

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1015
COMPANY NAME : AMMB HOLDINGS BERHAD
FINANCIAL YEAR : March 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application :	Applied										
Explanation on application of the practice :	<p>(1) The Board of AmBank Group (the 'Company') [the 'Board'] is committed to high standards of corporate governance and strives to ensure that it is practiced throughout the Group as a fundamental part of discharging their responsibilities to protect and enhance shareholders' value and raise the performance of the Group.</p> <p>The Group's core values – <i>pace</i></p> <table border="1"> <tr> <td>Principled</td> <td>Integrity and professionalism remain the thrust of all we do, and we take accountability for all our actions.</td> </tr> <tr> <td>Proactive</td> <td>We approach every challenge positively, initiate change responsibly and always anticipate the needs of all our colleagues, customers and our community.</td> </tr> <tr> <td>Appreciative</td> <td>We value and recognise everyone's role and contribution, and always provide support to our customers and colleagues.</td> </tr> <tr> <td>Collaborative</td> <td>We collaborate in everything we do. We are part of an organisation that fosters teamwork and open communication.</td> </tr> <tr> <td>Experimental</td> <td>We strive to seek new and relevant ways of growing ourselves, our customers, our business and our community in a sustainable manner.</td> </tr> </table> <p>These core values form the basis of the right work ethics, conduct and behaviour which all employees must adopt in order for the Group to achieve its Vision and Mission. The Board further ensures that these values are propagated and operationalised through the establishment of various internal policies, details of which are further described in the explanation to the application of Practice 3.1 in this report.</p> <p>The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016, Main Market Listing Requirements ('MMLR') of Bursa Malaysia Securities Berhad ('Bursa Securities'), Bank Negara Malaysia and other regulatory guidelines and requirements that are in force.</p>	Principled	Integrity and professionalism remain the thrust of all we do, and we take accountability for all our actions.	Proactive	We approach every challenge positively, initiate change responsibly and always anticipate the needs of all our colleagues, customers and our community.	Appreciative	We value and recognise everyone's role and contribution, and always provide support to our customers and colleagues.	Collaborative	We collaborate in everything we do. We are part of an organisation that fosters teamwork and open communication.	Experimental	We strive to seek new and relevant ways of growing ourselves, our customers, our business and our community in a sustainable manner.
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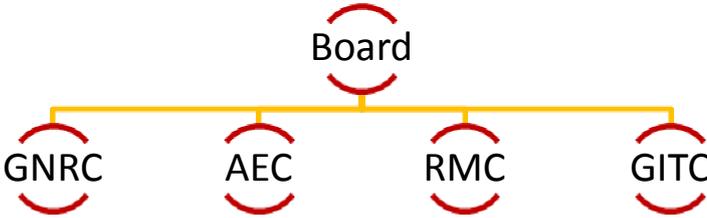
The Board is also guided by the Board Charter, which sets out the principles and guidelines to be applied by the Board, whilst the Board committees are guided by its respective Terms of Reference ('TOR'). The Board Charter and the TOR of Audit and Examination Committee and Group Nomination and Remuneration Committee can be found on the Company's corporate website at ambankgroup.com.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. To discharge the Board's stewardship responsibilities, the Board has assumed the following principal roles and responsibilities: -

- To review, approve and monitor the strategic business plans, goals and key policies proposed by Management to ensure sustainability and optimisation of long-term returns;
- To ensure that appropriate policies are in place, adopted effectively and are reviewed periodically;
- To review and approve financial statements;
- To review and manage principal risks and adequacy of the Company's internal control systems including systems for compliance with applicable laws, regulations, rules and guidelines;
- To ensure that there is an appropriate succession plan for members of the Board and the Senior Management team in ensuring the appointment of the right leaders; and
- To be accountable to its shareholders and stakeholders whom may be affected by the Company's decision such as employees, suppliers, customers, the local community and the state/country where the Company is operating.

(2) The Board is collectively responsible in promoting the success of the Group in building a sustainable and profitable business admired by customers and stakeholders whilst achieving strong returns for the shareholders.

The Group's sustainability strategies are disclosed in the **Sustainability Statement** of the 2019 Integrated Annual Report of the Company ('AR2019') which provides more insightful view of the Group's sustainability practices and performance in addressing sustainability risks and opportunities.

	<p>(3) The Board is supported by the following Board Committees during the financial year ended 31 March 2019 ('FY2019') :-</p> <div style="text-align: center;">  <pre> graph TD Board((Board)) --- GNRC((GNRC)) Board --- AEC((AEC)) Board --- RMC((RMC)) Board --- GITC((GITC)) </pre> </div> <p><i>Notes :</i> GNRC – Group Nomination and Remuneration Committee AEC – Audit and Examination Committee RMC – Risk Management Committee GITC – Group Information Technology Committee</p> <p>A summary of the key activities of the Board and Board Committees during FY2019 is disclosed in the CG Overview Statement of the AR2019.</p>
<p>Explanation : for departure</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice</p>	<p>The Chairman of the Board plays an important leadership role within the Group. His roles and responsibilities are detailed in the Board Charter, which is summarised as follows :-</p>

	<ul style="list-style-type: none"> ✓ <i>Setting value and standards.</i> ✓ <i>Ensure appropriate procedures in place to govern the Board's operation.</i> ✓ <i>Maintain relationship of trust between Executive, Non-Executive and Management.</i> ✓ <i>Ensure decisions taken on a sound and well-informed basis with sufficient time allocation.</i> ✓ <i>Set Board agenda and ensure accurate, timely and clear information to Directors.</i> ✓ <i>Encourage healthy discussion and dissenting views can be freely expressed.</i> ✓ <i>Leading efforts to address the Board's development needs.</i> <p>The Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application :	Applied				
Explanation on application of the practice :	<p>(1) The positions of Chairman and Group CEO are held by different individuals who are not related to each other. The separation of duties of the Chairman and the Group CEO are clearly defined in the Board Charter.</p> <table border="0" style="width: 100%;"> <tr> <td style="background-color: #e91e63; color: white; padding: 2px;">Chairman of the Board</td> <td style="padding: 2px;">: Tan Sri Azman Hashim</td> </tr> <tr> <td style="background-color: #e91e63; color: white; padding: 2px;">Group CEO</td> <td style="padding: 2px;">: Dato' Sulaiman bin Mohd Tahir</td> </tr> </table> <p>(2) The Chairman is a Non-Executive Director, which is in line with Paragraph 11.3 of BNM Policy Document on CG.</p>	Chairman of the Board	: Tan Sri Azman Hashim	Group CEO	: Dato' Sulaiman bin Mohd Tahir
Chairman of the Board	: Tan Sri Azman Hashim				
Group CEO	: Dato' Sulaiman bin Mohd Tahir				

	<p>(3) The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Group CEO, and through him, subject to his oversight, to other Senior Management. The roles and responsibilities of the Group CEO, among others, are as follows:-</p> <div style="border: 1px dashed black; padding: 5px; background-color: #e0e0e0;"> <ul style="list-style-type: none"> ✓ <i>Conduit between the Board and Management in ensuring the success of the Group's governance and management functions.</i> ✓ <i>Implementation of policies, strategies & decisions adopted by the Board.</i> ✓ <i>Manage the day-to-day operations of the Group's business.</i> </div> <p>The Group CEO is supported by the CEOs of its banking entities (i.e. AmInvestment Bank Berhad and AmBank Islamic Berhad) and insurance entities (i.e. AmGeneral Insurance Berhad, AmMetLife Insurance Berhad and AmMetLife Takaful Berhad) as well as the Managing Directors of the business units (i.e. Retail Banking, Business Banking and Wholesale Banking). He is also supported by the Group Financial Officer, Group Operation Officer, Group Compliance Officer, Group Risk Officer and Group Company Secretary in handling each respective field of job.</p> <p>(4) The Board monitors the performance of the Group CEO on behalf of the shareholders. Profiles of the Group CEO, CEOs of the subsidiaries, Managing Directors of business units and other support function Chief Executive are disclosed from pages 149 to 156 of the AR2019.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>(1) The Board is supported by Ms Koid Phaik Gunn ('Ms Koid'), a Chartered Secretary (MAICSA 7007433) and Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ('MAICSA'). She also holds a Bachelor of Law (Honours) degree from University of London, United Kingdom. Her profile is disclosed in page 148 of the AR2019.</p> <p>(2) Ms Koid heads the Group's Company Secretarial Department and she is supported by a team of qualified and competent company secretaries, all of whom are Associate member of MAICSA.</p> <p>(3) The role of Ms Koid as the Group Company Secretary is defined in the Board Charter. Her role and responsibilities, among others, are as follows:-</p> <div data-bbox="507 770 1394 1727" style="border: 1px dashed black; background-color: #e0e0e0; padding: 10px;"> <ul style="list-style-type: none"> ✓ <i>Ensure compliance with MMLR of Bursa Securities, BNM and other regulatory requirements.</i> ✓ <i>Guide and advise the Directors on areas of corporate governance, relevant legislations, regulations and policies as well as their roles and responsibilities.</i> ✓ <i>Attend and record all minutes of the Board and Board Committees' meetings, including general meetings.</i> ✓ <i>Responsible for the accuracy and adequacy of records of the proceedings of the Board and Board Committees' meetings as well as circular resolutions.</i> ✓ <i>Advise the Directors and Senior Management of their duties and responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during closed period, restriction on disclosure of price sensitive information and disclosure of any conflict of interest.</i> ✓ <i>Brief the Board on the content and timing of sensitive / material announcements to Bursa Securities.</i> ✓ <i>Advise the Board on corporate disclosures and compliance with the relevant changes to the laws, rules and regulations.</i> </div> <p>(4) Board Induction programme is facilitated by the Group Company Secretarial department together with the Group Learning & Development Unit ('L&D').</p> <p>On-going internal and/or external trainings are organised to ensure Directors undergo mandatory training. The list of trainings organised for the Board is disclosed under Section B of this Report.</p>

	<p>(5) Whilst the IR is generally involved in the communication and engagement with stakeholders, Ms Koid also plays an important role in advising the Board on the principles and best practices in CG to meet the Board's needs and stakeholders' expectation as well as the focal point for stakeholders' communication on CG issues.</p> <p>(6) Ms Koid keeps herself abreast of the evolving regulatory changes and development in CG by attending relevant conferences and training programmes.</p> <p>Trainings attended by Ms Koid during FY2019, aside from internal e-trainings, were as follows :-</p> <table border="1" data-bbox="491 640 1396 862"> <thead> <tr> <th data-bbox="491 640 667 674">Date</th> <th data-bbox="667 640 1396 674">Particulars of Trainings</th> </tr> </thead> <tbody> <tr> <td data-bbox="491 674 667 707">06.04.2018</td> <td data-bbox="667 674 1396 707">AmBank Group Code of Conduct Attestation</td> </tr> <tr> <td data-bbox="491 707 667 741">24.09.2018</td> <td data-bbox="667 707 1396 741">Board Technology Day</td> </tr> <tr> <td data-bbox="491 741 667 797">06.12.2018-07.12.2018</td> <td data-bbox="667 741 1396 797">Mindfulness Leadership Programme</td> </tr> <tr> <td data-bbox="491 797 667 862">13.03.2019</td> <td data-bbox="667 797 1396 862">Decoding Transaction and Related Party Transaction Rules</td> </tr> </tbody> </table>	Date	Particulars of Trainings	06.04.2018	AmBank Group Code of Conduct Attestation	24.09.2018	Board Technology Day	06.12.2018-07.12.2018	Mindfulness Leadership Programme	13.03.2019	Decoding Transaction and Related Party Transaction Rules
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Timeframe :											

