

## **AMMB Holdings Berhad**

[Registration No. 199101012723 (223035-V)]

MINUTES OF THE 29<sup>TH</sup> ANNUAL GENERAL MEETING ('AGM') OF AMMB HOLDINGS BERHAD ('AMMB' or 'the Company') HELD AND BROADCASTED LIVE FROM BOARD ROOM, 26<sup>TH</sup> FLOOR, BANGUNAN AMBANK GROUP, JALAN RAJA CHULAN, 50200 KUALA LUMPUR ON THURSDAY, 27 AUGUST 2020 AT 10.00 A.M.

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### Present

#### Director present at Broadcast Venue

Tan Sri Azman Hashim  
*(Non-Independent Non-Executive Chairman)*  
Mr Voon Seng Chuan  
*(Senior Independent Non-Executive Director)*

#### Director present remotely via video conferencing facility

Mr Graham Kennedy Hodges  
*(Non-Independent Non-Executive Director)*  
Mr Soo Kim Wai  
*(Non-Independent Non-Executive Director)*  
Mr Seow Yoo Lin  
*(Independent Non-Executive Director)*  
Puan Farina binti Farikhullah Khan  
*(Independent Non-Executive Director)*  
Mr Hong Kean Yong  
*(Independent Non-Executive Director)*  
Dato' Kong Sooi Lin  
*(Independent Non-Executive Director)*

### In Attendance

#### At Broadcast Venue

Dato' Sulaiman bin Mohd Tahir ('Dato' Sulaiman')  
*(Group Chief Executive Officer ('Group CEO'))*  
Mr Jamie Ling  
*(Group Chief Financial Officer ('Group CFO'))*  
Ms Koid Phaik Gunn  
*(Group Company Secretary)*

#### Via video conferencing facility

Encik Ahmad Qadri Jahubar Sathik  
*(Representatives from Messrs. Ernst & Young ('EY'))*

*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 24 June 2020.*

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**29/1 ATTENDANCE**

In addition to members of the Board of Directors ('the Board'), the Group CEO, the Group CFO, the Group Company Secretary and representatives from Messrs Ernst & Young PLT and other Senior Management team were also present at the meeting virtually as observers. A total of 507 shareholders and proxies representing 647,390,728 ordinary shares of the Company have registered to join the Company's 29<sup>th</sup> AGM through remote participation and electronic voting facilities as per the Attendance Record issued by the Company's share registrar, Boardroom Share Registrars Sdn Bhd.

Details of the attendance of the 29<sup>th</sup> AGM were as follows:-

- 453 shareholders
- 54 proxies (include corporate representatives)

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**29/2 CHAIRMAN OF THE MEETING**

Tan Sri Azman Hashim, the Chairman of the Board, took the Chair and called the 29<sup>th</sup> AGM to order at 10.00 a.m.

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**29/3 QUORUM**

As more than five (5) shareholders and proxies participated in the Meeting, the quorum requirement pursuant to Clause 74 of the Company's Constitution had therefore been satisfied.

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**29/4 NOTICE OF MEETING**

The notice convening the Meeting was taken as read by the shareholders and proxies who participated.

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**29/5 POLL VOTING**

The Chairman informed the shareholders and proxies 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 11, poll voting for those resolutions could be submitted upon the commencement of the 29<sup>th</sup> AGM or during the poll session.

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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.

The Chairman then invited the representative from Boardroom Share Registrars Sdn Bhd, the Poll Administrator, to brief the shareholders on the polling process.

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**29/6 PRESENTATION OF FINANCIAL PERFORMANCE & OUTLOOK**

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

- a) Financial Impacts towards the Group due to Covid-19 Pandemic
- b) Review on the Group's Top 4 Strategy from FY2017 to FY2020
- c) Performance Highlights for FY2020
- d) The Eight (8) Focus to accelerate the Group ('the Focus 8 Strategy')
- e) AmBank Group Digital
- f) Environmental, Social and Governance

Dato' Sulaiman informed that the Company had, in a written reply dated 25 August 2020, responded to the questions raised by the Minority Shareholders Watch Group ('MSWG'). For the benefit of the shareholders and proxies, Dato' Sulaiman took the shareholders and proxies through the questions raised by MSWG including those from Pembangunan Nasional Berhad. The corresponding responses were set out in **Appendix 1** to the Minutes.

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**29/7 AUDITED FINANCIAL STATEMENTS AND REPORTS OF THE DIRECTORS AND AUDITORS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

The Audited Financial Statements ('AFS') of the Company for the financial year ended 31 March 2020 ('FY2020') and the Reports of the Directors and Auditors were taken as received and tabled at the 29<sup>th</sup> AGM by the shareholders and proxies present. The Chairman explained to the shareholders and proxies that the AFS for FY2020 tabled at the Meeting were for discussion only and would not require shareholders' approval. Hence it would not be put forth for voting.

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**29/8 DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

The Chairman informed that the Directors' fees for each Director remained the same as that of the last financial year.

Ordinary Resolution 1 on the payment of Directors' fees of RM1,438,128.00 for FY2020 was duly tabled to the Meeting.

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**29/9 BENEFITS PAYABLE TO THE DIRECTORS (EXCLUDING DIRECTORS' FEES) FOR THE PERIOD FROM 1 AUGUST 2020 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

The Chairman informed that the benefits payable to the Directors remained the same as the approval obtained at the last AGM held on 31 July 2018.

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 1 August 2020 until the next AGM of the Company was duly tabled to the Meeting.

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**29/10 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 Voon Seng Chuan ('Mr Voon') – Ordinary Resolution 3
- ii) Puan Farina Binti Farikhullah Khan ('Puan Farina') – Ordinary Resolution 4

The profile of the Directors who stood for re-elections were set out on pages 113 and 115 of the 2020 Integrated Report.

Ordinary Resolutions 3 and 4 on the re-election of Mr Voon and Puan Farina were duly tabled to the Meeting.

