

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 1015  
**COMPANY NAME** : AMMB HOLDINGS BERHAD  
**FINANCIAL YEAR** : March 31, 2020

## 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.

<b>Application</b> :	Applied										
<b>Explanation on application of the practice</b> :	<p>(1) The Board of Directors (the 'Board') of AmBank Group (the 'Company') is committed to high standards of corporate governance and strives to ensure that it is practised throughout the Group.</p> <p>The Group's core values – <i>pace</i></p> <table border="1"> <tr> <td><b>Principled</b></td> <td>Integrity and professionalism remain the thrust of all we do, and we take accountability for all our actions.</td> </tr> <tr> <td><b>Proactive</b></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><b>Appreciative</b></td> <td>We value and recognise everyone's role and contribution, and always provide support to our customers and colleagues.</td> </tr> <tr> <td><b>Collaborative</b></td> <td>We collaborate in everything we do. We are part of an organisation that fosters teamwork and open communication.</td> </tr> <tr> <td><b>Experimental</b></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>	<b>Principled</b>	Integrity and professionalism remain the thrust of all we do, and we take accountability for all our actions.	<b>Proactive</b>	We approach every challenge positively, initiate change responsibly and always anticipate the needs of all our colleagues, customers and our community.	<b>Appreciative</b>	We value and recognise everyone's role and contribution, and always provide support to our customers and colleagues.	<b>Collaborative</b>	We collaborate in everything we do. We are part of an organisation that fosters teamwork and open communication.	<b>Experimental</b>	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](http://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;

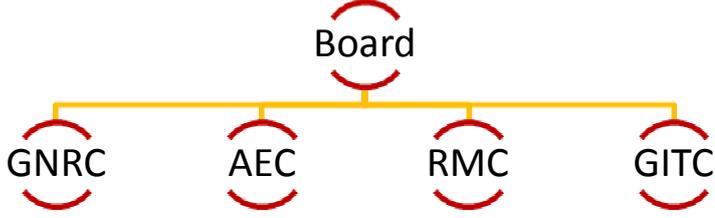
(2) To review and approve financial statements;

- 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.

(3) 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 Report** of the **2020 Integrated Report of the Company ('IR2020')** which provides more insightful view of the Group's sustainability practices and performance in addressing sustainability risks and opportunities.

(4) The Board is supported by the following Board Committees during the financial year ended 31 March 2020 ('FY2020') :-