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application :	Applied
Explanation on application of the practice :	<p>(1) Meetings schedule (including Board and Board Committees meetings, meetings for strategy and budget, IT and Annual General Meeting) is prepared and circulated in advance to the Directors before the start of each calendar year.</p> <p>(2) All materials for the Board and Board Committees' meetings are disseminated digitally through a secured Enterprise File Sharing solution.</p>

	<p>Notices and meeting materials are circulated to the members of the Board and Board Committees no later than seven (7) days (calendar days) preceding each meeting to allow Directors to have sufficient time to review and peruse the meeting materials from Management for effective deliberation and informed decision-making.</p> <p>(3) Deliberation and decisions of the Board and Board Committees are properly documented / recorded in the minutes, including matters where Director(s) abstained from deliberation and voting due to conflict of interest, and dissenting views and decisions.</p> <p>Minutes are circulated to all members of the Board and Board Committees, and confirmed as correct record at the next succeeding meeting.</p> <p>Decisions, recommendations and requests from the Board for appropriate follow up actions communicated to Management by the Company Secretary. These action items would remain as matters arising in the minutes until they are resolved.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

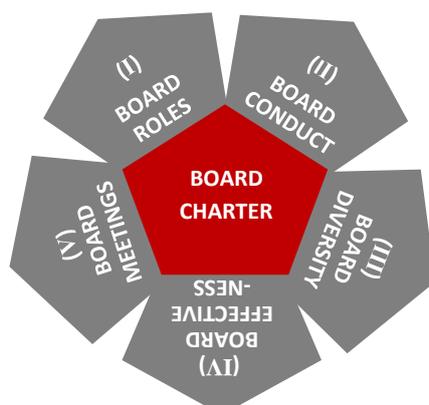
Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application :	Applied
Explanation on application of the practice :	<p>(1) The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as directors.</p> <p>The Board Charter is reviewed periodically to ensure its relevance with the latest statutory and regulatory requirements, as well as the Group's operational and business direction. It was last reviewed and approved by the Board on 27 September 2017.</p> <p>The Board Charter is available on the Company's corporate website at ambankgroup.com.</p>

BOARD CHARTER



- (2) The roles and responsibilities of the Board, Chairman, Group CEO and Group Company Secretary are set out in the Board Charter as summarised under ***Practice 1 of Principle A***.

The role of Senior Independent Director and Board Committees are as follows :-

Role of Senior Independent Director

- ✓ *A sounding board for the Chairman.*
- ✓ *An intermediary for other Directors.*
- ✓ *Point of contact for shareholders and other stakeholders.*

Role of Board Committees

The roles and responsibilities of each Board Committee are disclosed under ***Section B of this Report*** as well as the ***CG Overview Statement*** in the AR2019. Details of the roles and responsibilities of the Board Committees are also disclosed in the Board Charter and further defined in its respective TOR.

- (3) The Company has a formal Scheduled of Matters Reserved for the Board which sets out decision-making powers reserved for the Board on the following areas :-

- Corporate Matters
- Governance and Policy
- Credit and Products
- Information Technology and Projects
- Remuneration
- All Other Matters as Deemed Necessary by the Board
- Strategy and Budget
- Compliance and Assurance
- Accounting and Finance
- Board Membership and Other Appointments
- Litigation and Arbitration

Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application :	Applied
Explanation on application of the practice :	<p>(1) The Code of Conduct ('CoC') defines and sets out the foundation of ethical behaviour and drives the philosophy of "Doing the right thing" for the Group and stakeholders. The implementation of the Code of Conduct in Business practices at all levels ensures the Company operates with the highest level of professionalism and integrity. This is the building block to ensure business sustainability.</p> <p>The Code of Ethics ('CoE') which was adopted in December 2017, forms part of the CoC.</p> <p>Professional and ethical conduct is the responsibility of every Director and employee of the Group. Leaders of the Group have an added responsibility to inspire others within the Group to follow the CoC and to conduct business according to the highest standards of ethics and professional behaviour. The Chairman of the Board continuously stress to the Board and Senior Management the importance of "tone at the top" and living the attributes of the COC in day-to-day business conduct.</p>

The CoC is summarised as follows :-



(2) The CoE is based on six (6) principles i.e. C.R.E.A.T.E.



The CoE provides the framework for decision-making and guides business conduct. 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 any breach of the CoE. High expectations of work ethics are embodied in the Group’s core values of principle, proactive, appreciative, connected and evolving.

(3) Both the CoC and CoE have been cascaded to all Directors and employees through various methods and medium, i.e. eLearning modules and physical workshops conducted by Management to their respective team to ensure full understanding of the CoC and CoE as well as proper embedding into the work culture across all businesses within the Group.

	<p>The CoC and CoE are also available at AmConnected, the Group's intranet for easy referencing as well as on the Company's corporate website at ambankgroup.com.</p> <p>(4) Other than the CoC and CoE, the Company has put in place the following policies and guidelines to assist and guide the Board, Management, employees and its stakeholders on good and ethical business practice and conduct :-</p> <ul style="list-style-type: none"> • No Gift Policy • Trading in AmBank Shares Policy • Related Party Transaction Policy
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application :	Applied
Explanation on application of the practice :	<p>(1) The Whistleblower Protection Policy ('WPP') provides a reliable avenue for all employees and external parties to disclose any improper conduct committed by those in authority, while ensuring protection of their identity. The policy sets the standards for acting on the reports received, protection of the whistleblower, conduct of investigations and escalation. WPP serves to promote high standards of ethical conduct and open communication and ensures protection to the whistleblower.</p> <p>The WPP is to be read in conjunction with the Whistleblower Protection Act 2010, Whistleblower Protection Guidelines and any applicable addendums issued.</p> <p>The WPP is reviewed biennially and was last reviewed and approved by the Board on 6 June 2018. The WPP is publicly available on the Company's website at ambankgroup.com.</p>

	<p>(2) The WPP is premised on ten (10) principles, which are :-</p> <table border="1" data-bbox="493 241 1396 936"> <tr> <td>Principle 1</td> <td>: Whistleblowing shall be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability</td> </tr> <tr> <td>Principle 2</td> <td>: Whistleblower should be protected for reporting any actual or suspected improper conduct upon demonstrating sufficient basis for whistleblowing</td> </tr> <tr> <td>Principle 3</td> <td>: Confidential information relating to whistleblowing should be safeguarded</td> </tr> <tr> <td>Principle 4</td> <td>: Whistleblower including his/her spouse and related persons who are employees of the Group, shall be protected from detrimental action</td> </tr> <tr> <td>Principle 5</td> <td>: Remedial actions should be taken on complaint of detrimental actions against the Whistleblower</td> </tr> <tr> <td>Principle 6</td> <td>: Ombudsperson is to be appointed as the official channel for reporting of concern</td> </tr> <tr> <td>Principle 7</td> <td>: Whistleblower should provide sufficient and accurate information on best effort basis</td> </tr> <tr> <td>Principle 8</td> <td>: Reported improper conduct shall be investigated by appointed party and deliberated at an appropriate Committee for decision making</td> </tr> <tr> <td>Principle 9</td> <td>: Appropriate communication and record maintenance shall be in place</td> </tr> <tr> <td>Principle 10</td> <td>: Violation of Policy may be subjected to disciplinary action</td> </tr> </table> <p>(3) The procedures to whistleblow are as follows :-</p> <ul style="list-style-type: none"> ➤ Dedicated Ombudspersons, email address and postal address for reporting suspected incidents of misconduct and wrongdoing ➤ Internal investigations and where applicable external expert +forensic investigators to analyse reports ➤ Recommendations on corrective action ➤ Appropriate communications, reporting and record maintenance. <p>(4) The Board's Ombudsperson is a Non-Executive Director of the Company.</p> <p>(5) The roles and responsibilities of the AEC, under the WPP are as follows :-</p> <ul style="list-style-type: none"> ➤ Reviews and determines appropriate decision and/or actions for the reported concerns. ➤ Ensures reasonably sufficient protections and processes for managing whistle blowing. ➤ Ensures Ombudspersons and Investigator have performed their due diligence in carrying out their responsibilities e.g. prima facie has been conducted appropriately by the Ombudspersons and Investigator has carried out a thorough investigation. 	Principle 1	: Whistleblowing shall be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability	Principle 2	: Whistleblower should be protected for reporting any actual or suspected improper conduct upon demonstrating sufficient basis for whistleblowing	Principle 3	: Confidential information relating to whistleblowing should be safeguarded	Principle 4	: Whistleblower including his/her spouse and related persons who are employees of the Group, shall be protected from detrimental action	Principle 5	: Remedial actions should be taken on complaint of detrimental actions against the Whistleblower	Principle 6	: Ombudsperson is to be appointed as the official channel for reporting of concern	Principle 7	: Whistleblower should provide sufficient and accurate information on best effort basis	Principle 8	: Reported improper conduct shall be investigated by appointed party and deliberated at an appropriate Committee for decision making	Principle 9	: Appropriate communication and record maintenance shall be in place	Principle 10	: Violation of Policy may be subjected to disciplinary action
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Timeframe :																					

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application :	Applied
Explanation on application of the practice :	<p>(1) The Board consist of four (4) Independent Directors out of the seven (7) Board members.</p> <div style="text-align: center;"> <p>Directors ■ Independence ■ Non-Independence</p> </div> <p>(2) To further strengthen the independence of the Board as well as ensuring diversity in its composition, the Company targets to increase its board size to eight (8) members.</p> <p>The Company is actively searching and selecting competent candidates for the role of Independent Director.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders’ approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders’ approval through a two-tier voting process.

Application :	Not applicable - Step Up 4.3 adopted
Explanation on application of the practice :	
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application :	Adopted						
Explanation on adoption of the practice :	<p>(1) The Board Charter states that “the tenure of an independent director shall not exceed a cumulative term of nine (9) years” and no exception will be considered for this provision. This is in line with the best practice stipulated in the MCCG 2017 and Paragraph 11.9 of BNM Policy Documents on CG.</p> <p>All four (4) Independent Directors of the Company have not served more than nine (9) years.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr style="background-color: #800000; color: white;"> <th style="width: 33%;">(4 years)</th> <th style="width: 33%;">(3 years)</th> <th style="width: 33%;">(2 years)</th> </tr> </thead> <tbody> <tr style="background-color: #FFD700;"> <td> <ul style="list-style-type: none"> • Voon Seng Chuan </td> <td> <ul style="list-style-type: none"> • Datuk Shireen Ann Zaharah binti Muhiudeen • Seow Yoo Lin </td> <td> <ul style="list-style-type: none"> • Farina binti Farikhullah Khan </td> </tr> </tbody> </table> <p>(2) The independence of the Board is reviewed annually and benchmarked against best practice and regulatory provisions. To ensure the integrity, independence and objectivity of the evaluation process, the Board continues with its practice of engaging an external facilitator for the Board Evaluation Effective assessment for FY2019 (‘BEE FY2019’). Based on the outcome of the BEE FY2019, all Independent Directors have scored highly and there were no conflict or potential conflict of interest which affected their independent judgment.</p> <p>The Independent Directors also satisfy the “Fit and Proper” criteria specified under the BNM Policy Document on CG.</p>	(4 years)	(3 years)	(2 years)	<ul style="list-style-type: none"> • Voon Seng Chuan 	<ul style="list-style-type: none"> • Datuk Shireen Ann Zaharah binti Muhiudeen • Seow Yoo Lin 	<ul style="list-style-type: none"> • Farina binti Farikhullah Khan
(4 years)	(3 years)	(2 years)					
<ul style="list-style-type: none"> • Voon Seng Chuan 	<ul style="list-style-type: none"> • Datuk Shireen Ann Zaharah binti Muhiudeen • Seow Yoo Lin 	<ul style="list-style-type: none"> • Farina binti Farikhullah Khan 					