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<b>29/11</b>	<b>RE-ELECTION OF DIRECTORS RETIRING PURSUANT TO CLAUSE 102 OF THE COMPANY'S CONSTITUTION</b> <p>The Chairman informed that two (2) directors were appointed during the financial year and retired pursuant to Clause 102 of the Company's Constitution. The two (2) directors had offered themselves for re-election under Ordinary Resolutions 5 and 6 as follows:-</p> <ul style="list-style-type: none"><li>i) Mr Hong Kean Yong ('Mr Hong') – Ordinary Resolution 5</li><li>ii) Dato' Kong Sooi Lin ('Dato' Kong') – Ordinary Resolution 6</li></ul> <p>The profile of the Directors who stood for re-elections were set out on pages 116 and 117 of the 2020 Integrated Report.</p> <p>Ordinary Resolutions 5 and 6 on the re-election of Mr Hong and Dato' Kong were duly tabled to the Meeting.</p>
<b>29/12</b>	<b>RE-APPOINTMENT OF AUDITORS</b> <p>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 &amp; Young PLT as Auditors of the Company for financial year ending 31 March 2021. The Auditors, Messrs Ernst &amp; Young had given their consent for re-appointment as Auditors of the Company and BNM had, vide its letter dated 9 July 2020, given its approval on the re-appointment.</p> <p>Ordinary Resolution 7 on the re-appointment of Messrs Ernst &amp; Young PLT as Auditors of the Company was duly tabled to the Meeting.</p>
<b>29/13</b>	<b>RENEWAL OF AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY FOR THE PURPOSE OF THE COMPANY'S DIVIDEND REINVESTMENT PLAN</b> <p>The Chairman informed that under the Dividend Reinvestment Plan ('DRP'), the Directors of the Company would be authorised to determine, in their sole and absolute discretion, whether the DRP should apply to any dividend declared by the Company.</p> <p>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.</p> <p>Ordinary Resolution 8 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.</p>

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**29/14 AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

The Chairman informed 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 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 9 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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**29/15 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.

The Chairman also updated that, as at to-date, 4,653,900 shares had been bought back by the Company using internal funds and retained as treasury shares. A total of 2,842,200 of the shares bought back had been transferred to eligible employees under AMMB Executives' Share Scheme at transfer prices of RM2.97 and RM3.10 per share.

Ordinary Resolution 10 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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**29/16 RENEWAL OF EXISTING SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH AMCORP GROUP BERHAD GROUP**

Mr Voon Seng Chuan took over the Chair and informed that Ordinary Resolution 11 was on the renewal of existing shareholder mandate for Recurrent Related Party Transactions ('RRPT') of a revenue or trading nature with Amcorp Group Berhad Group.

Ordinary Resolution 11 on the renewal of existing shareholder mandate for RRPT of a revenue or trading nature with Amcorp Group Berhad Group was duly tabled to the Meeting.

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NOTED:

1. Tan Sri Azman Hashim was deemed interested in the RRPT with Amcorp Group Berhad Group by virtue of his common directorships and substantial shareholdings in the Company and Amcorp Group Berhad (“Amcorp”).
2. Mr Soo Kim Wai was deemed interested by virtue of his common directorships in the Company and Amcorp. He is also a person connected to Tan Sri Azman Hashim, being a person who is accustomed to act in accordance with the directions and instructions of Tan Sri Azman Hashim.
3. Amcorp was deemed interested by virtue of its direct shareholdings in the Company.
4. Clear Goal Sdn Bhd was deemed interested by virtue of its direct and indirect shareholdings in Amcorp and the Company respectively.
5. The above persons and persons connected to them abstained from voting on Ordinary Resolution 11.

Mr Voon Seng Chuan passed the Chair back to Tan Sri Azman Hashim.

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**29/17 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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**29/18 QUESTIONS & ANSWERS (‘Q&A’) SESSION**

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

A summary of written questions submitted by the shareholders and proxies before or during the meeting together with the corresponding responses were set out in **Appendix 2** to the Minutes.

In line with with the advice from the MSWG to appoint an independent party to moderate the Q&A session in a fair, objective and impartial manner, the Company had appointed Messrs KPMG Management & Risk Consulting Sdn Bhd, as the independent moderator for the AGM.

The Chairman concluded the questions and answers session and informed shareholders and proxies that the Company would endeavour to respond to those unanswered questions via email soonest possible.

The Chairman then proceeded to deal with the formalities of holding a poll for Ordinary Resolutions 1 to 11.

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**29/19 CONDUCT OF POLL**

The Chairman announced the close of registration and informed the shareholders and proxies participated 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 shall vote in accordance with the instructions given. He added that the casting and verification of the votes would take about 20 minutes to complete and that he would declare the results of the poll once the results had been verified by the Scrutineers and handed to him.

The Chairman announced the commencement of the e-polling process at 11.45 a.m. and adjourned the Meeting for the e-polling process to take place.

**29/20 ANNOUNCEMENT OF POLL RESULTS**

The Chairman called the Meeting to order at 12.05 p.m. for the declaration of the poll results.

**20.1 Directors' fees for the Financial Year Ended 31 March 2020**

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	2,276,834,463	99.990798	209,537	0.009202

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

THAT the Directors' fees of RM1,438,128.00 for the financial year ended 31 March 2020 be approved for payment.

**20.2 Benefits payable to the Directors for the period from 1 August 2020 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	2,257,901,419	99.987452	283,351	0.012548

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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 RM2,500,000.00 for the period from 1 August 2020 until the next Annual General Meeting of the Company be approved.

20.3 Re-election of Directors Retiring by Rotation pursuant to Clause 94 of the Company's Constitution

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20.3.1 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	2,252,577,375	98.900148	25,050,525	1.099852

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

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

20.3.2 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	1,996,114,565	99.625292	7,507,734	0.374708

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

THAT Puan Farina Binti Farikhullah Khan, who retired by rotation pursuant to Clause 94 of the Company's Constitution, be re-elected as Director of the Company.

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**20.4      Re-election of Directors Retiring pursuant to Clause 102 of the Company's Constitution**


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20.4.1      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	2,276,544,469	99.952396	1,084,231	0.047604

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

THAT Mr Hong Kean Yong, 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.

20.4.2      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	2,276,546,466	99.952300	1,086,434	0.047700

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

THAT Dato' Kong Sooi Lin, 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.

**20.5      Re-appointment of Auditors**


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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	2,276,120,110	99.933361	1,517,790	0.066639

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The Chairman declared that Ordinary Resolution 7 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.