	<div style="text-align: center;">  <pre> graph TD     Board((Board)) --- GNRC((GNRC))     Board --- AEC((AEC))     Board --- RMC((RMC))     Board --- GITC((GITC)) </pre> </div> <p><u>Notes :</u>  <b>GNRC</b> – Group Nomination and Remuneration Committee  <b>AEC</b> – Audit and Examination Committee  <b>RMC</b> – Risk Management Committee  <b>GITC</b> – Group Information Technology Committee</p> <p>A summary of the key activities of the Board and Board Committees during FY2020 is disclosed in the <b>Corporate Governance Overview Statement ('CGOS')</b> of the IR2020.</p>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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"> <li>• <i>Setting value and standards.</i></li> <li>• <i>Ensure appropriate procedures in place to govern the Board's operation.</i></li> <li>• <i>Maintain relationship of trust between Executive, Non-Executive and Management.</i></li> <li>• <i>Ensure decisions taken on a sound and well-informed basis with sufficient time allocation.</i></li> <li>• <i>Set Board agenda and ensure accurate, timely and clear information to Directors.</i></li> <li>• <i>Encourage healthy discussion and dissenting views can be freely expressed.</i></li> <li>• <i>Leading efforts to address the Board's development needs.</i></li> </ul> <p>The Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied				
<b>Explanation on application of the practice</b>	<p>(1) The positions of Chairman and Group Chief Executive Officer ('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="1" data-bbox="592 757 1396 898"> <tr> <td style="background-color: red; color: white;"><b>Chairman of the Board</b></td> <td style="background-color: #cccccc;"><b>: Tan Sri Azman Hashim</b></td> </tr> <tr> <td style="background-color: red; color: white;"><b>Group CEO</b></td> <td style="background-color: #cccccc;"><b>: Dato' Sulaiman bin Mohd Tahir</b></td> </tr> </table> <p>(2) The Chairman is a Non-Executive Director, which is in line with Paragraph 11.3 of Bank Negara Malaysia ('BNM') Policy Document on Corporate Governance ('CG').</p> <p>(3) The Group CEO is not a member of the Board.</p> <p>(4) 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; background-color: #cccccc; padding: 5px;"> <ul style="list-style-type: none"> <li>• <i>Conduit between the Board and Management in ensuring the success of the Group's governance and management functions.</i></li> <li>• <i>Implementation of policies, strategies &amp; decisions adopted by the Board.</i></li> <li>• <i>Manage the day-to-day operations of the Group's business.</i></li> </ul> </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>	<b>Chairman of the Board</b>	<b>: Tan Sri Azman Hashim</b>	<b>Group CEO</b>	<b>: Dato' Sulaiman bin Mohd Tahir</b>
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	(5) 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 Officers are disclosed from pages 17 to 24 of the <b><i>Governance and Financial Report 2020 ('GFR2020')</i></b> .	
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<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 16 of the GFR2020.</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> <ul style="list-style-type: none"><li>• <i>Ensure compliance with MMLR of Bursa Securities, BNM and other regulatory requirements.</i></li><li>• <i>Guide and advise the Directors on areas of corporate governance, relevant legislations, regulations and policies as well as their roles and responsibilities.</i></li><li>• <i>Attend and record all minutes of the Board and Board Committees' meetings, including general meetings.</i></li><li>• <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></li><li>• <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></li><li>• <i>Brief the Board on the content and timing of sensitive / material announcements to Bursa Securities.</i></li><li>• <i>Advise the Board on corporate disclosures and compliance with the relevant changes to the laws, rules and regulations.</i></li></ul>

	<p>(4) Board Induction programme is facilitated by the Group Company Secretarial department together with the Group Learning &amp; Development Unit ('L&amp;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 <b>Section B of this Report</b>.</p> <p>(5) While Investor Relations 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 FY2020, aside from internal e-trainings, were as follows :-</p> <table border="1" data-bbox="564 1014 1388 1272"> <thead> <tr> <th data-bbox="564 1014 727 1048">Date</th> <th data-bbox="727 1014 1388 1048">Particulars of Trainings</th> </tr> </thead> <tbody> <tr> <td data-bbox="564 1048 727 1081">17.09.2019</td> <td data-bbox="727 1048 1388 1081">Anti-Corruption and Integrity Forum 2019</td> </tr> <tr> <td data-bbox="564 1081 727 1115">28.09.2019</td> <td data-bbox="727 1081 1388 1115">Breaking the Barrier Workshop</td> </tr> <tr> <td data-bbox="564 1115 727 1234">07.11.2019</td> <td data-bbox="727 1115 1388 1234">Introduction to Section 17A Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Corporate Liability</td> </tr> <tr> <td data-bbox="564 1234 727 1272">27.11.2019</td> <td data-bbox="727 1234 1388 1272">Cyber Security Awareness</td> </tr> </tbody> </table>	Date	Particulars of Trainings	17.09.2019	Anti-Corruption and Integrity Forum 2019	28.09.2019	Breaking the Barrier Workshop	07.11.2019	Introduction to Section 17A Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Corporate Liability	27.11.2019	Cyber Security Awareness
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### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<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.</p> <p>The Board Charter is available on the Company’s corporate website at <a href="http://ambankgroup.com">ambankgroup.com</a>.</p> <div style="text-align: center;"> <p><b>BOARD CHARTER</b></p> </div> <p>(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 <b>Practice 1 of Principle A</b>.</p> <p>The role of Senior Independent Director and Board Committees are as follows :-</p>

