

# Corporate Governance

The Board of Directors of the Company ("Board") is fully committed to ensuring that the Company continues to maintain the highest standards in corporate governance, with a view to continuously enhance the value of stakeholders.

The Board provides guidance and oversight of the Company and its subsidiaries ("the Group")'s strategic agenda and its operations, and acknowledges its overriding responsibility to act diligently and responsibly, in accordance with applicable legislations and regulations in serving the interests of shareholders, as well as its customers, employees and the community at large.

The Company subscribes to and conforms to the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), save for the recommendation that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

Notwithstanding the fact that the Board consists of a majority of Non-Independent Non-Executive Directors, the Independent Directors are able to exercise strong independent judgment and provide balance to the Board with their unbiased and independent views, advice and judgment to all Board deliberations.

## Board Of Directors

### Roles And Responsibilities Of The Board

- Reviewing and approving the strategic business plans of the Group as a whole and that of the individual operating units. This encompasses the annual budget, medium-term aspirations, new investments/divestments as well as mergers and acquisitions.
- Overseeing the conduct of the business to ascertain its proper management, including setting clear objectives and policies within which senior executives are to operate.
- Identifying and approving policies pertaining to the management of all risk categories including but not limited to credit, financial, market, liquidity, operational, legal and reputational risks.
- Reviewing the adequacy and the integrity of internal controls and management information systems, including systems for compliance with applicable laws, rules, regulations, directives and guidelines.
- Serving as the ultimate approving authority for all significant financial expenditure.

### Chairman And Group Chief Executive Officer

The roles of the Chairman and Group Chief Executive Officer remain separate and are clearly distinct. The Chairman of the Board is non-independent and non-executive.

The Chairman plays an important leadership role within the Group and is involved in:

- Chairing the meetings of shareholders and the Board;
- Monitoring the performance of the Board and the mix of skills and effectiveness of individual Board members' contribution; and
- Maintaining on-going dialogue with the Group Chief Executive Officer and the Chief Executive Officers of the various major subsidiaries and providing appropriate mentoring and guidance.

The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Group Chief Executive Officer and through him and subject to his oversight, to other Senior Management. The Board monitors the performance of the Group Chief Executive Officer on behalf of the shareholders.

### Board Charter

The Board had in 2013 formalised a Board Charter setting out the roles, responsibilities and functions of the Board and Board Committees in accordance with the principles of good corporate governance. The Board Charter is currently being revised as part of the Governance Improvement Programme ("GIP"), which the Group had undertaken in the financial year ended 31 March 2016 (FY2016).

The Board Charter is available on the Company's corporate website at [www.ambankgroup.com](http://www.ambankgroup.com)

## Board Composition

The Board is chaired by a Non-Independent Non-Executive Director and currently comprises eleven (11) Directors, five (5) of whom are Independent Non-Executive Directors. The Board continues to achieve a balance of skills, knowledge, experience and perspective among its Directors.

Directors collectively provide the necessary mix of knowledge, skills and experience in key areas. These include banking, fund management, accountancy, law, finance, risk management, governance, economics, international relations, human resource and information technology amongst others.

The profile on each member of the Board is as set out on pages 26 to 36 of this Annual Report.

## Changes In Board Composition

### New Appointments

- Wasim Akhtar Saifi as Independent Non-Executive Director, appointed on 23 February 2016.
- Datuk Shireen Ann Zaharah binti Muhiudeen and Seow Yoo Lin as Independent Non-Executive Directors, appointed on 30 June 2016.
- Graham Kennedy Hodges as Non-Independent Non-Executive Director, appointed on 30 June 2016. He was nominated by Australia and New Zealand Banking Group Limited to sit on the Board in place of Shayne Cary Elliott who resigned on 15 October 2015.

### Retirement

- Dato' Azlan Hashim, a Non-Independent Non-Executive Deputy Chairman, Tan Sri Datuk Clifford Francis Herbert, a Senior Independent Non-Executive Director, and Tan Sri Datuk Dr Aris bin Osman @ Othman, an Independent Non-Executive Director, retired at the conclusion of the 24th Annual General Meeting of the Company on 20 August 2015.