20.6 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 8 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 8	2,273,665,704	99.854763	3,306,996	0.145237

The Chairman declared that Ordinary Resolution 8 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.

20.7 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 9 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 9	1,957,998,209	85.991328	318,973,489	14.008672

The Chairman declared that Ordinary Resolution 9 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.

**20.8      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 10 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 10	2,276,967,189	99.996627	76,811	0.003373

The Chairman declared that Ordinary Resolution 10 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 Thirtieth (30th) Annual General Meeting (AGM) of the Company, at which time the authority will lapse unless by ordinary resolution passed at the 30th AGM, the authority is renewed, either unconditionally or subject to conditions;
- b) the expiration of the period within which the 30th 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.

20.9 Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Amcorp Group Berhad Group

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The Chairman announced the poll result in respect of Ordinary Resolution 11 which was carried as follows:

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 11	1,885,800,913	99.995031	93,710	0.004969

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The Chairman declared that Ordinary Resolution 11 was duly passed as follows:

THAT the shareholder mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Amcorp Group Berhad and any of its subsidiaries and/or associated companies (Amcorp Group) which are necessary for the day-to-day operations of the Company and/or of its subsidiaries in the ordinary course of business on terms not more favourable to Amcorp Group than those generally available to and/or from the public and which are not detrimental to the minority shareholders of the Company, particulars of which are set out in Part 2.2.1 of Section 2.2 of the Circular to Shareholders dated 28 July 2020 be hereby renewed and to continue in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interests of the Company and/or its subsidiaries and to give effect to the transactions contemplated and/or authorised by this resolution.

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**29/21 CLOSURE**

There being no other business, the Meeting ended at 12.15 p.m. with a vote of thanks to the Chairman and the Board.

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# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response
1a.	<p>Bank Negara Malaysia (BNM) revised the 2020 growth forecast to between -5.5% and -3.5% from -2% and 0.5% expected earlier after Malaysian economy contracted at -17.1% in the second quarter 2020.</p> <p>Against the earlier more optimistic target, <b>how will the revised growth forecast by the central bank affects AMMB's view on domestic economy and strategy planning in FY21 and FY22?</b></p>	<ul style="list-style-type: none"><li>• <b>Revision our in-house GDP forecast downwards to -3.6% (previously -2.0%) with the downside at -5.6% (previously -5.0%).</b></li><li>• <b>Launched Focus 8 Strategy – focusing on future proofing &amp; creating new frontiers for the bank.</b></li><li>• <b>FY21 will also focus on the following:</b><ul style="list-style-type: none"><li>• <b>Emphasis on credit vigilance</b></li><li>• <b>Proactively reaching out to our customers to understand their repayment and financing needs, as well as assisting them to weather through this difficult period</b></li><li>• <b>Safeguard the Group's financial resilience through risk management, stress testing, capital maintenance and liquidity management</b></li><li>• <b>Prioritise investments and drive operational efficiencies through process simplifications and automation - BET 2.0</b></li><li>• <b>Driving ESG</b></li></ul></li></ul>

# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response
1b.	Following a challenging second half in FY21 and FY22, <b>are the growth targets set by AMMB under the FY2021 – FY2024: The Focus 8 Strategy (e.g.: attain a return of equity of ≥ 10%, strengthening retail, SME and Islamic Banking) intact?</b>	<ul style="list-style-type: none"><li>• <b>The Focus 8 strategy is a long term plan to be executed over 4 years. The impact will be dependent on whether the challenging environment will be protracted.</b></li><li>• <b>The ROE of ≥ 10% for example has got elements that need to be executed over the duration of 4 years which includes:</b><ul style="list-style-type: none"><li>• <b>Continue to deliver cost-to-income (CTI) ratio of 50% or below;</b></li><li>• <b>Capital release via adoption of foundation internal ratings-based (FIRB) for capital adequacy and corporate actions; and</b></li><li>• <b>Addressing goodwill drag as one-time write down.</b></li></ul></li></ul>

# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response
2.	<p>BNM has cut the Overnight Policy Rate (OPR) four times since beginning of this year to 1.75% currently. Economists also expect another cut by BNM to provide additional stimulus to domestic economy, which will be at the expense of shrinking interest margin for banks.</p> <p>Following a growth of 5 basis points in net interest margin in FY20, <b>how will AMMB's NIM perform in FY21? What is AMMB's loan growth target in FY21 (FY20: 5.3%) against weaker credit growth across banking industry in 2020?</b></p>	<ul style="list-style-type: none"><li>• <b>With further OPR cuts, AMMB net interest margin (NIM) is expected to compress in FY21.</b></li><li>• <b>Our normalised NIM (excluding net modification loss) for Q1FY21 stood at 1.74%, down 21 bps quarter-on-quarter mainly the result of OPR cuts.</b></li><li>• <b>We expect our FY21 loans growth to be in line with the banking industry, which is likely to be modest, with a flat to 2% growth outlook.</b></li></ul>

# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response
<b>3.</b>	<p>One of the focus areas of AMMB's FY2021 – FY2024: The Focus 8 Strategy is to explore the digital banking space with a strong likelihood of setting up a digital bank (page 59 of Integrated Report 2020, Issue July 29 - August 04, 2019, The Edge Malaysia Weekly).</p> <p><b>a. Which are the countries the Group intends to explore further in the pursuit of digital banking?</b></p> <p><b>b. Does the Group plan to work on its own or leverage on expertise of third party in the venture?</b></p>	<p><b>a. We have not decided to venture outside Malaysia. Our digital initiatives will be driven locally.</b></p> <p><b>b. We are exploring available options with several parties, focusing on differentiated CVPs and the underserved segments.</b></p>

# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response
4.	<p>Approximately RM65 billion, or equivalent to 61% of AMMB's total loans in the retail and SME segments are under the six-month automatic moratorium period until 1 October 2020 (page 63 of IR2020).</p> <p><b>What is the estimated size of day-one modification loss to AMMB due to the loan deferment on fixed-rate loans?</b></p>	<ul style="list-style-type: none"><li>• <b>A net loss of RM57.5 million in Q1FY21 (referred to as net modification loss).</b></li></ul>

# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response
5.	<p>The Group has scaled back dividend payout to shareholders with total 13.3 sen per share paid in FY20 as compared to 20 sen per share in FY19. The dividend payout ratio of 30% in FY20 is the lowest among the past five financial years as compared to payout ratio of between 35.9% and 40% in FY16 – FY19 (page 73 of IR2020).</p> <p><b>Will there be a significant change in dividend payout ratio in FY21 following a scale back in FY20?</b></p>	<ul style="list-style-type: none"><li>• <b>We aim to resume our historical payout ratio of circa 40% as soon as there is more visibility around our credit costs.</b></li><li>• <b>The lower dividend payout was in line with the market and BNM expectations as well as precautionary measures to further strengthen the capital position of the Group amidst the uncertain economic conditions caused by the COVID-19 pandemic.</b></li></ul>

# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response														
6.	<p>While a low interest rate environment helps banks to lower their cost of funds, depositors may also prefer to put or invest their money in alternative investment to generate higher returns.</p> <p><b>a. Does AMMB expect to see slower growth in deposit and CASA in FY21 (FY20: 5.7% and 15.9%, page 23 - 24 of IR2020)?</b></p> <p><b>b. What is the targeted CASA ratio (FY20: 25.5%) the Group intends to achieve in FY21?</b></p> <p><b>c. How will the total funding cost trend in FY21?</b></p>	<p>a. Yes, as customers resume repayment of their loans post Moratorium.</p> <p>b. AmBank Group's CASA composition and cost of funds for year-to-date (YTD) June 2020 and July 2020 YTD are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>YTD June'20</th> <th>YTD July'20</th> <th>FY21 Forecast</th> </tr> </thead> <tbody> <tr> <td>CASA ratio</td> <td>26.8%</td> <td>27.8%</td> <td>~27%</td> </tr> </tbody> </table> <p>c. Further OPR cuts will have implications on cost of funding. Notwithstanding this, AmBank Group continues to monitor its liquidity and funding ratios closely vis-à-vis market developments and strive to maintain adequate liquidity levels while ensuring a sustainable cost of funding.</p> <table border="1"> <thead> <tr> <th></th> <th>YTD June'20</th> <th>YTD July'20</th> </tr> </thead> <tbody> <tr> <td>Cost of funds</td> <td>2.62%</td> <td>2.53%</td> </tr> </tbody> </table>		YTD June'20	YTD July'20	FY21 Forecast	CASA ratio	26.8%	27.8%	~27%		YTD June'20	YTD July'20	Cost of funds	2.62%	2.53%
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# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response									
7a.	<p>The Life Insurance and Takaful businesses recorded a net loss of RM9.9 million in FY20 (FY19: RM12.3 million) due to lower investment income, higher claims and reserving (page 69 of IR2020).</p> <p><b>Does the Group expect a turnaround performance of the Life Insurance and Takaful businesses in FY21?</b> How will the wide array measures (e.g.: extension of grace period for payment of premiums, reducing/waiving interest charges for policy loans) to assist policyholders amid COVID-19 pandemic affect the profitability of the division?</p>	<ul style="list-style-type: none"> <li>• <b>The Life and Takaful Insurance performance:</b> <table border="1"> <thead> <tr> <th>PATMI</th> <th>FY2019</th> <th>FY20</th> </tr> </thead> <tbody> <tr> <td>AmMetLife (x-MGS movements)</td> <td>11.7m</td> <td>14.9m</td> </tr> <tr> <td>AmMetLife Takaful</td> <td>(4.9m)</td> <td>0.03m</td> </tr> </tbody> </table> </li> <li>• <b>The business will continue to drive sales and improves its market position through the following strategic initiatives:</b> <ul style="list-style-type: none"> <li>• Fully leverage on Bancassurance potential;</li> <li>• Tap into the market opportunities in Business &amp; Wholesale Banking;</li> <li>• Establish a highly differentiated agency;</li> <li>• Targeting the right customer segment and offering the right solutions;</li> <li>• Digitalisation to drive customer service and operational excellence.</li> </ul> </li> </ul>	PATMI	FY2019	FY20	AmMetLife (x-MGS movements)	11.7m	14.9m	AmMetLife Takaful	(4.9m)	0.03m
PATMI	FY2019	FY20									
AmMetLife (x-MGS movements)	11.7m	14.9m									
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# AMMB's Response to MSWG Enquiries ...

No.	Questions	Response
7b.	<p>AmMetLife Insurance Berhad had received complaints from 66 policyholders <b>relating to the alleged mis-selling of a certain insurance product</b> of AmMetLife (page 224 of IR2020). When will the Group finalize the investigation on the complaints? What are the actions will be taken on the parties involved if they are found to be responsible for the misconduct?</p>	<ul style="list-style-type: none"><li>• <b>The investigations have since been completed and disciplinary action(s) has been taken against the parties responsible.</b></li><li>• <b>The indemnity provided by the Group in respect of the mis-selling has expired. Therefore, the Group will have no further financial obligation resulting from the indemnity.</b></li></ul>



# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
1a.	<p>As mentioned in the Performance Review section of the annual report (page 61), AMMB has been able to record an improvement in its Cost-to-Income ratio to 49.9% in FY20, contributed by its BET300 Strategy.</p> <p>Question: With the lapse of BET300 in FY20, <b>how would AMMB manage the level of its Cost-to-Income ratio going forward</b>, especially given the current subdued operating environment which could limit growth in income?</p>	<ul style="list-style-type: none"><li>• <b>We have embarked on the second phase of our efficiency programme (BET2.0 / Project Pareto) focusing on the streamlining of processes, automation and robotics to improve efficiency, with an aim to deliver gross cost savings of RM110mil.</b></li><li>• <b>Given the subdued economic outlook, we will strive to maintain negative JAWS and CTI of <math>\leq 50\%</math>.</b></li></ul>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
1b.	As AMMB continues to develop its digital and data analytics capabilities through its Focus 8 strategy, <b>what is the estimated annual impact to OPEX, and consequently cost-to-income ratio for the next three years (due to digital)?</b>	<ul style="list-style-type: none"><li>• <b>Todate all the investment in digital have been funded via saves made in BET300 (RM380m saves for the last 3 years)</b></li><li>• <b>Going forward, we will continue to maintain the funding for digital initiatives to be coming from BET2.0</b></li></ul>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
2.	<p>As mentioned in the Performance Review section of the annual report (page 68), Retail Banking was impacted by lower Noll of -6.1% mainly attributable to lower Cards merchant fees.</p> <p>Question:</p> <p><b>a. What are the factors that drive card merchant fees and what led to the lower fees in FY20?</b></p> <p><b>b. What is your outlook for Cards merchant fees</b> and does the bank foresee the trend to persist in FY21?</p>	<p><b>a. Card merchant fees were lower by 7.7% YoY was mainly due to:</b></p> <ul style="list-style-type: none"> <li>• Lowering of merchant discount fee charged due to reduction of credit card interchange fee from 0.931% to 0.675% (w.e.f. Jan19)</li> <li>• Drop in sales volume as MCO was declared in the last 2 weeks of FY20.</li> </ul> <p><b>b. For FY21, merchant discount fee will decline further due to:</b></p> <ul style="list-style-type: none"> <li>• Lower cards spending and merchant volume during the MCO</li> <li>• Weaker consumer confidence due to GDP contraction, unemployment and income reductions.</li> <li>• Offsets – acquire NTB, deepen market share, e-commerce penetration, PayG, Qr payment and DCC</li> </ul>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response						
3.	<p>As mentioned in the Performance Review section of the annual report (page 69), The Life Insurance and Family Takaful businesses recorded a loss after tax of RM9.9 million due to lower investment income, higher claims and reserving.</p> <p>Question:</p> <p><b>a. What was the investment income for the Life Insurance and Family Takaful businesses for FY20 compared with FY19?</b></p> <p><b>b. What are the factors that contributed to the higher claims and reserving for the Life Insurance and Family Takaful businesses?</b></p>	<p><b>a. Investment income &amp; PATMI for AmMetLife:</b></p> <table border="1"> <thead> <tr> <th>AmMetLife</th> <th>FY2019</th> <th>FY20</th> </tr> </thead> <tbody> <tr> <td>Investment income*</td> <td>58.7m</td> <td>16.3m -72% YoY</td> </tr> </tbody> </table> <p><i>*Summation of AmMetlife and Takaful entity level figures</i></p> <p><b>b. The higher claims in FY20 were mainly due to:</b></p> <ul style="list-style-type: none"> <li>• <b>AmMetLife: Increase in claims in Group Hospitalisation and Surgery (GHS) product</b></li> <li>• <b>Takaful: Increase in surrender and death claims.</b></li> </ul> <p><b>Higher actuarial reserving was contributed by:</b></p> <ul style="list-style-type: none"> <li>• <b>AmMetLife: Higher reserve in line with the fluctuations in MGS yield</b></li> <li>• <b>Takaful: In accordance to the increased in business volume generated from Mortgage Reducing Term Takaful (MRTT) products.</b></li> </ul>	AmMetLife	FY2019	FY20	Investment income*	58.7m	16.3m -72% YoY
AmMetLife	FY2019	FY20						
Investment income*	58.7m	16.3m -72% YoY						