	<p><b><u>Role of Senior Independent Director</u></b></p> <ul style="list-style-type: none"> <li>• <i>A sounding board for the Chairman.</i></li> <li>• <i>An intermediary for other Directors.</i></li> <li>• <i>Point of contact for shareholders and other stakeholders.</i></li> </ul> <p><b><u>Role of Board Committees</u></b></p> <p>The roles and responsibilities of each Board Committee are disclosed under <b>Section B of this Report</b> as well as in the CGOS of the GFR2020. Details of the roles and responsibilities of the Board Committees are also disclosed in the Board Charter and further defined in its respective TOR.</p> <p>(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 :-</p> <ul style="list-style-type: none"> <li>➤ Corporate Matters</li> <li>➤ Governance and Policy</li> <li>➤ Credit and Products</li> <li>➤ Information Technology and Projects</li> <li>➤ Remuneration</li> <li>➤ All Other Matters as Deemed Necessary by the Board</li> <li>➤ Strategy and Budget</li> <li>➤ Compliance and Assurance</li> <li>➤ Accounting and Finance</li> <li>➤ Board Membership and Other Appointments</li> <li>➤ Litigation and Arbitration</li> </ul>
<p><b>Explanation for departure</b> :</p>	
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<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<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.

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](http://ambankgroup.com).

	<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"> <li>• No Gift Policy</li> <li>• Trading in AmBank Shares Policy</li> <li>• Related Party Transaction Policy</li> <li>• Group Procurement Policy</li> <li>• Supplier Code of Conduct</li> <li>• Anti-Bribery and Corruption Policy</li> </ul>	
<p><b>Explanation for departure</b> :</p>		
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<p><b>Measure</b> :</p>		
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## 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.