### Resignations

- Shayne Cary Elliott resigned on 15 October 2015. He has been appointed to succeed Mike Smith as Chief Executive Officer of Australia and New Zealand Banking Group Limited with effect from 1 January 2016. As a result, Mr Elliott relinquished his directorship in the Company.
- Chin Yuen Yin resigned on 30 October 2015.
- Mark David Whelan resigned on 1 March 2016. Mr Whelan was appointed as Group Executive Institutional, Australia and New Zealand Banking Group Limited. Hence, he relinquished his directorship in the Company after having served on the Board since 2 January 2009.
- Alistair Marshall Bulloch ceased to be the Alternate Director to Shayne Cary Elliott, Mark David Whelan and Suzette Margaret Corr on 4 September 2015.

## Board Diversity

The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board.

While it is important to promote such diversity, the normal selection criteria of a Director based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board should remain a priority so as not to compromise on the effectiveness in carrying out the Board's functions and duties. Hence, the Board is committed to ensuring that its composition not only reflects the diversity as recommended by MCCG 2012, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Group's goals.

On 30 June 2016, Datuk Shireen Ann Zaharah binti Muhiudeen was appointed as an Independent Non-Executive Director of the Company. Following her appointment, the Board currently comprises three (3) women directors, reflecting a 27% female representation among the Directors on the Board.

## Board Independence

The Independent Non-Executive Directors are from varied business backgrounds. Their experience enables them to exercise independent judgment and objective participation in the proceedings and decision-making processes of the Board.



Decision-making on key issues regarding the Company and its subsidiaries are deliberated by the Directors. Board decisions are made taking into account the views of the Independent Non-Executive Directors, which carry substantial weight.

They fulfil their roles in ensuring that strategies proposed by the Management are discussed and examined as well as ensuring that the interest of shareholders and stakeholders of the Company are safeguarded.

Each of the five (5) Independent Non-Executive Directors has provided a declaration of his/her independence. Based on the outcome of the Board Effectiveness Evaluation for Assessment Year 2016, apart from Seow Yoo Lin and Datuk Shireen Ann Zaharah binti Muhiudeen who were appointed in June 2016, the Independent Non-Executive Directors have scored highly and are well regarded by their peers.

The Board is satisfied with the level of independence demonstrated through their engagement in meetings, providing objective challenges to Management, and bringing independent judgment to decisions taken by the Board.

**Re-Election And Re-Appointment At The Next Annual General Meeting**

The Company’s Articles of Association permits the Board to appoint a person to be a Director of the Company at any time, but the person must seek re-election by shareholders at the next Annual General Meeting (“AGM”). The Articles of Association further provides the rotation of Directors whereby one third or more of the Directors are to retire at every AGM of the Company and that all Directors must retire at least once in three (3) years and shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are of or over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

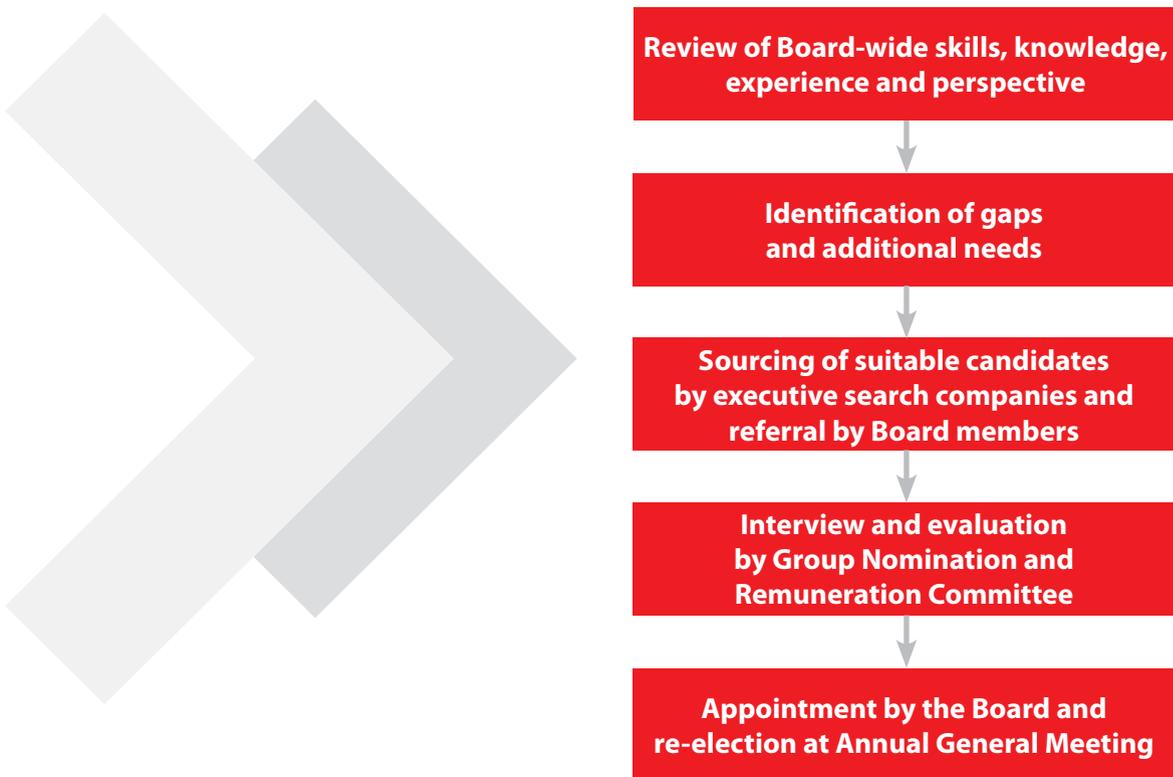
Directors who are due for re-election and re-appointment at the forthcoming AGM are as set out in the Notice of the AGM.

