equity of our bank, and hence artificially raise the ROE. Will the KPI of management be adjusted accordingly? If so, please share the before and after KPI for our management.
- *The Group's key focus is delivering value to all shareholders and stakeholders.*
  - *Amidst current challenging circumstances, the Group was able to register a solid overall performance in Q1FY2022. The Group delivered a 34.2% growth in profit before provisions to RM743.3 million and a 5.9% growth in PATMI YoY to RM386.6 million on the back of RM1,237.9 million in revenue.*
  - *At the same time, the Group continued to exert cost discipline demonstrated by the improved cost to income ratio of 40.0%. Indeed, the Group's long-term transformation efforts, from its Top 4 strategy and now continuing into its Focus 8 strategy, has placed the Group on a more formidable footing to face the challenging operating landscape.*
  - *Please refer to the Group's Q1FY2022 press release for further details and information on its performance and outlook. Link:*

[https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3188314](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3188314)

26. With every bank shifting to digital aggressively, and with new digital banks making their way to Malaysian shores soon, what sets our bank's digital strategies apart from the rest?
- *The Group believed its recalibrated digital strategy would continue to strengthen its existing position without having the need to apply for a separate digital banking licence. The Group would continue to expand its ecosystems to harness new market spaces and revenue streams with partners who have the ability to tap into new segments. Those segments include the gig economy, mass and selected propositions for the underserved. The Group would leverage its combined capabilities and offerings with its partners at a cheaper cost than traditional banking.*
  - *The Group's aim is to target those segments from graduating students/new working adults to business owners/working parents. The Group wants to manage the customer lifecycle. Similarly embedding those offerings across its ecosystem, the Group could help small businesses graduate to bigger ones, bringing them along the journey from cradle to Initial Public Offerings.*
  - *The new way of banking would be differentiated through the Group's ability to meet and fulfil customer needs, by offering conveniences to customer at a fraction of costs in a simplified manner. That would be how the Group wants to pivot from the traditional banking and financing method.*