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application :	Applied																													
Explanation on application of the practice :	<p>(1) GNRC regularly reviews the Board’s composition, i.e. size, skills, experience, diversity, etc. and recommend the appointment of Directors to the Board.</p> <p>Candidate for directorship is selected based on the following selection process :-</p> <div data-bbox="517 781 1401 1133" data-label="Diagram"> <pre> graph TD A[Review of Board-wide, skills, knowledge, experience and perspective] --> B[Identification of gaps and additional needs] B --> C[Sourcing suitable candidates by executive search firms or referral by Board] C --> D[Interview and evaluation by GNRC] D --> E[Appointment by the Board, subject to BNM's approval] </pre> </div> <p>The Group recognises that organisation is best reserved by constantly evolving board, with combination of fresh perspective, diverse experience and knowledge.</p> <div data-bbox="480 1317 1385 1731" data-label="Figure"> <table border="1"> <thead> <tr> <th>Category</th> <th>Sub-category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Gender</td> <td>Male</td> <td>71%</td> </tr> <tr> <td>Female</td> <td>29%</td> </tr> <tr> <td rowspan="3">Ethnicity</td> <td>Malay</td> <td>43%</td> </tr> <tr> <td>Chinese</td> <td>43%</td> </tr> <tr> <td>Australian</td> <td>14%</td> </tr> <tr> <td rowspan="2">Length of Service</td> <td>1 - 10 years</td> <td>71%</td> </tr> <tr> <td>> 10 years</td> <td>29%</td> </tr> <tr> <td rowspan="4">Age</td> <td>40 - 49</td> <td>14%</td> </tr> <tr> <td>50 - 59</td> <td>29%</td> </tr> <tr> <td>60 - 69</td> <td>43%</td> </tr> <tr> <td>70 - 79</td> <td>14%</td> </tr> </tbody> </table> </div> <p>The Board Charter states that “the Board is committed to ensuring diversity in its composition and embraces the proposition that having a diverse Board would have a positive, value-adding impact on the Company. While the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit”. The current Board has the following mix of skills, knowledge and experience:</p>	Category	Sub-category	Percentage	Gender	Male	71%	Female	29%	Ethnicity	Malay	43%	Chinese	43%	Australian	14%	Length of Service	1 - 10 years	71%	> 10 years	29%	Age	40 - 49	14%	50 - 59	29%	60 - 69	43%	70 - 79	14%
Category	Sub-category	Percentage																												
Gender	Male	71%																												
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	> 10 years	29%																												
Age	40 - 49	14%																												
	50 - 59	29%																												
	60 - 69	43%																												
	70 - 79	14%																												

Board Skills, Knowledge and Experience

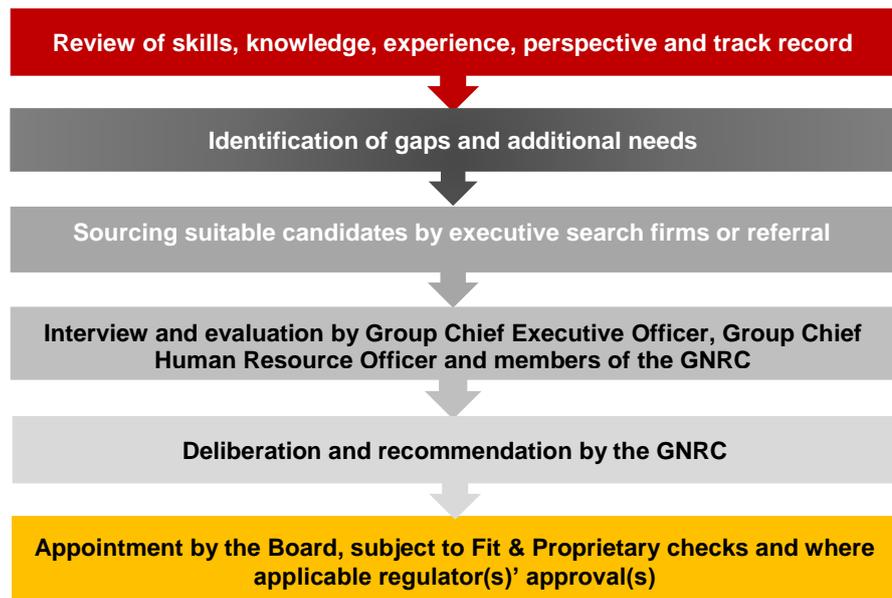


Total No. of Board Members : 7

The criteria on the recruitment process and annual assessment of Directors are contained in the Nomination Policy for Non-Executive Directors as well as in the Board Charter. Policy and procedures for appointment are disclosed in the **CG Overview Statement** of AR2019.

- (2) All Senior Management appointed had been reviewed by the GNRC before recommending to the Board for appointment. Best suited candidates are shortlisted for appointment based on their skills, experience and track record, in addition to being assessed through a broad range of interview questions.

Candidate for Senior Management is selected based on the following selection process :-



	<p>Diversity at Senior Management is valued to allow for constructive debates, which lead to better decisions and enables the discussion of the same ideas in differing ways. The appointments of Senior Management is also based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The criteria on the recruitment process and annual assessment of Senior Management are contained in the TOR of GNRC.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application :	Departure
Explanation on application of the practice :	

Explanation for departure	<p>(1) The Board Charter states that <i>“The Board shall endeavour to have at least 30% women Directors”</i>. In pursuing the Board’s gender diversity, the GNRC embarked on an extensive exercise to expand the pool of potential candidates with profiles of women professionals in the country having the combination skills, experience, and strength in qualities which could add value to an experienced Board.</p> <p>(2) Women’s participation is not only for board positions but also include Senior Management.</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;"> <p>Board</p> <p>■ Male ■ Female</p> </div> <div style="text-align: center;"> <p>Senior Management</p> <p>■ Male ■ Female</p> </div> </div> <p>Appointment of key management personnel was also made with due regards for diversity in skills, experience, background, age, cultural and gender. Senior Management team comprises 31% of women representation. Their profiles are disclosed from page 148 to 156 of the AR2019.</p> <p>(3) Percentage of women’s participation in mid-management, professional/specialist and non-executive level is detailed in page 105 of AR2019.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure	The GNRC is still searching for suitable female candidates.
Timeframe	By 31 December 2019

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	Applied
Explanation on application of the practice	<p>(1) The Nomination Policy for Non-Executive Directors states that the GNRC may source for candidates to act as Director of the Company via executive search firms and/or recommendation from other directors.</p>

	(2) It has been the Company's practice to use executive search firms to source for candidates.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application :	Applied
Explanation on application of the practice :	<p>(1) The GNRC is chaired by Mr Voon Seng Chuan, the Senior Independent Non-Executive Director of the Company.</p> <p>(2) The Board has also entrusted the GNRC with the responsibility of reviewing the Board's succession plans for Directors, including recommending candidates for Non-Executive Directors positions.</p> <p>(3) The Group has established programmes to identify employees with potential and nurture them through career development opportunities for senior management positions.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application :	Applied
Explanation on application of the practice :	<p>(1) The annual BEE encompasses the effectiveness of the Board, Board Committees, Chairman, Group CEO/CEO and Directors' self and peer evaluation. A robust and comprehensive assessment framework was used, encompassing:</p> <p>Part A: Board and Board Committee Effectiveness</p> <ul style="list-style-type: none"> i) Board Responsibilities ii) Board Composition iii) Board Remuneration iv) Board Committees v) Board Conduct vi) Board Interaction and Communication vii) Chairman viii) Group CEO / CEO ix) Board Administration and Process x) Directors' Training xi) Board Retreat Session <p>Part B: Directors' Self and Peer Evaluation</p> <ul style="list-style-type: none"> i) Board Dynamics and Participation ii) Integrity and Objectivity iii) Technical Competencies iv) Recognition v) Independence <p>(2) For five (5) consecutive years, the Company's BEE exercises were carried out by an external independent facilitator to ensure the integrity, independence and objectivity of the evaluation process. The Group's BEE evaluation processes include questionnaires and interviews with Directors and Senior Management team.</p> <p>(3) Key strengths and weaknesses are shared with the Board together with action plans drawn up to address those weaknesses.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application :	Applied
Explanation on application of the practice	<p>(1) The Board believes in a competitive and transparent remuneration framework that supports Senior Management and Directors' responsibilities and fiduciary duties to achieve the Group's long term objectives and enhance stakeholders' value.</p> <p>(2) The remuneration structure of Non-Executive Directors (NEDs) of the Company is disclosed in the CG Overview Statement in the AR2019.</p> <p>The remuneration structure of the NEDs was last reviewed in 2018 and approved by the shareholders on 31 July 2018.</p> <p>(3) The remuneration structure of senior management is governed by the GNRC, and the Board approved Total Reward Policy of the Group, where inputs from control functions and Board Risk Committees are solicited.</p> <p>Independent review is conducted periodically to ensure that the Group's Total Reward Policy and practice is in line with the industry practice and continues to support the Group's Total Reward Philosophy. The reward elements reviewed and benchmarked against similar organisations which the Group operates in, includes base salary, short term incentives, long term incentives, benefits and perquisites.</p> <p>In adopting the appropriate senior management remuneration for appointment, renewal and performance appraisal (performance based payouts), the following is taken into consideration:</p> <ul style="list-style-type: none"> • the Group's Total Reward Philosophy set against our overall strategy, productivity, performance and affordability across the Group • level of responsibility, accountability and complexity of the role • reflect the competitive nature of the industry and role • attract and retain suitably qualified talent for Senior Management • promotes prudent risk taking and long term sustainability • alignment of our long term value creation and time horizon of risk with targeted mix ratio

	<p>Senior management and Material Risk Takers remuneration package are also subject to annual review by the Group Nomination and Remuneration Committee for recommendation to the Board for approval. Material Risk Takers are defined as employees whose responsibilities have a material impact on the Group's performance and risk profile, and employees whose responsibilities require them to take on material risk exposures on behalf of the Group.</p> <p>The remuneration of the Group Chief Internal Auditor is subject to similar structure and policy, with the annual review by the AEC and recommended to the Board for approval.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application :	Applied
Explanation on application of the practice :	<p>The Board is supported by the GNRC. Members of the GNRC comprise only Non-Executive Directors with a majority being independent, i.e. four (4) out of the total six (6) members are Independent Directors.</p> <p><i>The TOR of GNRC is in line with this recommendation and the TOR is available on the Company's corporate website at ambankgroup.com.</i></p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application :	Applied
Explanation on application of the practice :	The remuneration received / receivable by each Board member is disclosed in the CG Overview Statement of the AR2019 as well as the Notes to the Financial Statements.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	(1) The Board is of the opinion that it is not to the Company's advantage or best business interest for such disclosure, considering the highly competitive market for talent in the banking industry where poaching of Executives are a common practice.

	(2) As an alternative to Practice 7.2, the Board has opted to disclose the total remuneration of the Group's Senior Management (quantitative basis) in bands of RM50,000. The remuneration table is disclosed in the CG Overview Statement of the AR2019. The remuneration of the Group CEO is also disclosed in the Financial Report 2019.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: The Board will closely monitor the developments in the market in respect of such disclosure for future consideration.
Timeframe	: This will be reviewed on annual basis in its effort towards the application of Practice 7.2.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	: Not Adopted
Explanation on adoption of the practice	:

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	: Applied						
Explanation on application of the practice	: The Chairman of the AEC is an Independent Non-Executive Director, who is not the Chairman of the Board. <table border="1" data-bbox="470 1758 1260 1915"> <tr> <th>Chairman</th> <th>Name</th> </tr> <tr> <td>Board</td> <td>: <i>Tan Sri Azman Hashim</i> (<i>Non-Independent Non-Executive Director</i>)</td> </tr> <tr> <td>AEC</td> <td>: <i>Mr Seow Yoo Lin</i> (<i>Independent Non-Executive Director</i>)</td> </tr> </table>	Chairman	Name	Board	: <i>Tan Sri Azman Hashim</i> (<i>Non-Independent Non-Executive Director</i>)	AEC	: <i>Mr Seow Yoo Lin</i> (<i>Independent Non-Executive Director</i>)
Chairman	Name						
Board	: <i>Tan Sri Azman Hashim</i> (<i>Non-Independent Non-Executive Director</i>)						
AEC	: <i>Mr Seow Yoo Lin</i> (<i>Independent Non-Executive Director</i>)						
Explanation for departure	:						

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	None of the AEC members of the Company are former key audit partners of the Group’s External Auditors.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	(1) Procedures to assess the suitability, independence and performance of external auditors have been established in accordance with BNM Guidelines on External Auditor and based on feedback and comments gathered from Management.