**Tenure**

Recommendation 3.2 of the MCCG 2012 states the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The existing policy of the Company states that an Independent Non-Executive Director shall serve up to a maximum of nine (9) years [“9-year rule”] and any exception to the same will be subject to the recommendation of the Group Nomination and Remuneration Committee and the approval of the Board.

In the course of revising the Board Charter, the exception to the 9-year rule will be removed.

**Process On Selection Of Directors**



## Performance Evaluation

Performance evaluations are conducted annually and cover the Board, each Director and the Board Committees. The framework used to assess the Directors is based on the expectation that they are performing their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with duties and obligations imposed upon them under the law and guidelines issued by the regulatory authorities.

The Group conducts an annual Board Effectiveness Evaluation (“BEE”) exercise with the objective of assessing the performance of the Board as a whole, Board Committees, and individual Directors. The results of the BEE form part of the basis for evaluation by the Group Nomination and Remuneration Committee for the appointment and re-appointment of Directors.

The Board decided to continue with its practice of adopting global best practice use of an external facilitator for the Board Effectiveness Review for Assessment Year 2016 to ensure the integrity, independence and objectivity of the evaluation process.

A robust and comprehensive assessment framework was used for the BEE exercise, encompassing the following areas:

- Part A: Board Effectiveness
  - Board Responsibilities
  - Board Composition
  - Board Administration and Process
  - Board Conduct
  - Board Interaction and Communication
  - Chairman’s Evaluation
- Part B: Individual Committee Effectiveness
  - Structure and Processes
  - Accountability and Responsibilities
  - Committee Chairman’s Evaluation
- Part C: Directors’ Self and Peer Evaluation
  - Board Dynamics and Participation
  - Integrity and Objectivity
  - Technical Competencies
  - Standing in Business Community
  - Independence

The BEE exercise was a rigorous process involving a questionnaire-based self-assessment exercise where Directors assessed the performance of the Board, Board Committees and individual Directors. The assessment of individual Directors considered the contribution and performance of Directors in regards to their experience, competencies, integrity and commitment, integrity in meeting the requirements of the Group. This was followed by in-depth interviews with individual Directors and selected Senior Management to gain further insights and suggestions to enhance Board effectiveness.

The results of the BEE exercise were presented to the Group Nomination and Remuneration Committee in May 2016 and the Board in June 2016 to enable the Board to identify and put in place actions to address areas for improvement.

## Directors’ Training And Development Needs

The Board recognised the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

The Group’s Learning and Development (“L&D”) function undertakes the role of facilitator to organise and manage Directors’ learning and development requirements, which cover the following:

- **Regulatory**
  - The new Directors participate in an induction programme which provides a platform for them to meet with AmBank Group Senior Management and other key staff members, and to become accustomed to the Group’s governance framework, financial management and business operations.
  - Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the newly appointed Director is required to attend the Mandatory Accreditation Programme (“MAP”) within four (4) months of his/her appointment.
  - The Group has adopted the Financial Institutions Directors’ Education (“FIDE”) Core Programme as a requirement for all new Directors. The FIDE Core Programme is a governance programme which focuses on roles, responsibilities and key issues faced by the boards of financial institutions to ensure effective corporate governance, constructive strategy review, robust risk management, strong internal controls, and accurate financial reporting and proactive stakeholder engagement.