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response												
4.	<p>As mentioned in the Performance Review section of the annual report (page 68-69), Business Banking recorded a 13% yoy growth in gross loans to RM11.2 bil in FY20. However, this is lower than the yoy growth of 29% in FY19. In terms of absolute amount, FY19 and FY20 growths were RM2.3 bil and RM1.3 bil yoy, respectively.</p> <p>Question:  <b>Can you share with us the business / market conditions within the Business Banking segment that led to this decline in yoy growth?</b></p>	<ul style="list-style-type: none"> <li>• <b>Due to a more cautious approach taken on construction and real estate segments and economic environment.</b></li> </ul> <table border="1"> <thead> <tr> <th></th> <th>FY2019</th> <th>FY2020</th> </tr> </thead> <tbody> <tr> <td>Business Banking Loans Growth</td> <td>29%</td> <td>13%</td> </tr> <tr> <td>Industry Loans Growth (BNM)</td> <td>7%</td> <td>4%</td> </tr> <tr> <td>GDP*</td> <td>4.0%</td> <td>3.2%</td> </tr> </tbody> </table> <p><i>*Source : AmBank Research</i></p> <ul style="list-style-type: none"> <li>• <b>The Bank continues to drive initiatives aimed at growing SME business including:</b> <ul style="list-style-type: none"> <li>• <b>AmBank BizRace, AmBank BizClub</b></li> <li>• <b>AmBank BizHUB - marketplace for SMEs</b></li> <li>• <b>Focus 8 Strategy - Sharpening our Segment Play and Collaborators and Partners</b></li> </ul> </li> </ul>		FY2019	FY2020	Business Banking Loans Growth	29%	13%	Industry Loans Growth (BNM)	7%	4%	GDP*	4.0%	3.2%
	FY2019	FY2020												
Business Banking Loans Growth	29%	13%												
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# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
5.	<p>With reference to Business Review section of the annual report (page 86), the banking system loans growth is expected to be flat in 2020 in line with the subdued economic outlook due to Covid-19 pandemic and plunging oil prices.</p> <p>Question: In anticipation of the subdued economic outlook, <b>what are some of the strategies that are being / will be employed by AMMB to ensure that loans disbursement do not decline in tandem with the forecasted contraction of the economy?</b></p>	<ul style="list-style-type: none"><li>• <b>We expect our FY21 loans growth to be in line with the industry ~2%.</b></li><li>• <b>Will roll out several new initiatives to drive loan acquisitions including:</b><ul style="list-style-type: none"><li>• <b>Pay-as-you-grow (PayG) term loans for our merchants, which is linked to Point of Sales (POS) and deposit account for tracking and repayment options</b></li><li>• <b>Enhance AmOnline capabilities that allow customers to access to loan products (credit cards and personal loans)</b></li><li>• <b>Continued focus on SME segments and corporate utilisation in trade finance</b></li><li>• <b>Focus 8 Strategy - Sharpening our Segment Play and Collaborators and Partners</b></li></ul></li></ul>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
6.	<p>With reference to the Business Review section of the annual report (page 92), AMMB has launched AmAce, a loan origination system that reduces turnaround time and delivers an enhanced experience to business customers.</p> <p>Question:</p> <p>a. <b>What is the resulting turnaround time after the introduction of AmAce? Is there any target for turnaround time?</b></p> <p>b. Besides the quicker turnaround time, <b>what other aspects are currently being emphasised to enhance the experience of business customers</b> of AMMB?</p>	<p>a. <b>TAT (application to approval) improvement by 45% from 9 working days to 5 working days.</b></p> <p>b. <b>Apart from a quicker loan decisions and faster disbursements, will improve RMs productivity and engagement with customers.</b></p>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
7.	<p>Based on note 13 (d) to the financial statements (page 160), the gross loans for Purchase of transport vehicles declined by RM2.1 bil yoy.</p> <p>Question: <b>What were the factors that contributed to the decline (HP loans book)?</b></p>	<ul style="list-style-type: none"><li>• <b>The decline of our auto finance (AF) portfolio was a result of the Group's decision to move away from the higher risk used car segments beginning FY17 and tightening of certain lending criteria to mitigate risks of the portfolio.</b></li><li>• <b>With the groundwork in place, the Bank is looking to regrow the AF business</b></li></ul>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
8.	<p>Based on note 13 (h) to the financial statements (page 161), the total gross impaired loans increased by around RM232 mil yoy in FY20 primarily due to residential properties (RM122 mil yoy), agricultural (RM84 mil yoy) and manufacturing sectors (RM83 mil yoy).</p> <p>Question:</p> <p>a. Can you explain <b>the factors behind the deterioration in asset quality for these three segments?</b></p> <p>b. <b>What is your outlook for these three segments (mortgages, agricultural and manufacturing) and does the bank foresee asset quality issues to persist in FY21?</b></p>	<ul style="list-style-type: none"> <li>• <b>Mortgages GIL</b> <ul style="list-style-type: none"> <li>• Attributed to loans approved in 2017 vintage</li> <li>• Since then we have tightened the parameters and now see improvements in the later vintages</li> </ul> </li> <li>• <b>Agriculture &amp; manufacturing</b> <ul style="list-style-type: none"> <li>• Attributed to new impairments of sizeable exposures to a few customers (&lt;5). These arose from customer specific issues rather than a wider industry concern.</li> </ul> </li> <li>• <b>For FY2021:</b> <ul style="list-style-type: none"> <li>• Residential property outlook - expected to remain challenging in lieu of COVID-19 pandemic.</li> <li>• Agriculture sector - stable as prices have started to show signs of recovery.</li> <li>• Manufacturing sector - varied depending on the segment or business activity e.g. manufacturer of capital goods vs consumer goods; or sector-specific products such as healthcare, food &amp; beverage, building materials, etc.</li> </ul> </li> <li>• <b>Enhanced measures undertaken in lieu of COVID-19 pandemic:</b> <ul style="list-style-type: none"> <li>• RMs intensively engaging with customers to understand the impact of current business operations to the customers (i.e. cashflow and debt servicing)</li> <li>• Periodic portfolio and customer reviews</li> <li>• Tightening credit underwriting process, e.g. in-depth credit assessment for NTB customers.</li> </ul> </li> </ul>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
9.	<p>With reference to the Sustainability Governance section under the Sustainability Report (page 146 of the Integrated Report), AMMB has reported that there were 510 cases of allowable gift exchanges among employees, largely related to festive seasons gifts/fruits and memorabilia in FY20.</p> <p>Question:</p> <p>a. <b>How does AMMB ensure that all exchange of gifts involving AMMB employees are tracked for monitoring purpose?</b></p> <p>b. <b>What type / value of gifts that are considered 'allowable' under AMMB's No Gift Policy?</b></p>	<p>a. <b>Each department has been mandated to maintain a Gift Registry which will be regularly validated by Group Compliance and GIAD. Group Compliance also perform regular transaction monitoring on staff accounts.</b></p> <p>b. <b>Allowable gifts are perishable in nature, and even so:</b></p> <ul style="list-style-type: none"> <li>• <b>In most instances, these goods are normally donated to the Bank's CSR initiatives</b></li> <li>• <b>Staff are not encouraged to receive gifts in any form or value from customers</b></li> </ul>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
10.	<p>With reference to the Responsible Banking section under the Sustainability Report (page 160 of the Integrated Report), the Company has disbursed a total of around RM850 mil in affordable housing financing schemes.</p> <p>Question:</p> <p><b>a. Is there an annual target to grow affordable housing financing schemes?</b></p> <p><b>b. How does AMMB foresee the outlook of this segment given the slowdown in economy due to the Covid-19 pandemic?</b></p>	<p><b>a. For FY21, we expect 30% of new sales (estimated at RM1.3b) will be coming from the affordable home schemes.</b></p> <p><b>b. The outlook for this segment remains positive as the houses are</b></p> <ul style="list-style-type: none"> <li>• <b>More affordable</b></li> <li>• <b>This segment is also supported by various stimulus provided by government (Home Ownership Campaign, stamp duty waiver, etc.)</b></li> <li>• <b>We do not foresee major deterioration in this segment as they are owner occupied and being 1<sup>st</sup> time home buyers</b></li> </ul>

# AMMB's Response to PNB Enquiries ...

No.	Questions	Response
11.	<p>With reference to page 163 of the Integrated Report, the Company outlines its commitment to Environmentally &amp; Socially Responsible Investment (SRI). Through SRI, Sukuk and Green Bonds, AMMB aims to support businesses that help meet the government's goal of achieving a 20% renewable energy contribution to Malaysia's electricity generation mix by 2025.</p> <p>Question:</p> <p>a. <b>What is the total size of Green Bond/Sukuk which was raised by AMMB/AInvestment Bank in FY20?</b></p> <p>b. <b>What is the proportion of the Green Bond/Sukuk that was raised by AMMB/AInvestment in FY20 compared with traditional (i.e. "non-green") financing?</b></p>	<p>a. <b>AInvestment Bank has been a Green Bond innovator with the establishment of 2 ground breaking Green bond/Sukuk in 2018. The 2 landmark transactions were:</b></p> <ul style="list-style-type: none"> <li>• <b>Segi Astana (RM415 mil) – the first issuance that was completed under the ASEAN Green Bond Standards; and</b></li> <li>• <b>Sinar Kamiri (RM245 mil)– the first Green SRI Sukuk issued by a listed entity.</b></li> </ul> <p>b. <b>In FY19 and FY20:</b></p> <ul style="list-style-type: none"> <li>• <b>There has been a sharp drop in Green Bond/Sukuk issuances with only 3 Green Bond/Sukuk Programmes lodged with the Securities Commission (SC).</b></li> <li>• <b>AInvestment has not done any Green Bond/SUKUK issuance for FY2019 and FY2020.</b></li> <li>• <b>Notwithstanding, we are committed to solidify our footprint in Green Sukuk/Bonds with an added focus into mini-hydro and the recent LSS4 (solar) bidding process, in order to help meet the Government's 20% renewable energy target.</b></li> </ul>