	<p>(2) On annual basis, the AEC assesses the suitability, objectivity, performance and independence of the external auditors. The external auditors also provide a written assurance to the AEC on their independence.</p> <p>The AEC will meet with the statutory external auditor at least twice a year without the presence of Management.</p> <p>(3) The AEC is guided by a Group Policy on Non-Audit Services by Group External Audit Firm ('Policy').</p> <p>The statutory external auditors 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.</p> <p>Appointment of external auditors for non-audit services will be evaluated by the AEC, to ensure that such appointment will not impede the external auditors' independence.</p> <p>The aggregate fees for non-audit services at the Group level should not exceed 50% of total fees (i.e. sum total of audit and non-audit services fees) incurred by the Group in any given financial year. Audit engagements and audit related services which represent expanded audit scope are exempted from the fee threshold applied to non-audit services.</p> <p>(4) The AEC engages in regular discussion with the senior audit partner of the external auditors and acts as the key representative for overseeing the Group's relationship with the external auditors.</p>
Explanation for : departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	: Adopted						
Explanation on adoption of the practice	: All members of AEC are Independent Directors. <table border="1" style="background-color: #cccccc; width: 100%;"> <tr> <td style="background-color: #cc0000; color: white;">Chairman</td> <td>: Mr Seow Yoo Lin (Independent Non-Executive Director)</td> </tr> <tr> <td style="background-color: #cc0000; color: white;">Member</td> <td>: Voon Seng Chuan (Senior Independent Non-Executive Director)</td> </tr> <tr> <td style="background-color: #cc0000; color: white;">Member</td> <td>: Farina binti Farikhullah Khan (Independent Non-Executive Director)</td> </tr> </table>	Chairman	: Mr Seow Yoo Lin (Independent Non-Executive Director)	Member	: Voon Seng Chuan (Senior Independent Non-Executive Director)	Member	: Farina binti Farikhullah Khan (Independent Non-Executive Director)
Chairman	: Mr Seow Yoo Lin (Independent Non-Executive Director)						
Member	: Voon Seng Chuan (Senior Independent Non-Executive Director)						
Member	: Farina binti Farikhullah Khan (Independent Non-Executive Director)						

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	: Applied
Explanation on application of the practice	: (1) The Chairman of the AEC, Mr Seow Yoo Lin together with another member, Puan Farina binti Farikhullah Khan are both qualified accountants. Mr Seow was the Managing Partner of KPMG Malaysia who retired from the firm in 2011 while Puan Farina last held executive position was as Chief Financial Officer of Petronas Chemical Group Berhad in 2015. (2) All members of the AEC are financially literate with extensive corporate experience. Their profiles are disclosed on pages 146 and 147 of the AR2019.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

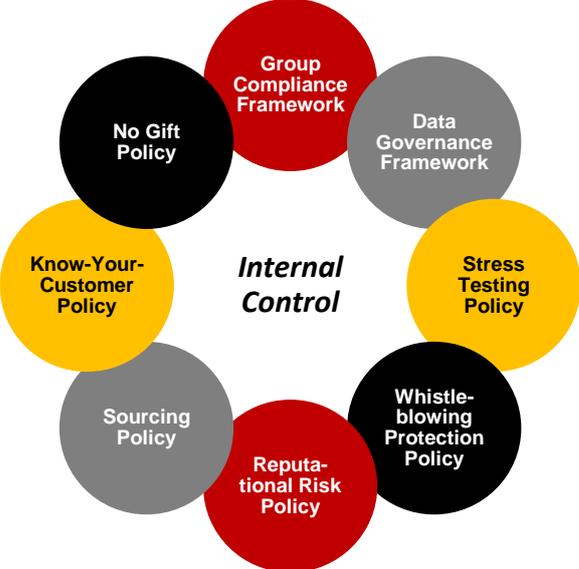
Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application :	Applied
Explanation on application of the practice :	<p>(1) The Board understands that the ultimate responsibility for ensuring a sound internal control system which provides reasonable assurance on the effectiveness and efficiency of the system lies with the Board.</p> <p>(2) 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 but not absolute assurance from the non-concurrence of risk.</p> <p>(3) The Group has developed a set of comprehensive policies and frameworks to address key risks, promote a risk management culture and set out clear internal controls. Amongst the key policies/frameworks are :-</p> <div style="text-align: center;">  </div> <p>All policies and frameworks are approved by the Board and are reviewed at least biennially.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application :	Applied
Explanation on application of the practice :	(1) The RMC reviews all policies and frameworks in relation to risk management and internal controls, risk management strategies, risk tolerance and risk appetite settings before recommending to the Board for approval. (2) Risk tolerance and risk appetite settings are reviewed bi-annually while policies and frameworks are reviewed at least biennially. All reviews take into account imminent risks and changes in the regulatory and operating environment and observations from the period under review.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Adopted						
Explanation on adoption of the practice :	The RMC comprises majority of independent directors. It is chaired by an independent director. <table border="0" style="width: 100%; background-color: #cccccc;"> <tr> <td style="background-color: #cc0000; color: white; padding: 2px;">Chairman</td> <td style="padding: 2px;">: <i>Datuk Shireen Ann Zaharah binti Muhiudeen (Independent Non-Executive Director)</i></td> </tr> <tr> <td style="background-color: #cc0000; color: white; padding: 2px;">Member</td> <td style="padding: 2px;">: <i>Voon Seng Chuan (Senior Independent Non-Executive Director)</i></td> </tr> <tr> <td style="background-color: #cc0000; color: white; padding: 2px;">Member</td> <td style="padding: 2px;">: <i>Graham Kennedy Hodges (Non-Independent Non-Executive Director)</i></td> </tr> </table>	Chairman	: <i>Datuk Shireen Ann Zaharah binti Muhiudeen (Independent Non-Executive Director)</i>	Member	: <i>Voon Seng Chuan (Senior Independent Non-Executive Director)</i>	Member	: <i>Graham Kennedy Hodges (Non-Independent Non-Executive Director)</i>
Chairman	: <i>Datuk Shireen Ann Zaharah binti Muhiudeen (Independent Non-Executive Director)</i>						
Member	: <i>Voon Seng Chuan (Senior Independent Non-Executive Director)</i>						
Member	: <i>Graham Kennedy Hodges (Non-Independent Non-Executive Director)</i>						

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application :	Applied
Explanation on application of the practice :	(1) The AEC established a mechanism to assess the competency, performance and effectiveness of the Internal Audit function. (2) The Group Internal Audit operates under an audit charter mandated by the AEC which gives unrestricted access to review all activities of the Group. The AEC approves Group Internal Audit's annual plan, monitors the progress of the completion of the Audit plan, as disclosed in the AEC report. (3) The AEC has direct communication channel with the Group Chief Internal Auditor ('CIA') and meets regularly with the Group CIA without the presence of Management. The Group CIA reports directly to the AEC. (4) The AEC reviews the adequacy of Group Internal Audit's resources and evaluates the performance of the Group Chief Internal Auditor. (5) All audit reports are tabled to the AEC and a Group Internal Audit Activity Report is tabled at every AEC meeting, highlighting key issues and concerns arising from the audits conducted.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application :	Applied
Explanation on application of the practice :	<p>(1) The Group Internal Audit Department is independent from the business and operating activities. Please refer to Section on Internal Audit in the CG Overview Statement of the AR2019.</p> <p>(2) The profile of the Group CIA, Encik Shamsul Bahrom Mohamed Ibrahim is disclosed on page 154 of the AR2019.</p> <p>(3) A brief statement on Internal Audit Function with a summary of its key activities is disclosed in the CG Overview Statement of the AR2019.</p> <p>(4) The availability of resources in the internal audit department is being closely monitored. The Group Internal Audit Department has a budgeted staff strength of 105 staff.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application :	Applied
Explanation on application of the practice :	<p>(1) At AmBank Group, we uphold regular and proactive communications with our shareholders and the wider investment community including investors, fund managers, equity and fixed-income analysts and credit rating agencies.</p> <p>(2) Communication and engagement with shareholders and investors are made through various platforms and channels other than general meeting(s), including face-to-face meetings, media conferences, non-deal roadshows, analyst briefings, teleconferencing and electronic means such as the Group's Investor Relations mailbox and website.</p> <p>(3) Events conducted by the Group's Investor Relations team are listed on the Company's corporate website at ambankgroup.com/ir.</p>

	(4) The Group's quarterly results announcements are conducted via teleconferencing to cater for the wide geographical spread of the investment community and our shareholders. (5) Shareholders are encouraged to direct their inquiries via email to ir@ambankgroup.com .
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application :	Applied
Explanation on application of the practice :	<p>(1) The AR2019 has an objective of integrating the Company's material financial, economic, social, and environmental and governance issues and to demonstrate more clearly and in a holistic manner how each group of stakeholders contribute to the entire value creation chain.</p> <p>(2) By reading the AR2019 :-</p> <ul style="list-style-type: none"> • Stakeholders will understand the Company's strategies for sustainable growth; • Customers will appreciate the importance placed by the Company on offering products and services of a consistently high quality; • Business partners and stakeholders will recognise how the Company seeks to foster win-win solutions with them; and • Employees will see how the Company nurtures a stimulating and rewarding work environment. <p>(3) The Company also highlights initiatives undertaken to enhance the well-being of local communities and actions that underline its commitment in providing sound financial assistance.</p>

	(4) The process of fully integrating the Company's report will undoubtedly improve over time. The Company's intention is to progress every year towards the goal of having a fully integrated report in line with the International Integrated Reporting Council Framework.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application :	Applied
Explanation on application of the practice :	(1) The notice of AGM for 2018 was despatched to shareholders on 29 June 2018 (31 days of notice). The notice of the forthcoming AGM which will be held on 31 July 2019 will be given to shareholders on 28 June 2019, effectively serving 32 days of notice. (2) Details of the resolutions proposed together with explanatory notes and statement are set out in the notice of AGM.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application :	Applied
Explanation on application of the practice :	<p>(1) All Directors attended the Company's AGM in 2018.</p> <p>(2) The Chairman provides sufficient time and opportunities for the shareholders to participate in general meetings. Questions from the shareholders were addressed by the Chairman and members of the Board, the Group CEO and in some circumstances, by the Chairman of the Board Committees or Senior Management Team as directed by the Chairman. Summary of key matters discussed at the last year AGM is available on the Company's corporate website at ambankgroup.com.</p> <p>(3) Since the Company's AGM in 2016, all resolutions set out in the notice of general meeting(s) were voted by way of poll.</p> <p>An independent scrutineer was appointed to validate the votes cast at the general meeting.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>(1) The Company has been holding its AGM at Sime Darby Convention Centre in Kuala Lumpur since 2016. This venue is easily accessible and familiar to the shareholders of the Company.</p> <p>The venue for the forthcoming 28th AGM will also be held at Sime Darby Convention Centre.</p> <p>(2) Taking cognisance of this practice, the Board will continue to monitor developments in the market in respect of new technologies to facilitate the conduct of meetings remotely and may consider implementing the same in the future if there is a strong need for it.</p>