- **Electives**

Upon completion of the FIDE Core Programme, the Directors are also recommended to attend the FIDE Elective Programme to further enhance their knowledge and understanding in the following categories:

- Board Committee Programmes
- Technical Programmes
- Advanced Programmes
- Soft Skills Programmes

- **Enrichment**

To keep abreast with the current development in the marketplace, Directors also attended public programmes and/or seminars in the areas related to their function/role and for continuous development.

In addition, Group L&D also organised in-house sessions to provide updates on current topics such as:

- Compliance & Anti Money Laundering/Anti-Terrorism Financing (AML/ATF)
- Corporate Governance
- Risk Management
- Updates on New Regulatory Requirements

All newly appointed Directors will be registered for the mandatory training such as the New Directors Induction, MAP and FIDE Core Programme and their timeline to complete the requisite training will be monitored and followed up closely. Existing Directors will be kept abreast of upcoming training programmes from time to time for their consideration to participate.

As part of the annual Board Effectiveness Evaluation, the training attended by the Directors was also evaluated.

Seminars, conferences and training courses attended by the Directors in FY2016 included the following areas:

**Board Competency**

- Mandatory Accreditation Programme
- New Directors Induction Programme

**Corporate Governance**

- FIDE: Core Programme Module A and Module B
- Invitation to Industry Consultation Session: 2015 Non-Executive Directors' Remuneration Study
- Invitation to the Launch of FIDE Forum's Directors' Remuneration Report 2015
- Directors' Remuneration Report: Special Briefing on the Implementation of the Recommendations

**Risk Management/Legal and Regulatory Framework**

- Risk and Vulnerability of Global Markets: Reinforcing Resilience in Emerging Markets
- Anti-Money Laundering Compliance Culture
- Foreign Exchange Administration (FEA) Rules: Changes Affecting FEA Rules
- Practices in Islamic Finance Programme
- The New and Revised Auditor Reporting Standards: Implications to Financial Institutions
- Capital Market Director Programme Module 1: Directors as Gatekeepers of Market Participants
- Capital Market Director Programme Module 2A and Module 2B: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities, Futures Broking and Fund Management)
- Capital Market Director Programme Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors
- Capital Market Director Programme Module 4: Emerging and Current Regulatory Issues in the Capital Markets

**Board Strategic Leadership**

- Focus Group Discussion with Bank Negara Malaysia ("BNM")'s Senior Management: Banking, Islamic Banking and Investment Banking Businesses
- 4th Distinguished Board Leadership Series: Board Leading Change – Organisational Transformation Strategy as Key to Sustainable Growth in Challenging Times.
- 6th Distinguished Board Leadership Series: Digital Transformation and its Impact on Financial Services – Role of the Board in Maximising Potential.
- Credit Suisse Market Outlook Seminar

Besides the training programmes mentioned above, some of the Directors have also attended other programmes on their own accord.

**Remuneration Framework**

The Board determines the remuneration of Non-Executive Directors, Executive Directors, and other Senior Management staff of the Group, with the interested Directors abstaining from discussions with respect to their remuneration.

## Access To Information And Advice

In the discharge of their duties, all Directors have direct access to the Senior Management, and have complete and unrestricted access to information pertaining to the Group's businesses and affairs. The relevant Senior Management personnel are invited to attend Board meetings to report to the Board on matters relating to their areas of responsibility, and to brief and provide details to the Directors on recommendations or reports submitted to the Board.

The advice and services of the Group Company Secretary are readily available to the Board in matters of governance and in complying with statutory duties, including compliance with the Main Market Listing Requirements of Bursa Securities.

In order to assist Directors in fulfilling their responsibilities, each Director has the right to seek independent professional advice regarding his responsibilities at the expense of the Group. In addition, the Board and each Board Committee, at the expense of the Group, may obtain professional advice that they require to assist them in their decision making process and enable them to discharge their duties effectively.

## Group Company Secretary

The Group Company Secretary reports directly to the Board and is the source of guidance and advice to the Directors on areas of corporate governance, relevant legislations, regulations and policies, besides ensuring compliance with the Main Market Listing Requirements of Bursa Securities and other regulatory requirements.