**AMMB HOLDINGS BERHAD**  
(‘AMMB’ or ‘the Company’)  
[Registration No. 199101012723 (223035-V)]

**QUESTIONS AND ANSWERS**

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1. Why has the Company not proposed a dividend reinvestment policy?

*Dato’ Sulaiman, the Group Chief Executive Officer (‘Group CEO’), informed that while the Group do have a Dividend Reinvestment Plan, the Group had held to a cash dividend as a means to return capital to investors. The DRP is more a capital management tool and shall be executed if the need arises and since the Group’s capital accretion had been strong, the Group had not relied on the DRP. While the near-term economic conditions are more challenging, the Group is operating profitably and plans to continue paying cash dividends over the course of the next phase of its strategy.*

2. Will the Company consider providing e-wallet vouchers as tokens/ gifts for shareholders who participate in the virtual AGM?

*The Group CEO replied that the Company had taken the stand of not giving any vouchers/gifts since it was the first time the Company conducted a fully virtual AGM. However, the Company would consider the suggestion for future AGM.*

3. Will AMMB be seeking to dispose of its insurance division?

*The Group CEO informed that the Company would continue to review its businesses, be it insurance or any other businesses within the Group. The Company would like to optimise the returns on capital by focusing on its core businesses.*

4. What would be the expected loss from the further 3-months loan moratorium?

*The Group CEO explained that the Group’s priority was to assist the borrowers through the repayment assistance programme to offer help post the loan moratorium initiated by Bank Negara Malaysia (‘BNM’) which would end on 30 September 2020.*

*The Group was proactively reaching out to individual and small and medium enterprises (‘SME’) customers to assess their repayment needs. As this would be an ongoing process, the Group should have better clarity on the customers that require repayment assistance after 1 October 2020.*

*That would result in additional modification loss as loan modifications occur, which would unwind in the future. The Group would be assessing the impact in September 2020 in order to estimate the number of borrowers that require additional time to recover from the economic impact following to the enforcement of the Movement Control Order (‘MCO’) by the Government.*

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## QUESTIONS AND ANSWERS

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5. Were there any plans for overseas ventures by AMMB? Were there merger and acquisition plan in the pipeline?

*The Group CEO replied that the Group would continue its business focus in the local market. The Company had no plan for merger and acquisition at this juncture.*

6. Given the harsh economic environment, would there be any cost rationalisation action(s) taken by the bank?

*The Group CEO explained that the Group had demonstrated its discipline in managing costs and being more efficient over the course of the Group's Top 4 strategy. The Group's cost-to-income had improved significantly as a result of the Business Efficiency Transformation ('BET') 300 programme. The Group had reinvested those savings from the BET300 programme in developing its businesses and technology capabilities as well as strengthening its governance and compliance. The Group would continue to drive efficiency and embrace technology, robotics and automate processes in the next phase under the Focus 8 Strategy.*

7. Did AMMB envisage any further cost/expense imposition by the Government to banks as a result of the new economic initiatives?

*The Group CEO replied that policies announced by the Government had been supportive to the economy, i.e. monetary easing scheme which reduces the debt service burden, moratorium period which provides sufficient time to borrowers to payback, and lending scheme at concessionary rates to various sectors to drive economic recovery.*

*Banks formed a major part of Malaysia's economy and the Group had participated actively in all of these initiatives introduced by the Government.*

8. What is the comparison of payments relating to loans outstanding by customers during pre-Covid 19 period and post Covid-19 period?

*The Group CEO replied that the loan moratorium initiated by BNM (end on 30 September 2020) was a blanket moratorium initiative for all individual and SME borrowers. Post 30 September 2020, borrowers would be required to make requests to extend the loan moratorium period under the repayment assistance scheme.*

9. Can SME and middle corporation business units be merged into a single entity for cost optimisation and maximise manpower resources?

*The Group CEO explained that the needs and requirements of the middle corporation and SME were different, and the division was made to align the respective segments with the Group's channels to better engage the customers.*

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**QUESTIONS AND ANSWERS**

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10. What was the progress of FinTech initiatives and ongoing technology progress in the Group's pipeline?

*The Group CEO explained that one of the initiatives of the Focus 8 Strategy is to digitalise the Bank. Hence, the Group had created and enhanced its digital platforms, i.e. AmOnline, AmAccess Biz and Cash Management solution for corporates. The Group has also embarked on Pareto 2.0 which would focus on artificial intelligence, automation as well as robotics. The Group continued to explore the partnership with other FinTech players for new market or segments.*

11. How much did the Company spend in terms of this virtual AGM? Would the Company revert to physical AGM next year?

*The Group CEO replied that the Company had incurred approximately RM150,000 for this virtual AGM versus approximately RM400,000 incurred for last year's physical AGM.*

*The Company would consider feedback from all stakeholders on the pros and cons of holding a physical meeting against a virtual meeting before making a decision. That would also depend on the Government's guidelines on whether the social distancing measure would still be imposed.*

*The Chairman stated that the world is currently shifting towards digital space because of the Covid-19 pandemic. He said that many countries are focusing on developments in technologies, especially video conferencing, which is the new norm with much convenience.*

12. How did AMMB's net interest margin ('NIM') fare against peer in the industry?

*Mr Jamie Ling, the Group Chief Financial Officer, explained that the NIM for FY2020 improved five (5) basis points year-on-year to 1.94% as the Group's cost of funds had improved. However, in Q1FY2021, with the rapid reduction in overnight policy rates, the Group's NIM had compressed as well as for the overall banking sector.*

*The Group's NIM (March 2020: 1.95%) was slightly lower than industry's average (March 2020: 2.19%) due to the Group's current account savings accounts ('CASA') mix (March 2020: 25.5%), which was lower than industry's average (March 2020: 28.1%). The Group continue to improve its cost of funds via the following methods:*

- i) Refinancing debt to reduce term debt cost,*
- ii) Shortening term deposit duration and refinancing; and*
- iii) Continue to drive lower cost CASA.*

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**QUESTIONS AND ANSWERS**

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13. Would AMMB consider applying for a digital banking licence?