	(3) As an alternative to the recommended practice, shareholders who are unable to attend general meetings are allowed to appoint their respective proxies to participate, speak and vote on their behalf at all general meetings the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: The Board will closely monitor the development of this practice in the market for future consideration
Timeframe	: This will be reviewed on annual basis in its effort towards the application of Practice 12.3.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

COMPOSITION

BOARD OF DIRECTORS

1. **Tan Sri Azman Hashim**
Non-Independent Non-Executive Chairman
2. **Graham Kennedy Hodges**
Non-Independent Non-Executive Director
3. **Soo Kim Wai**
Non-Independent Non-Executive Director
4. **Voon Seng Chuan**
Senior Independent Non-Executive Director
5. **Datuk Shireen Ann Zaharah binti Muhiudeen**
Independent Non-Executive Director
6. **Seow Yoo Lin**
Independent Non-Executive Director
7. **Farina binti Farikhullah Khan**
Independent Non-Executive Director

1.1 DIRECTORS' PROFILE

TAN SRI AZMAN HASHIM

<i>Nationality</i>	Malaysian
<i>Gender/Age</i>	Male/80
<i>Date of Appointment</i>	15 August 1991
<i>Length of Tenure as Director</i>	28 Years

Qualifications

Fellow Chartered Banker (FCB)
Chartered Accountant (FCPA)
Fellow, Institute of Chartered Accountants
Fellow, Institute of Chartered Secretaries and Administrators

Directorships in Listed Issuers

None

Experience

Tan Sri Azman Hashim has been in the banking industry since 1960 when he joined Bank Negara Malaysia. He practised as a Chartered Accountant in Azman Wong Salleh and Co. from 1964 to 1971. He was on the board of Malayan Banking Berhad from 1966 to 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Malayan Banking Berhad, from 1980 until 1982 when he acquired AmInvestment Bank Berhad.

Tan Sri Azman is the Non-Independent Non-Executive Chairman of AmGeneral Holdings Berhad and AmInvestment Group Berhad, both of which are subsidiaries of the Company. He is also the Executive Chairman of Amcorp Group Berhad.

Tan Sri Azman is Chairman of the Asian Institute of Chartered Bankers, Asian Banking School Sdn Bhd, Malaysia South-South Corporation Berhad and Chairman Emeritus of Pacific Basin Economic Council. He is also a Director of the Asian Institute of Finance Berhad and Chairman of its Executive Committee of Directors.

He is the President of Malaysia South-South Association, Malaysia-Japan Economic Association, Malaysian Prison FRIENDS Club and a Member of the East Asia Business Council. He is also the Leader of the ASEAN Japanese Business Meeting (Malaysia Committee, Keizai Doyukai). He is the Pro-Chancellor of Open University of Malaysia and University Sabah Malaysia.

Tan Sri Azman is also involved in several charitable organisations as Chairman and Trustee of AmGroup Foundation and Perdana Leadership Foundation and Trustee for Yayasan Azman Hashim, Malaysian Liver Foundation, Yayasan Tuanku Najihah and Yayasan Canselor Open University Malaysia.

Declaration

He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company except as follows: Being a director and substantial shareholder of Amcorp Group Berhad, which in turn is a substantial shareholder of AMMB Holdings Berhad ('AMMB'), and being a director of Clear Goal Sdn Bhd, his family company which is deemed a substantial shareholder of AMMB by virtue of its interest in Amcorp Group Berhad.

GRAHAM KENNEDY HODGES

Nationality	Australian
Gender/Age	Male/64
Date of Appointment	30 June 2016
Length of Tenure as Director	3 Years

Qualification

Bachelor of Economics (Hons), Monash University, Australia.

Directorships in Listed Issuers

None

Experience

Graham Kennedy Hodges was appointed the Deputy Chief Executive Officer of Australia and New Zealand Banking Group Limited ('ANZ') in May 2009, and had stepped down from the role effective May 2018. Prior to that, he was the Chief Executive Officer and a director of ANZ National Bank Limited responsible for the running of ANZ Group's New Zealand business.

Mr Hodges has held the position of Group Managing Director, Corporate and various other roles in Corporate and Business Banking. He joined ANZ in 1991 and was appointed Chief Economist in 1992, a post he held for three (3) years.

Before ANZ, Mr Hodges spent several years with the International Monetary Fund in Washington DC and nine (9) years in Commonwealth Treasury in Canberra.

Mr Hodges is an Independent Non-Executive Chairman of Regis Healthcare Limited, a healthcare company listed in the Australia Securities Exchange.

Declaration

He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company except as follows: He is a board representative of Australia and New Zealand Banking Group Limited, which is deemed a substantial shareholder of AMMB by virtue of its interest in ANZ Funds Pty Ltd, a substantial shareholder of AMMB.

SOO KIM WAI

Nationality	Malaysian
Gender/Age	Male/58
Date of Appointment	4 October 2002
Length of Tenure as Director	16 years

Qualifications

Member, Malaysia Institute of Accountants

Member, Malaysian Institute of Certified Public Accountants

Fellow, Certified Practising Accountant, Australia

Fellow, Association of Chartered Certified Accountants, United Kingdom

Directorships in Listed Issuers

Director, RCE Capital Berhad

Director, Amcorp Properties Berhad

Experience

Soo Kim Wai is currently the Group Managing Director of Amcorp Group Berhad. He joined Amcorp Group Berhad in 1989 as Senior Manager, Finance, and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for five (5) years with Deloitte KassimChan from 1980 to 1985.

Mr Soo sits on the board of some private limited companies and foreign companies. He is also a board member of the British Malaysian Chamber of Commerce and serves as Non-Independent Non-Executive Chairman of AmREIT Managers Sdn Bhd, the Manager of AmFirst Real Estate Investment Trust. He is also the Non-Independent Non-Executive Chairman of AmREIT Holdings Sdn Bhd.

Mr Soo is also the Non-Independent Non-Executive Director of AmBank (M) Berhad, a wholly-owned subsidiary of the Company.

Declaration

He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company except as follows: He is the Group Managing Director of Amcorp Group Berhad, which is a substantial shareholder of AMMB.

VOON SENG CHUAN

Nationality	Malaysian
Gender/Age	Male/60
Date of Appointment	18 June 2015
Length of Tenure as Director	4 Years

Qualification

Bachelor of Science (Honours) in Mathematics, University of Malaya

Directorships in Listed Issuers

Director, Mesiniaga Berhad

Experience

Voon Seng Chuan has been part of the Information Technology (IT) industry for about three (3) decades. In April 2008, he joined the IBM Quarter Century Club reflecting his 25 years of service in IBM. He retired from IBM in March 2010.

In his 27 years of service with IBM, he held a number of roles delivering all aspects of IT products and services for clients in all industry segments in Malaysia and the Asia Pacific region. His last role in IBM prior to his retirement was Director for Mid-Market Segment in Asia Pacific.

From 2000 to 2006, Mr Voon was the Managing Director for IBM Malaysia and Brunei. Mr Voon responded to the Malaysian Government's call to transform the nation into an international shared services and outsourcing hub by leading IBM's investment in 7 regional centres/operations in Malaysia. In doing so, IBM is well positioned to transfer best practices and high-skilled expertise to the country. In 2013, Mr Voon was recognised with the 'Outsourcing Leader of the Year' award by Outsourcing Malaysia. He was also a Council Member of PIKOM (National ICT Association of Malaysia) from 1994/1995 and 1999/2000.

Mr Voon is also an Independent Non-Executive Chairman of AmBank (M) Berhad, a wholly-owned subsidiary of the Company and an Independent Non-Executive Director of Silverlake Axis Ltd.

Declaration

He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.

DATUK SHIREEN ANN ZAHARAH BINTI MUHIUDEEN

Nationality *Malaysian*
Gender/Age *Female/56*
Date of Appointment *30 June 2016*
Length of Tenure as Director *3 Years*

Qualifications

Bachelor of Science in Business Administration, University of Southern California, United States
Master of Business Administration, Loyola Marymount University, United States.

Directorships in Listed Issuers

Chairman, Independent Non-Executive Director of Bursa Malaysia Berhad (Appointed on 1 March 2019)

Experience

On 11 February 2019, Datuk Shireen Muhiudeen was selected to join the 16-member Economic Action Council, which is chaired by the Prime Minister of Malaysia, Tun Dr Mahathir Mohamad. The Council's objective is to stimulate economic growth, ensure fair distribution of wealth and improve the wellbeing of the people.

She has stepped down as Managing Director of Corston-Smith following her appointment as Non-Executive Chairman of Bursa Malaysia (Kuala Lumpur Stock Exchange), effective 1 March 2019. This appointment is by the Minister of Finance of Malaysia.

Datuk Shireen founded Corston-Smith Asset Management in 2007 after 12 years with the Malaysian arm of global insurance giant AIG Investment Corporation.

In June 2011, she was named as one of the 25 most influential women in the Asia-Pacific region for asset management by Asian Investor and in March 2014, she was honoured by Forbes Asia as one of the 50 Asia's Power Businesswomen. In all, she has more than 31 years of focused fund management expertise and is an advocate for good governance, transparency, accountability, and greater representation of women in boardrooms.

Declaration

She does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.

SEOW YOO LIN

Nationality *Malaysian*
Gender/Age *Male/63*
Date of Appointment *30 June 2016*
Length of Tenure as Director *3 Years*

Qualifications

Certified Public Accountant
Master of Business Administration, International Management Centre, Buckingham, United Kingdom
Member, Malaysian Institute of Accountants
Member, Malaysian Institute of Certified Public Accountants
Member, Malaysian Institute of Management

Directorships in Listed Issuers

Director, Southern Steel Berhad
Director, Hume Industries Berhad

Experience

Seow Yoo Lin joined KPMG Malaysia in 1977 and qualified as a Certified Public Accountant in 1980. In 1983, he was seconded to KPMG United States to gain overseas experience, specialising in banking assignments. He returned in 1985 and was admitted as Partner in 1990.

He has been the audit partner on a wide range of companies including public listed companies and multinationals in banking and finance, manufacturing, trading and services. In addition, he held various leadership roles including those of Human Resources Partner, Partner in charge of Financial Services and a member of the KPMG Asia Pacific Board.

He was a member of Executive Committee of the Malaysian Institute of Certified Public Accountants from 2009 to 2011 and a Council member of the Malaysian Institute of Accountants from 2007 to 2011. He was the Managing Partner of KPMG Malaysia from 2007 to 2010. He retired from the firm in 2011.

Mr Seow is also an Independent Non-Executive Director of AmInvestment Bank Berhad, a wholly-owned subsidiary of the Company.

Declaration

He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.

FARINA BINTI FARIKHULLAH KHAN

Nationality	Malaysian
Gender/Age	Female/47
Date of Appointment	8 August 2017
Length of Tenure as Director	More than 1 year

Qualifications

Bachelor of Commerce in Accounting, University of New South Wales, Australia
Fellow, Institute of Chartered Accountants, Australia
Advanced Management Program, Harvard Business School, United States of America

Directorships in Listed Issuers

Director, Petronas Gas Berhad
Director, KLCC Property Holdings Berhad
Director, Icon Offshore Berhad

Experience

Farina Binti Farikhullah Khan has over 20 years of working experience, predominantly in oil and gas industry. She started out her career in 1994 with Coopers & Lybrand, Australia as a Senior Associate for the Business Services unit for three (3) years.

In 1997, Farina returned to Malaysia to join Petroliaam Nasional Berhad ('PETRONAS') in the Corporate Planning and Development Division where she started as an executive and in the ensuing years until 2005, she held various positions including Senior Manager (Strategy and Portfolio) in Group Strategic Planning of PETRONAS.