The Group Company Secretary attends Board and Board Committees meetings, and is responsible for the accuracy and adequacy of records of the proceedings of Board and Board Committees meetings and resolutions.

## Compliance Framework

### • Code of Ethics

As part of the GIP, the Group has recently adopted a revised Code of Ethics based on six (6) principles, i.e. compliant, responsible, ethical, accurate, trustworthy and equitable. The Code of Ethics provides a clear direction on conducting business, interacting with community, government and business partners, and general workplace behaviour. It also includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, good practices, internal controls, and the duty to report where there is a breach of Code of Ethics.

The Code of Ethics has been cascaded to all employees through various methods and medium, such as e-Learning modules and physical workshops conducted by respective Senior Management to their team members. This is to ensure full understanding of the Code of Ethics and for proper embedding into the work culture across all businesses within the Group.

### • Whistleblowing Policy

The Whistleblowing Policy provides an avenue for employees, suppliers, business partners and customers to voice their grievances and raise their concerns about any malpractices involving the Group without any fear of repercussions.

A copy of the Whistleblowing Policy is available on the Company's website at [www.ambankgroup.com](http://www.ambankgroup.com).

## Board Meetings And Time Commitment

The calendar of meetings of the Board and Board Committees is drawn up and distributed to the Board in the quarter preceding the beginning of the new calendar year. This is to enable the members of the Board to meet the time commitment for the meetings.

The Board meets a minimum of eight (8) times per year, wherein Board papers and reports are circulated to Directors five (5) calendar days prior to the meetings to allow Directors sufficient time to review and peruse the Board papers and reports from Management or if deemed necessary, to seek independent professional advice at the Group's expense. Additional Board meetings are convened whenever necessary. The Senior Management team of the subsidiaries are invited to attend Board meetings to provide presentations and detailed explanations on matters that have been tabled.

At Board meetings, the Chairman encourages constructive and healthy debates, and Directors are free to express their views. Any Director who has a direct or deemed interest in a material transaction or material arrangement shall not be at the Board meeting where the material transaction or material arrangement is being deliberated by the Board. Decisions of the Board are made unanimously or by consensus with dissenting views raised by any Director being recorded.

The Directors' commitment to carry out their duties and responsibilities is affirmed by their attendance at the Board meeting held during the FY2016 as set out below. Sixteen (16) Board meetings were held during FY2016.



NAME OF DIRECTOR	NUMBER OF BOARD MEETINGS		
	Held During Tenure in Office	Attended	%
<b>Tan Sri Azman Hashim</b> (Non-Independent Non-Executive Chairman)	16	16	100
<b>Graham Kennedy Hodges</b> (Appointed on 30 June 2016) (Non-Independent Non-Executive Director)	-	-	-
<b>Suzette Margaret Corr</b> (Non-Independent Non-Executive Director)	16	15	94
<b>Soo Kim Wai</b> (Non-Independent Non-Executive Director)	16	16	100
<b>Tun Mohammed Hanif bin Omar</b> (Non-Independent Non-Executive Director)	16	13	81
<b>Dato' Seri Ahmad Johan bin Mohammad Raslan</b> (Executive Director/Senior Adviser)	16	16	100
<b>Dato' Rohana binti Mahmood</b> (Senior Independent Non-Executive Director)	16	16	100
<b>Voon Seng Chuan</b> (Appointed on 18 June 2015) (Independent Non-Executive Director)	14	14	100
<b>Wasim Akhtar Saifi</b> (Appointed on 23 February 2016) (Independent Non-Executive Director)	3	3	100
<b>Datuk Shireen Ann Zaharah binti Muhiudeen</b> (Appointed on 30 June 2016) (Independent Non-Executive Director)	-	-	-
<b>Seow Yoo Lin</b> (Appointed on 30 June 2016) (Independent Non-Executive Director)	-	-	-
<b>Dato' Azlan Hashim</b> (Retired on 20 August 2015) (Non-Independent Non-Executive Deputy Chairman)	5	1*	20
<b>Tan Sri Datuk Clifford Francis Herbert</b> (Retired on 20 August 2015) (Senior Independent Non-Executive Director)	5	4	80
<b>Tan Sri Datuk Dr Aris Osman @ Othman</b> (Retired on 20 August 2015) (Independent Non-Executive Director)	5	4	80
<b>Chin Yuen Yin</b> (Resigned on 30 October 2015) (Independent Non-Executive Director)	10	8	80
<b>Shayne Cary Elliott</b> (Resigned on 15 October 2015) (Non-Independent Non-Executive Director)	9	5	56
<b>Mark David Whelan</b> (Resigned on 1 March 2016) (Non-Independent Non-Executive Director)	14	12	86

\* Due to health reasons.