*Dato' Sulaiman replied that the Group was cognisant that FinTech players and new entrants were penetrating quickly into the financial services space and this would transform the banking methods today. With the increasing use of technology, consumers and business behaviors would gradually shift. In response to that, the Group had begun embarking on digitalisation four (4) years ago through the Group's Top 4 Strategy of building digital capabilities across the Group internally, as well as externally in order to remain relevant and at the forefront of competitive edge. The Group embraced digital technologies and leveraged on those changes to address the demands of customers.*

*At the same time, the Group would pursue the application for a digital banking licence to be issued by Bank Negara Malaysia and was exploring partnership with a number of key players for the establishment of a digital bank in Malaysia. The Group envisioned the digital bank as a standalone entity with its business model premised on technology that focus on user experience and user interface, targeting on the unbanked or the underserved segments. Nevertheless, traditional banks would remain as a critical component and backbone of the financial services sector due to the following factors which are complementary to a digital bank's business model:-*

- i) Robust risk management;*
- ii) Stricter governance in compliance;*
- iii) Strong capital and distribution network;*
- iv) Ability to operate successfully in a highly regulated environment; and*
- v) Ability to address consumers' and businesses' complex banking needs.*

14. As a mean of cost rationalisation, were there any plans to layoff or offer Voluntary Separation Scheme ('VSS') packages to employees?

*The Group CEO replied that the Company had reviewed its resource allocation constantly, and there was no plan for any VSS.*

15. How has Covid-19 loan moratorium impacted the cash flow of AMMB?

*The Group CEO explained that the moratorium had resulted in approximately RM4.5 billion of instalments being deferred for six (6) months.*

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**QUESTIONS AND ANSWERS**

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16. Is there a targeted year for AMMB to improve its performance to be reinducted as Kuala Lumpur Composite Index ('KLCI') constituent?

*The Group CEO explained that the removal of the stock from the FBM KLCI index was a reflection of the Company's share price performance and the negative outlook on the banking sector amid the economic slowdown caused by the Covid-19 pandemic.*

*Although the Group was disappointed with the outcome, Management would remain focused in delivering better financial performance under the refreshed strategy, i.e. Focus 8 Strategy.*

*The Chairman commented that the Covid-19 pandemic had caused the unprecedented focus on the digital space. The share price of IT and glove companies had gone overboard. In NASDAQ and New York Stock Exchange, the performing companies were IT companies namely Amazon, Alibaba, Google, Apple whereas in Malaysia it was the glove companies.*

17. Is AMMB competitive against peers in terms of profitability and innovation during this challenging time?

*The Group CEO explained that based on the Group's Top 4 strategy, the Group was ranked among the Top 3 against the industry for loan and deposit growth, customer-base perspective and income growth. As for growth in profit before provision, the Group was ranked first among the industry. In the digital space, the number of users in AmOnline had increased.*

18. Does AMMB plan to introduce Employee Share Option Scheme?

*The Group CEO replied that the Company had a Long-Term Incentives Scheme in place, a 3-year scheme, where selected executives with above satisfactory performance would receive incentive in the form of AMMB shares.*

19. Did AMMB disburse loan knowing that a caveat had been imposed on the property and it had not been removed? What would be the action taken if AMMB knew this was being done?

*The Group's lawyer would check the caveat details and most of the time the caveat was lodged by the purchaser. In that scenario, the Group would proceed to disburse the loan and the lawyer would withdraw the caveat while presenting the charge. Balance would thereafter be disbursed.*

*In the case of caveat lodged by other party, the lawyer would have to check the loan application and withdraw the caveat before the bank disburse the loan.*

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**QUESTIONS AND ANSWERS**

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20. Will the Group launch a new digital wallet?

*As one of the key strategies going forward based on the new Focus 8 Strategic Blueprint, the Group would be exploring partnership with a number of key players to jointly go to market with more innovative payment solutions, including digital wallet. The Group is cognisant that digital accessibility and connectivity in financial services are becoming increasingly important especially in the current Covid-19 pandemic environment where more people chose to bank digitally instead of banking over-the-counter.*

*In view of the above, the Group would continuously improve its product and/or services through digital innovation to enhance customers experience and commit to banking accessibility to ease and convenient its customers. The Group's priority at the moment was to assess, identify, and collaborate with the right parties whose visions are aligned with the Group in terms of delivering all-encompassing, consumer-focused lifestyle application that would ease banking into its customers' day-to-day life.*

*Meanwhile, the Group had enhanced its AmOnline mobile application to allow mobile banking customers to make payments to merchants for goods and services whereby the amount would be deducted directly from users' CASA. The Group would continue to introduce more advanced features on AmOnline application to suit the diverse needs of its customers.*

21. Will the Group's non-performing loan ('NPL') likely to shoot up next year?

*The Group had not seen significant increase in NPL ratio (Q1FY2021: 1.66%; Q4FY2020: 1.73%) because about 60% of its loans were currently under moratorium. The NPL ratio might increase following the expiry of BNM's loan moratorium period on 30 September 2020, but it could be mitigated by preventive work-out solutions with the customers, such as extension of loan moratorium, restructuring and rescheduling of loan, payment holiday, etc.*

22. How much profit per share would be affected for giving moratorium free interest for hire purchase loan for the period of six (6) months?

*Day-1 modification loss (net of unwinding) of RM57.5 million had been recognised in the Q1FY2021 financial statements. The modification loss would gradually unwind over the remaining period of the loans.*