She subsequently assumed the position of Chief Financial Officer of PETRONAS Carigali Sdn. Bhd, one of the largest subsidiaries of PETRONAS with operations in over 20 countries, from 2006 to 2010. She then served as the Chief Financial Officer at PETRONAS Exploration and Production Business, the largest arm of PETRONAS Business, from mid-2010 until 2013, where the business included both PETRONAS Carigali Group of Companies as well as the Petroleum Management Unit of PETRONAS.

Prior to leaving PETRONAS Group at the end of 2015 to pursue her other interests, she was the Chief Financial Officer of PETRONAS Chemical Group Berhad, the largest listed entity of PETRONAS, for two (2) years.

She is also the Independent Non-Executive Director of AmBank Islamic Berhad, a wholly-owned subsidiary of the Company and an Independent Non-Executive Director of KLCC REIT Management Sdn Bhd, the Manager of KLCC Real Estate Investment Trust.

Declaration

She does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.

1.2 COMPOSITION OF BOARD COMMITTEE

AUDIT AND EXAMINATION COMMITTEE ('AEC')

1. **Seow Yoo Lin (Chairman)**
Independent Non-Executive Director
2. **Voon Seng Chuan**
Senior Independent Non-Executive Director
3. **Farina binti Farikhullah Khan**
Independent Non-Executive Director

GROUP NOMINATION AND REMUNERATION COMMITTEE ('GNRC')

1. **Voon Seng Chuan (Chairman)**
Senior Independent Non-Executive Director
2. **Graham Kennedy Hodges**
Non-Independent Non-Executive Director
3. **Soo Kim Wai**
Non-Independent Non-Executive Director
4. **Datuk Shireen Ann Zaharah binti Muhiudeen**
Independent Non-Executive Director
5. **Seow Yoo Lin**
Independent Non-Executive Director
(Appointed as member on 27 November 2018)
6. **Farina binti Farikhullah Khan**
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE ('RMC')

1. **Datuk Shireen Ann Zaharah binti Muhiudeen (Chairman)**
Independent Non-Executive Director
2. **Graham Kennedy Hodges**
Non-Independent Non-Executive Director
3. **Voon Seng Chuan**
Senior Independent Non-Executive Director

GROUP INFORMATION AND TECHNOLOGY COMMITTEE ('GITC')

1. **Voon Seng Chuan (Chairman)**
Senior Independent Non-Executive Director
2. **Soo Kim Wai**
Non-Independent Non-Executive Director
3. **Seow Yoo Lin**
Independent Non-Executive Director

1.3 CHANGES TO THE BOARD DURING THE FINANCIAL YEAR ENDED 31 MARCH 2019 ('FY2019')

There was no change to the Board's composition during the financial year under reviewed.

1.4 TRAININGS PROVIDED TO THE BOARD

Date	Trainings provided to the Board during FY2019
2018	
April	5 th BNM-FIDE Forum Annual Dialogue with the Deputy Governor of Bank Negara Malaysia ('BNM'), Datuk Shaik Abdul Rasheed Abdul Ghaffour
	Board Technology Day – Blockchain and the Impact to Financial Services by Mr Paul Sin (Deloitte)
	Board Technology Day – Defining the Digital Bank by Mr Daragh O'bryen (NSEL)
	Briefing on Direction on Compliance
May	Asian Institute of Chartered Bankers' ('AICB') Graduation Ceremony – Delivered Opening Address as Chairman, AICB
	Briefing on impact of the post General Election 14
	Briefing on Capital Rules under Financial Holding Company
June	22 nd Malaysian Banking Summit – "Reimagining Banking in a Digital and Disruptive World" – Delivered Opening Address as Chairman, AICB
	In Conversation with Stephen Hagger – Malaysia's politics and landscape by Credit Suisse
July	Malaysia Productivity Corporation ("MPC") Launching of Productivity Report 2017/2018 "Driving Productivity of the Nation" – Delivered Welcome Address as Chairman MPC
	Mid-Year Outlook 2018 by Bank of Singapore
	Creating and Preserving Your Wealth with Bank of Singapore by Bank of Singapore
	FIDE Forum – Blockchain in Financial Services Industry

	<i>FIDE Elective Programme – Emerging Risks, the Future Board and Return on Compliance</i>
August	<i>Tax Workshop – Capital Statement by Deloitte / Inland Revenue Board</i>
	<i>Winner or Losers: Asian equities amidst trade tensions and tariffs by JP Morgan</i>
	<i>FIDE Elective Programme – Anti-Money Laundering / Counter Financing of Terrorism</i>
	<i>FIDE Forum – IBM Think Malaysia</i>
September	<i>SAL DCT x Conference – Digital Banking</i>
	<i>Board Technology Day – Digital Banking by Mr Chris Skinner</i>
October	<i>MIA International Accountants Conference 2018 by Malaysian Institute of Accountants</i>
November	<i>36th JAMECA-MAJECA Joint Conference & Malaysia Business Forum – Delivered Opening Address as President of Malaysia Japan Economic Association</i>
	<i>Grosvenor Asia Pacific Breakfast Seminar by Grosvenor</i>
	<i>Budget 2019 – Doing Business in the New Malaysia</i>
	<i>BNM-FIDE Forum Conversation Dialogue with Senior Officials BNM – Session 1</i>
	<i>2019 Budget : What You Need to Know: The Economy, Capital Market and You</i>
	<i>Induction: Board of Directors- AmInvestment Bank Berhad</i>
	<i>Islamic Finance for Board of Directors Programme</i>
	<i>Post Budget 2019 Review – Amcorp Group In-House Training by BDO</i>
	<i>MPC Annual Productivity & Innovation Conference and Exposition (“APIC”) 2018 – Delivered Closing Address as Chairman MPC</i>
	<i>FIDE Forum Dialogue with Senior Officials BNM</i>
December	<i>BCBS 2019, Data Governance and Risk-Finance Alignment by PWC</i>
	<i>Cost of Funds by AmBank Management</i>
2019	
January	<i>43rd Meeting of East Asia Business Council Meeting (“EABC”) and related meetings representing Malaysia</i>
	<i>Dialogue with IRB – Special Voluntary Disclosure Programme by Deloitte</i>
	<i>JP Morgan Outlook 2019 by JP Morgan</i>
	<i>New Investment Alternatives by ACCA</i>
	<i>FIDE Workshop – Identify Your Next Board Talent</i>
March	<i>FIDE Focus Group Discussion</i>
	<i>FIDE Forum – Reading the signs : The next financial crisis and its potential impact on Asia</i>
	<i>Manager Spotlight Series : Deciphering the Digital Revolution by JP Morgan</i>
	<i>FIDE Forum – Digital Asset: Global Trends, Legal Requirements and Opportunities for Financial Institutions</i>
	<i>BNM Annual Report / Financial Stability and Payments Systems Report 2018</i>
	<i>CMDP – Module 1 : Directors as Gatekeepers of Market Participants</i>
	<i>CMDP – Module 2A : Business Challenges and Regulatory Expectations</i>
	<i>CMDP – Module 2B : Business Challenges and Regulatory Expectations</i>
	<i>CMDP – Module 3 : Risk Oversight and Compliance – Action Plan for Board of Directors</i>
	<i>CMDP – Module 4 : Current and Emerging Regulatory Issues in the Capital Market</i>

1.5 NUMBER OF MEETINGS CONVENED

	Total meeting held during FY2019
Board	11
AEC	6
GNRC	7
RMC	7
GITC	6

FUNCTION AND CONDUCT

2.1 ROLES AND RESPONSIBILITIES

BOARD

The Board's pivotal role is to lead and establish the AmBank Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group, and the appointment of key senior management. The Board's roles and responsibilities include but not limited to the following:

Review, approve and monitor strategic business plans of the Group as a whole and that of the individual operating units

Oversee the conduct of the business to ascertain its proper management, including setting clear objectives and policies

Oversee effective design and implementation of risk management, governance and reporting framework, internal control and management information systems

Promote sound corporate culture that reinforce ethical, prudent and professional behaviour by adhering to the Code of Conduct and Code of Ethics

Oversee appointment, performance, remuneration and succession planning of the Board, Group Chief Executive Officer, Senior Management and the Company Secretary

Oversee and approve recovery and business continuity plans

Ensure the development and implementation of communications policy to enable effective communications with stakeholders

Promote sustainability through appropriate environmental, social and governance consideration in business strategies

AUDIT AND EXAMINATION COMMITTEE ('AEC')

AEC's key responsibilities, among others, include the following :

Matters related to financial reporting and internal controls

Matters related to Internal and External Audit

To direct and supervise Special Audits and Investigations

To review and recommend for Board's approval related party transaction and conflict of interests situations that may arise within the Company/Group

Periodic reporting to the Board on significant audit reports and key issues deliberated at AEC meeting

GROUP NOMINATION AND REMUNERATION COMMITTEE ('GNRC')

GNRC's key responsibilities, among others, include the following :

Regular review of the overall Board's composition (i.e. size, skills, experience, diversity, etc) and balance Board

Assess performance and effectiveness of individual and collective members of the Board and Board Committees

Recommend a formal & transparent procedure for developing the remuneration policy for Directors, Senior Management & staff to the Board for approval

To direct and supervise Special Audits and Investigations

Oversee the implementation of Executives' Share Scheme ('ESS') in accordance with the By-Laws of the ESS

Assess the annual performance of key management personnel against balanced scorecard & recommend the short-term & long-term incentives & rewards to the Board

Recommend appointment of Directors to the Board and Board Committees and annual review of mix skills, experience and competencies of the Board

RISK MANAGEMENT COMMITTEE ('RMC')

RMC's key responsibilities, among others, include the following:

Review and evaluate Senior Management's activities in managing risk

Review and evaluate high-level risk exposures and risk portfolio composition

Review and evaluate Cyber Security risk

Review and evaluate the overall effectiveness of the control and risk management infrastructure (together with Group Internal Audit Department) and reporting to the Board

The Company/Group's risk management strategies, policies, frameworks, methodologies and risk tolerance standards

GROUP INFORMATION AND TECHNOLOGY COMMITTEE ('GITC')

GITC's key responsibilities, among others, include the following :

Provide strategic direction for IT development within the Group and ensuring that IT, digitalisation and technology-related innovation strategic plans are aligned and integrated with the Group's business objectives and strategy

Provide oversight of the Group's long term IT strategic plans and budgets and implementation

Ensure the establishment of Group-wide IT policies, procedures & frameworks including IT security and IT risk management and e-banking services to ensure the effectiveness of internal control systems and the reliability of the management information system

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

Review IT planning and strategy, including the financial, tactical and strategic benefits of proposed significant information technology-related projects and initiatives

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 program and related standard procedures

Responsible for overall oversight function on IT matters including ex-ante risk assessments on e-banking services

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

Review and approve deviations as allowed under BNM guidelines

2.2 MEETING ATTENDANCE DURING FY2019

BOARD

Name of Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
Tan Sri Azman Hashim (Non-Independent Non-Executive Chairman)	11	11	100
Graham Kennedy Hodges (Non-Independent Non-Executive Director)	11	11	100
Soo Kim Wai (Non-Independent Non-Executive Director)	11	11	100
Voon Seng Chuan (Senior Independent Non-Executive Director)	11	11	100
Datuk Shireen Ann Zaharah binti Muhiudeen (Independent Non-Executive Director)	11	10	91
Seow Yoo Lin (Independent Non-Executive Director)	11	11	100
Farina binti Farikhullah Khan (Independent Non-Executive Director)	11	11	100

AEC

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
Seow Yoo Lin (Chairman) (Independent Non-Executive Director)	6	6	100
Voon Seng Chuan (Senior Independent Non-Executive Director)	6	6	100
Farina binti Farikhullah Khan (Independent Non-Executive Director)	6	6	100