### Board Committees

The Board delegates certain responsibilities to the Board Committees. The Committees that assist the Board are as follows:

1. Group Nomination and Remuneration Committee
2. Group Information Technology Committee
3. Group Risk Management Committee
4. Audit and Examination Committee
5. Governance Committee

The criteria for the membership are based on a Director's skills and experience, as well as his/her ability to add value to the Board Committee.

The Group Chief Executive Officer, the Chief Executive Officers and other Senior Management staff are invited to attend the relevant Board Committee meetings.

## Group Nomination And Remuneration Committee

The Committee comprises seven (7) members, all of whom are Non-Executive Directors, and is chaired by an Independent Non-Executive Director. The Committee is responsible for:

- Regularly reviewing the overall composition of the Board, in terms of the appropriate size, skills, experience, qualification and diversity in terms of gender, ethnicity and age, as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors.
- Recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.
- Assessing the performance and effectiveness of individuals and collective members of the Board and Board Committees of the Company and its banking subsidiaries.
- Recommending to the Board a formal and transparent procedure for developing the remuneration policy for Directors, Key Management Personnel, Chief Internal Auditor and staff for the approval of the full Board. The Committee shall ensure that compensation is competitive and consistent with the Group's culture, objectives and strategy, and reflects the responsibility and commitment, which goes with Board membership and Key Management Personnel.
- Oversee the implementation of Executives' Share Scheme (the "Scheme") in accordance with the By-Laws of the Scheme as approved by the shareholders of the Company and to perform such other functions as may be requested by the Board.

The Committee met thirteen (13) times during FY2016:

NAME OF COMMITTEE MEMBERS	NUMBER OF COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
<b>Dato' Rohana binti Mahmood (Chairman)</b> (Senior Independent Non-Executive Director)	13	13	100
<b>Suzette Margaret Corr</b> (Non-Independent Non-Executive Director)	13	13	100
<b>Soo Kim Wai</b> (Non-Independent Non-Executive Director)	13	13	100
<b>Tun Mohammed Hanif bin Omar</b> (Non-Independent Non-Executive Director)	13	10	77
<b>Voon Seng Chuan</b> (Appointed as Member on 14 July 2015) (Independent Non-Executive Director)	8	8	100
<b>Wasim Akhtar Saifi</b> (Appointed as Member on 23 February 2016) (Independent Non-Executive Director)	1	1	100
<b>Datuk Shireen Ann Zaharah binti Muhiudeen</b> (Appointed as Member on 30 June 2016) (Independent Non-Executive Director)	-	-	-
<b>Tan Sri Datuk Clifford Francis Herbert</b> (Retired as Director on 20 August 2015) (Senior Independent Non-Executive Director)	6	6	100
<b>Tan Sri Datuk Dr Aris Osman @ Othman</b> (Retired as Director on 20 August 2015) (Independent Non-Executive Director)	6	4	67
<b>Chin Yuen Yin</b> (Resigned as Director on 30 October 2015) (Independent Non-Executive Director)	4	3	75



### Group Information Technology Committee

Group Information Technology Committee ("GITC") comprises three (3) members, two (2) of whom are Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The Committee is responsible to provide governance for Information Technology ("IT") and to ensure that the overall strategic IT direction is aligned with the Group's business objectives and strategy. GITC's key responsibilities include the following:

- To provide strategic direction for IT development within the Group and ensuring that IT, digitisation and technology-related innovation strategic plans are aligned and integrated with the Group's business objectives and strategy.
- To ensure the establishment of Groupwide IT policies, procedures and frameworks including IT security and IT risk management to ensure the effectiveness of internal control systems and the reliability of the management information systems.
- To provide oversight of the Group's long-term IT strategic plans and budgets and implementation.
- To establish key performance indicators and service level agreements in measuring and monitoring the overall performance, efficiency and effectiveness of IT services delivered or received by the Group.
- To oversee the adequacy and utilisation of the Group's IT resources including computer hardware, software, personnel who are involved in the development, modification and maintenance of computer programmes and related standard procedures.
- To review IT planning and strategy, including the financial, tactical and strategic benefits of proposed significant information technology-related projects and initiatives.
- To advise the Board on matters within the scope of GITC, as well as any major IT-related issues that merit the attention of the Board.
- To review and approve allowed deviations under BNM guidelines.

There were seven (7) meetings held during FY2016:

NAME OF COMMITTEE MEMBERS	NUMBER OF COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
<b>Voon Seng Chuan (Chairman)</b> (Appointed as Member on 18 June 2015) (Independent Non-Executive Director)	6	6	100
<b>Dato' Seri Ahmad Johan bin Mohammad Raslan</b> (Executive Director/Senior Adviser)	7	7	100
<b>Seow Yoo Lin</b> (Appointed as Member on 30 June 2016) (Independent Non-Executive Director)	-	-	-
<b>Dato' Azlan Hashim</b> (Retired as Director on 20 August 2015) (Non-Independent Non-Executive Director)	2	1*	50
<b>Dato' Rohana binti Mahmood</b> (Resigned as Member on 3 September 2015) (Senior Independent Non-Executive Director)	3	3	100
<b>Chin Yuen Yin</b> (Resigned as Director on 30 October 2015) (Independent Non-Executive Director)	2	2	100

\* Due to health reasons.

## Group Risk Management Committee

The Group Risk Management Committee oversees the adequacy of risk management within the Group.

The membership of the Committee comprises three (3) members, all of whom are Non-Executive Directors and is chaired by an Independent Non-Executive Director. The responsibilities of the Committee include the review and evaluation of:

- Senior Management's activities in managing risk;
- High-level risk exposures and risk portfolio composition;
- The Company/Group's risk management strategies, policies, frameworks, methodologies and risk tolerance standards; and
- The overall effectiveness of the control and risk management infrastructure (together with Group Internal Audit Department), and reporting to the Board.

There were eight (8) meetings held during the FY2016:

NAME OF COMMITTEE MEMBERS	NUMBER OF COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
<b>Wasim Akhtar Saifi (Chairman)</b> (Appointed as Member and Chairman on 8 June 2016) (Independent Non-Executive Director)	-	-	-
<b>Voon Seng Chuan</b> (Appointed as Member on 20 August 2015) (Independent Non-Executive Director)	5	5	100
<b>Datuk Shireen Ann Zaharah binti Muhiudeen</b> (Appointed as Member on 30 June 2016) (Independent Non-Executive Director)	-	-	-
<b>Dato' Rohana binti Mahmood</b> (Resigned as Chairman/Member on 8 June 2016) (Senior Independent Non-Executive Director)	5	5	100
<b>Tan Sri Datuk Clifford Francis Herbert</b> (Retired as Director on 20 August 2015) (Senior Independent Non-Executive Director)	3	3	100
<b>Tan Sri Datuk Dr Aris Osman @ Othman</b> (Retired as Director on 20 August 2015) (Independent Non-Executive Director)	3	3	100
<b>Mark David Whelan</b> (Resigned as Director on 1 March 2016) (Non-Independent Non-Executive Director)	7	5	71
<b>Chin Yuen Yin</b> (Resigned as Director on 30 October 2015) (Independent Non-Executive Director)	2	1	50

## Audit And Examination Committee

The Audit and Examination Committee ("AEC") comprises three (3) members, two (2) of whom are Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The AEC is responsible for the oversight and monitoring of:

- The Group's financial reporting, accounting policies and internal controls;
- The Group's Internal Audit functions. This includes the appointment, performance evaluation, transfer and dismissal of the Chief Internal Auditor;
- Compliance with regulatory requirements; and
- The appointment, scope of work and evaluation of the external auditor.

It is the Board's policy that at least one (1) member of the AEC shall have an accounting qualification or experience in the field of finance. This is met with the membership of Soo Kim Wai and Seow Yoo Lin with the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. The AEC meets regularly with the external auditor and Group Internal Audit.

Details of the AEC members and their attendance record and the activities undertaken by the AEC during FY2016 are set out in the AEC Report on page 62 of this Annual Report.



## Governance Committee

The Governance Committee ("GC") comprises four (4) members, majority of whom are Non-Executive Directors. The GC is chaired by an Independent Non-Executive Director.