RMC

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
Datuk Shireen Ann Zaharah binti Muhiudeen (Chairman) (Independent Non-Executive Director)	7	6	86
Graham Kennedy Hodges (Non-Independent Non-Executive Director)	7	7	100
Voon Seng Chuan (Independent Non-Executive Director)	7	7	100

GNRC

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
Voon Seng Chuan (Chairman) (Senior Independent Non-Executive Director)	7	7	100
Graham Kennedy Hodges (Non-Independent Non-Executive Director)	7	7	100
Soo Kim Wai (Non-Independent Non-Executive Director)	7	7	100
Datuk Shireen Ann Zaharah binti Muhiudeen (Independent Non-Executive Director)	7	7	100
Farina binti Farikhullah Khan (Independent Non-Executive Director)	7	7	100
Seow Yoo Lin (Independent Non-Executive Director) (Appointed on 27 November 2018)	3	3	100

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
Voon Seng Chuan (Chairman) (Senior Independent Non-Executive Director)	6	6	100
Seow Yoo Lin (Independent Non-Executive Director)	6	6	100
Soo Kim Wai (Non-Independent Non-Executive Director)	6	6	100

INTERNAL CONTROL FRAMEWORK

3.1 OVERVIEW

The Group has adopted a coordinated and formalised approach to risk management and internal control, which is operationalised through the “Three Lines of Defense” concept. The Business Units form the first line of defense; Risk and Compliance form the second line of defense while Internal Audit forms the third line of defense. The key risk management and internal control processes are implemented via the following:

- The RMC of the Company and its major subsidiaries assist in the oversight of the overall risk management structure. At Senior Management level, a number of management-level risk committees have been established to assist the Board to holistically manage the risks and businesses of the Group. These committees, namely the Group Management Committee, Group Management Risk Committee, Group Asset and Liability Committee, Group Management Governance and Compliance Committee, Credit and Commitments Committee and Watchlist and Classification Committee, address all classes of risk within Board delegated mandates: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance risk, regulatory compliance risk, reputational risk, product risk and business and IT project risk.
- Risk management principles, policies, practices, methodologies and procedures are made available to appropriate staff in the Group. These are regularly updated to ensure they remain relevant and in compliance with regulatory requirements. The policies, methodologies and procedures are enhanced whenever required to meet changes in the operating environment and/or for continuous improvement in risk management.
- The organisation structure is designed to clearly define the accountability, reporting lines and approving authorities to build an appropriate system of checks and balances, corresponding to the business and operations activities’ needs. This includes the empowerment and setting of authority limits for proper segregation of duties.
- The AEC of the Company and its major subsidiaries assist the Board to evaluate the adequacy and effectiveness of the Group’s internal controls systems. The AEC reviews the Group’s financial statements and reports issued by Group Internal Audit and the external auditors and follow-up on corrective actions taken to address issues raised in the reports.

- *The Shariah Committee is responsible and accountable on matters related to Shariah. These include advising the Board and Management on Shariah matters and endorsing and validating products and services, Shariah policies and the relevant documentation in relation to Islamic Banking operations. The Shariah Committee also provides advice and guidance on management of zakat fund, charity and other social programmes or activities.*
- *The Shariah Oversight Committee is established as a sub-committee of the Shariah Committee to assist the Shariah Committee in discharging its responsibilities relating to the oversight of the Shariah Review function. In addition, the Shariah Oversight Committee is to assess the work carried out by Group Internal Audit relating to the Shariah Audit function and Shariah Risk Unit relating to Shariah Risk Management function in order to ensure compliance with Shariah matters.*
- *Group Internal Audit conducts independent risk-based audits and provides assurance that the design and operation of the risk and control framework across the Group is effective. The AECs review the work of the Group Internal Audit Department, including reviewing its audit plans, progress, reports issued and status of resolution of key audit findings highlighted.*
- *The Group's focus is on achieving sustainable and profitable growth within its risk management framework. The Group's annual strategic business plans and budgets are prepared by the Group's business divisions and submitted to the Board for approval. Progress of the Group's business plans and performance achievements are rigorously tracked and reviewed against budget in monthly review meetings and specific taskforce set up for the purposes of monitoring our key focus areas allowing for timely responses and corrective actions to be taken to mitigate risks.*
- *The Group emphasises human resource development and training as it recognises the value of its staff in contributing to its growth. There are proper guidelines within the Group for staff recruitment, promotion and performance appraisals to promote a high performance culture by rewarding high performers and counseling poor performers. The Group's Short Term Incentive ("STI") and Long Term Incentive ("LTI") are used primarily to reward and encourage outstanding individuals for their contribution to value creation while protecting the shareholders' interest. Structured talent management and training programmes are developed to ensure staff are adequately trained and competent in discharging their responsibilities and to identify future leaders for succession planning.*
- *A code of ethics has been formulated to protect and enhance the Group's reputation for honesty and integrity. The Code of Ethics is based on the following principles: compliance with the law both in letter and in spirit, with the code and AmBank Group policies and procedures; upholding the highest level of integrity and acting with honesty and professionalism; identifying and managing conflicts of interest responsibly; ensuring completeness and accuracy of underlying records, financial or otherwise; ensuring fair and equitable treatment to all; and ensuring confidentiality of information and transactions.*

- *The Code of Conduct, launched in March 2018, represents the Group’s commitment to uphold, maintain and demonstrate a high level of integrity, professionalism and ethical conduct. The Code of Conduct provides a clear direction in conducting business, interacting with community, government and business partners as well as general workplace behaviour. The Code of Ethics above is subset of the Code of Conduct. The Code of Conduct was established by the Board. The Board takes a leadership role in shaping and driving the governance of, and compliance with, policies and practices via key management committees, Group Risk, Group Legal, Group Compliance, Group Internal Audit, Group Information Services, Group Finance and Group Human Resource. The Code of Conduct was developed according to a value-based approach which consists of five (5) key areas: Message from the Chairman and Group CEO, Ethical Standards, Company and People, Marketplace and Commitment to Sustainability.*
- *The Group has in place compliance framework to promote the safety and soundness of the Group by minimising financial, reputational and operational risks arising from regulatory non-compliance. The Group believes in and embraces a stronger compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board and Senior Management lead by example. The Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risk as well as sensitive towards heightened regulatory surveillance and enforcement.*
- *Training is provided to employees of the Group on relevant legal and regulatory requirements governing its activities and guidance on implementation of internal controls to manage compliance risk.*

Key Policies and Procedures

The Group’s key policies governing internal control include the Know Your Customer (‘KYC’), Customer Identification and Due Diligence Policy, Reputational Risk Policy, Politically Exposed Persons Policy, No Gift Policy, Group Compliance Framework, Sourcing Policy, Whistleblowing Protection Policy, Data Governance Framework, Stress Testing Policy, Operational Risk Management Policy, Information Security Policy, Business Continuity Framework and Policy, IT Risk Management Framework and Classified Account Management Policy.

Of the above, the following were approved/reviewed with enhancements during the financial year:

Policy	Key Highlights/ Changes
No Gift Policy	Fine-tuned the section applicable to Shared Services / support functions in the area of “receiving or giving gifts/meals with vendors”.
KYC, Customer Identification and Due Diligence Policy	<ol style="list-style-type: none"> Updated the mandatory documentation requirements to align to the revisions of the Companies Act 2016. Specific mention of non-face-to-face customer onboarding arrangements requiring Group Compliance to review and approval prior to execution. Fine-tuned the Enhanced Due Diligence (“EDD”) requirements for High Risk Customer categories.
Politically Exposed Persons Policy	<ol style="list-style-type: none"> Updated the mandatory documentation requirements to align to the revisions of the Companies Act 2016.

	b. Fine-tuned the EDD requirements for High Risk Customer categories.
Trading in AmBank Shares Policy	Updated the overall policy to reflect current regulatory and internal requirements.
Group Compliance Framework	Updated the overall policy to reflect current regulatory and internal requirements.
Whistleblowing Protection Policy	Updated the overall policy to reflect current regulatory and internal requirements.
Management on Conflict of Interest Policy	Updated the overall policy to reflect current regulatory and internal requirements.
Non-Retail Credit Policy	New policy issued pursuant to BNM Credit Risk Policy.
Connected Party Policy	Updated to ensure alignment with regulatory requirements; and clearly set out parties that will jointly manage and be accountable for any activity related to this Policy.
Credit Approval Delegation (CAD)	<ul style="list-style-type: none"> a. Updated to include a new approval authority matrix for Investment Banking credits. b. Revise the credit authority from joint approval between Business and Risk to approval by Business with concurrence by Risk. c. Revised the pricing approval matrix whereby Risk shall be independent of any pricing decisions in the non-retail space.
Classified Account Management Policy	Include governance for classified accounts with respect to accounts under Investment Banking.
Credit Approval Deviation Management Policy for Retail Banking	Revised the methodology of deviation capping measurement for Risk Grade Decline Override & Credit Policy or Business Rule Override.
Credit Underwriting Policy for Retail Banking	Additional Parameter for Mortgage/Loan Financing for Individual.
Information Security Policy	New policy issued
Operational Risk Management Framework	<ul style="list-style-type: none"> a. Consolidation of Reputational Risk Policy into Operational Risk Management Framework b. Included Enterprise Wide Operational Risk Management, Internal Audit and Compliance functions which are in line with BNM Operational Risk Policy. c. Included a principle statement that all Business Operation Control (“BOC”) must report directly to MD-LOB/CXO/CEO and conduct the independent testing of controls.
Business Continuity Management Framework and Policy	Updated the overall policy to reflect current regulatory and internal requirements.
Trading Book and Banking Book Policy	Added new governance for Banking Book and Hedging Transactions.
Liquidity Risk Management Policy	<ul style="list-style-type: none"> a. Revised Liquidity Coverage Ratio (“LCR”) related assumptions. b. Updated the overall policy to reflect current regulatory and internal requirements.

Market Risk Management Policy	Operational structures of the Policy are streamlined and consolidated in the new Market Risk and Liquidity Risk Management Framework.
Market Risk and Liquidity Risk Management Framework	A new framework, which provides the key roles and responsibilities as well as the overarching operational structure (including the approval and risk management requirements) for market risk and liquidity risk management within the Group / Entity.
Stress Test Policy	Updated to meet revised regulatory standards
Group Procurement Policy	The policy covers the end to end process from Sourcing, Procurement (Purchase Requisition, Purchase Order and Receiving procedures) and Payments.
Capital & Operational Authority Delegation Policy	<ol style="list-style-type: none"> 1. Implementing a maximum cap limit for Authorised Signatory (“AS”) Matrix. 2. Implementing BOC’s review for AA and AS request prior to approval.
Non-Audit Services by Group External Audit Firm	<ol style="list-style-type: none"> 1. Prior to engaging Group external audit firm for non-audit services, the proposing dept. has to engage the services of the Group Procurement Department to ensure the appropriate candidate is selected. 2. The proposing dept. is required to submit a memo regardless of the quantum of fees, to the AEC for review and approval. 3. The proposing dept. to forward a draft copy of the AEC memo on proposed engagement to Group Finance for review. 4. The external audit partners will be required to issue a letter to the relevant AEC to confirm their independence where the fee for the non-audit service to the entity, exceeds RM50,000 or 25% of the entity’s audit fee whichever is higher. 5. The aggregate fees for non-audit services at AMMB Holdings Berhad Group level should not exceed 50% of total fees (i.e. sum total of audit and non-audit services fees) incurred by the Group in any given financial year (“fee threshold”). 6. The fee threshold for non-audit services will also be applied to AmBank (M) Berhad, AmBank Islamic Berhad and AmInvestment Bank Berhad, at entity level. <p>It is recommended that the Group’s policy with respect to the appointment of the Insolvency Practitioners to be more specific to exclude those from the Group’s external audit firm, unless where the recovery efforts are jointly with other lenders, the appointment of Insolvency Practitioner is recommended by and agreed with the other lenders/stakeholders as the most suitable service provider.</p>
Capital Management Policy	<ol style="list-style-type: none"> a. Incorporated relevant revision as per BNM’s latest guidelines b. Incorporate changes from the Dividend and Distribution Policy.
Dividend and Distribution Policy	Amended the dividend policy & principles, incorporated solvency test, key steps, roles & responsibilities.
ICAAP Policy	<ol style="list-style-type: none"> a. Updated the ‘Sound Capital Management’ section to incorporate changes made to the Capital Management Policy; b. Removed the materiality threshold. Materiality is assessed and reviewed at GMRC on an annual basis.