The GC is established as a committee of the Board to assist the Group in discharging its responsibilities in respect of the following:

- To provide oversight over the Group's Composite Risk Rating remediation initiatives.
- To drive the implementation of governance initiatives, including specific tasks as mandated by the Board.

For purposes of this Committee, the Group comprises the following entities:

- AMMB Holdings Berhad
- AmBank (M) Berhad
- AmInvestment Bank Berhad
- AmBank Islamic Berhad

The GC met seventeen (17) times during the FY2016:

NAME OF COMMITTEE MEMBERS	NUMBER OF COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
<b>Dato' Rohana binti Mahmood (Chairman)</b> (Senior Independent Non-Executive Director)	17	17	100
<b>Soo Kim Wai</b> (Appointed as Member on 29 April 2015) (Non-Independent Non-Executive Director)	15	15	100
<b>Dato' Seri Ahmad Johan bin Mohammad Raslan</b> (Executive Director/Senior Adviser)	17	17	100
<b>Wasim Akhtar Saifi</b> (Appointed as Member on 23 February 2016) (Independent Non-Executive Director)	1	1	100

## Accountability And Audit

### Financial Reporting

#### Statement Of Directors' Responsibility In Respect Of The Audited Financial Statements

The Board is required by the Companies Act, 1965, to prepare financial statements for each financial year that give a true and fair view of the Group and its state of affairs, results and cash flows, at the end of the financial year. Following discussions with the statutory external auditors, the Directors consider that appropriate accounting policies are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records that are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act, 1965.

The Board and Board Committees have the general responsibility for taking such steps to safeguard the assets of the Group.

#### Related Party Transactions

The Board is responsible at all times for determining potential or actual conflict of interest in relation to any matter which comes before the Board.

The Board, through the AEC, reviews all recurring related party transactions on a quarterly basis, in addition to other new related party transactions entered into during the financial year.

Details of these transactions are set out under Note 42 to the Financial Statements on pages 227 to 228 of this Annual Report.

#### Internal Control

It is important to emphasise that the ultimate responsibility for ensuring sound internal control system that provides reasonable assurance on the effectiveness and efficiency of the system lies with the Board. The Group's system of internal control is designed to manage the risk of failure to achieve the Company's corporate objectives, as well as safeguard the shareholders' investments and the Group's assets.

Details of the Group's internal control system is set out in the Statement on Risk Management and Internal Control on pages 70 to 71 of this Annual Report.

## Independence Of External Auditors

Messrs. Ernst & Young (“EY”) is the Company’s statutory external auditor and the auditor of the Group’s consolidated accounts for the preparation of this Annual Report. The external auditor performs independent audits in accordance with the approved standards on auditing in Malaysia, and reports directly to the AEC. The AEC additionally:

- Approves all audit and non-audit services.
- Regularly reviews the independence of the external auditor.
- Evaluates the effectiveness of the external auditor.
- Meets with the statutory external auditor at least twice a year, without the presence of Management.

The AEC engages in regular discussion with the senior audit partner from EY and acts as the key representative for overseeing the Group’s relationship with the external auditors. In compliance with the Malaysian Institute of Accountants By-Law (On Professional Ethics, Conduct and Practice), audit partners are rotated every five (5) years to ensure objectivity, independence and integrity of the audit opinions. The current Engagement Partner of EY, Chan Hooi Lam, has been heading the audit of the Group for the past two (2) years.

The statutory external auditor is re-appointed by the shareholders of the Company annually, based on the recommendation of the Board.

The statutory external auditor may not provide services that are perceived to be in conflict with its role. These include assisting in the preparation of the financial statements and sub-contracting of operational activities normally undertaken by Management, and engagements where the auditor may ultimately be required to express an opinion on its own work.

Specifically the Group’s policy:

- Limits the non-audit service that may be provided, and
- Requires that audit and permitted non-audit services must be approved by the AEC.

The AEC has reviewed the summary of the non-audit services provided by the external auditor in FY2016 and has confirmed that the provision of services is compatible with the general standard of independence for auditors.

The total statutory and non-statutory audit fees for the Group (excluding expenses and service tax) in the FY2016 amounted to RM2.55 million (FY2015: RM2.42 million).

Assurance-related and other non-audit fees for FY2016 (excluding expenses and service tax) amounted to RM3.53 million (FY2015: RM2.27 million). These fees are primarily related to assurance services such as limited reviews, validation of Perbadanan Insurans Deposits Malaysia Returns and risk models validation work.