REMUNERATION

4.1 QUALITATIVE DISCLOSURE

The Group Remuneration Objectives

The Group's remuneration practice, which is applicable to all divisions and subsidiaries within the Group, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out by the BNM Policy Document on Corporate Governance.

When formulating and periodically reviewing and refining the remuneration strategy, consideration is given to align our remuneration approach with the Group's medium- to long-term strategic objective, culture and values in order to drive desired behaviours and achieve objectives set out in the balanced scorecard.

The following is the main thrusts of the Group's remuneration strategy:

- *Pay for performance measured against the balanced scorecard*
 - *Instill and drive meritocracy*
 - *Ensure linkages between total compensation and annual, medium- and long-term strategic objectives*
 - *Balance employees' actual fixed and variable pay mix to drive sustainable performance and alignment to the Group's culture and value of assessing both behavioural and quantitative Key Performance Indicators ('KPIs') achievements*
- *Provide market competitive pay*
 - *Benchmark total compensation against other peer organisations of similar size and standing in the markets and businesses where the Group operate*
 - *Drive pay-for-performance differentiation with differentiated benchmarking quartile for top performing employees*
- *Guard against excessive risk-taking*
 - *Focus on achieving risk-adjusted returns that are consistent with the Group's prudent risk and capital management, as well as emphasis on long-term sustainable outcomes*
 - *Design variable pay payout structure with long-term performance through deferral and allowance for clawback arrangements*

The Group's Approach to Remuneration

The Group's remuneration is made up of two (2) components; fixed pay and variable pay.

Components	What	Why and Linkages to Strategy	How
Fixed Pay	<ul style="list-style-type: none"> a) Base Salary b) Fixed Allowances 	<p>Pay for Position (or market value of the job) to attract and retain by ensuring the fixed pay is competitive vis-à-vis comparable organisations</p>	<ul style="list-style-type: none"> • Adhering to the market value of the job at the individual's competency level, skills, experience and responsibilities • Fixed amount paid monthly • Typically reviewed and revised annually
Variable Pay	<ul style="list-style-type: none"> • Short-Term Incentive (Performance Bonus) • Long-Term Incentive (AMMB ESS) 	<p>Pay for Performance</p> <ul style="list-style-type: none"> • Focus employees on the achievement of objectives which are aligned to value creation for the shareholders • Align payout to time horizon of risk to avoid excessive risk taking and provide for deferral, malus and forfeiture arrangements 	<ul style="list-style-type: none"> • Based on the performance of the Group, line of business or subsidiary and the employee's individual performance • Measured against a balanced scorecard with KPIs and targets agreed at the beginning of each financial year • Awards for individuals in Senior Management positions and/or positions with significant organisational responsibilities that have material impact on the Group's performance and risk profile is subject to deferral • Deferral remunerations are paid in AMMB shares with the objective of: <ul style="list-style-type: none"> ○ Retaining key employees (retention bonus), and ○ Drive the Group's long-term performance and sustainability (AMMB ESS) • Administration of both deferral remunerations provides for malus and forfeiture arrangements

Determination of Short-Term Incentive (Performance Bonus) Pool and Individual Award

The following mechanics are used to derive the Group's short term incentive pools and business units and/or subsidiaries:

<p><i>Group's Short-Term Incentive Pool</i></p>	<p>A function of profits benchmarked against peer comparators and calibrated against:</p> <ul style="list-style-type: none"> • Risk adjustments • Distribution of earning between shareholders and employees 	<p>Guided by the Group's performance against the balanced scorecard set in the beginning of the financial year</p> <ul style="list-style-type: none"> • Comprises financial and non-financial metrics covering employees, customers, shareholders, risks and compliance objectives • Reviewed and evaluated by the GNRC and subsequently approved by the Board
<p><i>Business Units / Subsidiaries Short-Term Incentive Pool Allocation</i></p>	<p>The Group pool is reallocated to the business units/ subsidiaries taking into account:</p> <ul style="list-style-type: none"> • each unit's actual performance achievement against target, and • the relative performance of each unit <p>Measured through each unit's balanced scorecard and evaluated by the Group CEO and the GNRC.</p>	<p>Inputs from control functions (Audit, Compliance and Risk) are sought.</p> <p>Currently only the Chief Internal Auditor is measured independently with the performance outcome being recommended by the AEC.</p>

Individual award is based on the employee's performance, measured through a balanced scorecard that takes into account qualitative and quantitative objectives as set out in the individual's KPIs.

Sales employees are incentivised via respective sales incentive plans to promote the development of mutually beneficial long-term relationships with their customers, rather than short-term gains. As such, non-financial metrics such as customer satisfaction and fair dealing principles incorporated into their KPIs and with compliance as payout triggers.

Long-Term Incentive (AMMB ESS)

The AMMB ESS forms the Group's long-term compensation component that is forward looking with rewards based on the Group's future performance. The ESS allows for the following objectives to be met:

- *Align long-term interest of Senior Management with those of shareholders;*
- *Retain key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group;*
- *Attract potential employees with the relevant skills to contribute to the Group and to create value for shareholders; and*
- *Deliver compensation in a manner that drives the long-term performance of the Group.*

The ESS is delivered in the form of performance shares which comprise two (2) elements:

- *Main Award, that vests over a period of three (3) years, contingent on the Group meeting its long-term performance targets.*
- *Retention Award (deferred component of the Short Term Incentives received), administered through the ESS plan vested in two (2) equal instalments over a period of two (2) years. No further performance condition applies.*

Variable Pay Deferrals

Variable pay for individuals in Senior Management positions and/or positions with significant organisational responsibilities that have material impact on the Group's performance and risk profile is subject to deferral.

The deferral award is paid in the form of AMMB performance shares with the objective of:

- *Retaining key employees (Retention Award); and*
- *Drive the Group's long-term performance and sustainability (Main ESS Award)*

Malus of unvested awards will be triggered by material violation, negligent, willful misconduct and fraud, and breach of compliance, AML and CFT as outlined in the ESS By-Laws.

4.2 QUANTITATIVE DISCLOSURE

The total remuneration (including benefits-in-kind) of the Directors and Chief Executive Officer of the Group for FY2019 are as follows :-

		Remuneration received from the Group (RM'000)						
Chief Executive Officer	Fee	Salary	Other Emoluments	Bonus	Benefit in kind ²	Total		
Dato' Sulaiman Mohd Tahir	-	2,328	774	1,060	38	4,200		
Non-Executive Directors	Salary & Bonus	Fee (RM'000)		Emoluments ¹ (RM'000)		Benefit in kind ²		Total
		AMMB	Subsi	AMMB	Subsi	AMMB	Subsi	
Tan Sri Azman Hashim	-	210	241	1,460	531	30	7	2,479
Graham Kennedy Hodges	-	200	-	86	-	1	-	287
Soo Kim Wai	-	200	37	82	27	20	-	366
Voon Seng Chuan	-	200	152	159	132	1	1	645
Datuk Shireen Ann Zaharah Binti Muhiudeen	-	200	-	89	-	2	-	291
Seow Yoo Lin	-	200	69	106	29	2	-	406
Farina binti Farikhullah Khan	-	200	150	81	96	2	1	530

Notes:

¹ Emoluments comprised Board Committee allowance, meeting allowance and allowance to the Chairman of the Board.

² Benefits-in-kind comprised provision of medical claims and any expenses incurred by the Directors in performing their duties.

The remuneration of the following directors who sit in other subsidiaries of the Group during FY2019 is disclosed under the subsidiaries column of the above table :-

Tan Sri Azman Hashim	Chairman of AMMB, AmBank (M) Berhad (Retired on 1 January 2019) and AmInvestment Bank Berhad (Retired on 1 January 2019)
Soo Kim Wai	Director of AMMB and AmBank (M) Berhad (Appointed as Director on 2 January 2019)
Voon Seng Chuan	Director of AMMB and Chairman of AmBank (M) Berhad (Appointed as Chairman on 1 January 2019)
Seow Yoo Lin	Director of AMMB and AmInvestment Bank Berhad (Appointed as Director on 15 October 2018)
Farina binti Farikhullah Khan	Director of AMMB and AmBank Islamic Berhad

The Non-Executive Directors were not granted any option for FY2019. Options granted and vested to the Group CEO is as follow :-

Group CEO	Number of Ordinary Shares pursuant to AMMB ESS				Balance as at 31.3.2019
	Balance as at 1.4.2018	Granted*	Vested [#]	Forfeited [^]	
Dato' Sulaiman Mohd Tahir	189,350	432,300	(57,450)	(131,900)	432,300

Notes:

* Granted pursuant to the new Executives' Share Scheme of AMMB Holdings Berhad ("AMMB"), the Company's ultimate holding company. The vesting of the Scheme Shares and/or the entitlement to exercise the Options are conditional upon the satisfaction of the service condition and the performance targets of AMMB Group, and all other conditions as set out in the By-Laws of AMMB Executives' Share Scheme.

[#] Vesting of Scheme Shares

[^] Forfeited due to non-vesting of Short Term/Long Term Incentive Award pursuant to the By-Laws of AMMB Executives' Share Scheme.

The breakdown of the total amount of remuneration awards for Group CEO for FY2019 as shown in table below :-

Total Value of Remuneration Awards	Unrestricted RM	Deferred RM
Fixed Remuneration		
a) Cash-based	2,320,288	-
b) Shares and share-linked instruments	-	-
c) Other	-	-
Variable Remuneration		
a) Cash-based	1,060,158	484,325
b) Shares and share-linked instruments	-	1,767,840
c) Other	-	-

The breakdown of the total amount of remuneration awards for Senior Management (12) for FY2019 as shown in table below :-

Total Value of Remuneration Awards	Unrestricted RM	Deferred RM
Fixed Remuneration		
a) Cash-based	13,930,661	-
b) Shares and share-linked instruments	-	-
c) Other	-	-
Variable Remuneration		
a) Cash-based	3,960,237	1,909,352
b) Shares and share-linked instruments	-	5,693,652
c) Other	-	-

Note: Senior Management are C-Suite positions, which reports directly to Group CEO. The appointments, performance evaluations and remuneration decisions of these positions are approved by Board with the exception of the Group Chief Internal Auditor which is approved by the AEC.

The breakdown of the total amount of remuneration awards for Material Risk Takers (283) for FY2019 as shown in table below :-

Total Value of Remuneration Awards	Unrestricted RM	Deferred RM
Fixed Remuneration		
a) Cash-based	103,927,653	-
b) Shares and share-linked instruments	-	-
c) Other	-	-
Variable Remuneration		
a) Cash-based	29,197,900	6,310,525
b) Shares and share-linked instruments	-	19,655,547
c) Other	-	-

Note: Material Risk Takers are defined as employees whose responsibilities have a material impact on the Group's performance and risk profile, and employees whose responsibilities require them to take on material risk exposures on behalf of the Group. Deferred variable remuneration is applicable to these individuals in the event it exceeds the threshold amount.