<b>Application</b>	:	Applied																					
<b>Explanation on application of the practice</b>	:	<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. The 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, Section 17A of the Malaysia Anti-Corruption Commission Act 2009, and all related internal policies and guidelines including but not limited to the Group Code of Conduct and Whistleblower Protection Guidelines.</p> <p>The WPP is reviewed biennially and was last reviewed and approved by the Board on 31 January 2020. The WPP is publicly available on the Company's website at <a href="http://ambankgroup.com">ambankgroup.com</a>.</p> <p>(2) The WPP is premised on ten (10) principles, which are :-</p> <table border="1"> <tr> <td><b>Principle 1</b></td> <td>:</td> <td><i>Whistleblowing shall be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability</i></td> </tr> <tr> <td><b>Principle 2</b></td> <td>:</td> <td><i>Whistleblower should be protected for reporting any actual or suspected improper conduct upon demonstrating sufficient basis for whistleblowing</i></td> </tr> <tr> <td><b>Principle 3</b></td> <td>:</td> <td><i>Confidential information relating to whistleblowing should be safeguarded</i></td> </tr> <tr> <td><b>Principle 4</b></td> <td>:</td> <td><i>Whistleblower including his/her spouse and related persons who are employees of the Group, shall be protected from detrimental action</i></td> </tr> <tr> <td><b>Principle 5</b></td> <td>:</td> <td><i>Remedial actions should be taken on complaint of detrimental actions against the Whistleblower</i></td> </tr> <tr> <td><b>Principle 6</b></td> <td>:</td> <td><i>Ombudsperson is to be appointed as the official channel for reporting of concern</i></td> </tr> <tr> <td><b>Principle 7</b></td> <td>:</td> <td><i>Whistleblower should provide sufficient and accurate information on best effort basis</i></td> </tr> </table>	<b>Principle 1</b>	:	<i>Whistleblowing shall be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability</i>	<b>Principle 2</b>	:	<i>Whistleblower should be protected for reporting any actual or suspected improper conduct upon demonstrating sufficient basis for whistleblowing</i>	<b>Principle 3</b>	:	<i>Confidential information relating to whistleblowing should be safeguarded</i>	<b>Principle 4</b>	:	<i>Whistleblower including his/her spouse and related persons who are employees of the Group, shall be protected from detrimental action</i>	<b>Principle 5</b>	:	<i>Remedial actions should be taken on complaint of detrimental actions against the Whistleblower</i>	<b>Principle 6</b>	:	<i>Ombudsperson is to be appointed as the official channel for reporting of concern</i>	<b>Principle 7</b>	:	<i>Whistleblower should provide sufficient and accurate information on best effort basis</i>
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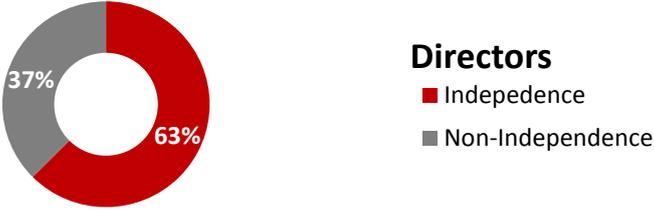
	<table border="1"> <tr> <td style="background-color: #c00000; color: white;"><b>Principle 8</b></td> <td style="background-color: #cccccc;">:</td> <td>Reported improper conduct shall be investigated by appointed party and deliberated at an appropriate Committee for decision making</td> </tr> <tr> <td style="background-color: #c00000; color: white;"><b>Principle 9</b></td> <td style="background-color: #cccccc;">:</td> <td>Appropriate communication and record maintenance shall be in place</td> </tr> <tr> <td style="background-color: #c00000; color: white;"><b>Principle 10</b></td> <td style="background-color: #cccccc;">:</td> <td>Violation of Policy may be subjected to disciplinary action</td> </tr> </table>	<b>Principle 8</b>	:	Reported improper conduct shall be investigated by appointed party and deliberated at an appropriate Committee for decision making	<b>Principle 9</b>	:	Appropriate communication and record maintenance shall be in place	<b>Principle 10</b>	:	Violation of Policy may be subjected to disciplinary action
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<b>Principle 9</b>	:	Appropriate communication and record maintenance shall be in place								
<b>Principle 10</b>	:	Violation of Policy may be subjected to disciplinary action								
	<p>(3) The procedures to whistleblow are as follows :-</p> <ul style="list-style-type: none"> <li>➤ Dedicated Ombudspersons, email address and postal address for reporting suspected incidents of misconduct and wrongdoing</li> <li>➤ Internal investigations and where applicable external expert and forensic investigators to analyse reports</li> <li>➤ Recommendations on corrective action</li> <li>➤ Appropriate communications, reporting and record maintenance.</li> </ul> <p>(4) The Board’s Ombudsperson is a Non-Executive Director of the Company, who is also the AEC Chairman 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"> <li>➤ Reviews and determines appropriate decision and/or actions for the reported concerns.</li> <li>➤ Ensures reasonably sufficient protections and processes for managing whistle blowing.</li> <li>➤ 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.</li> </ul>									
<b>Explanation for departure</b> :										
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>										
<b>Measure</b> :										
<b>Timeframe</b> :										

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board consist of five (5) Independent Directors out of the eight (8) Board members.	
			
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

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

**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.

<b>Application</b>	: Adopted						
<b>Explanation on adoption of the practice</b>	<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 Paragraph 11.9 of BNM Policy Documents on CG.</p> <p>All five (5) Independent Directors of the Company have not served more than nine (9) years.</p> <table border="1" data-bbox="475 842 1394 1021"> <thead> <tr> <th data-bbox="475 842 619 887"><i>(5 years)</i></th> <th data-bbox="624 842 1075 887"><i>(&gt;1 - &lt;5 years)</i></th> <th data-bbox="1080 842 1394 887"><i>(&lt; 1 year )</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="475 909 619 1021"><i>(1) Voon Seng Chuan</i></td> <td data-bbox="624 909 1075 1021"> <ul style="list-style-type: none"> <li>• <i>Seow Yoo Lin</i></li> <li>• <i>Farina binti Farikhullah Khan</i></li> </ul> </td> <td data-bbox="1080 909 1394 1021"> <ul style="list-style-type: none"> <li>• <i>Hong Kean Yong</i></li> <li>• <i>Dato’ Kong Sooi Lin</i></li> </ul> </td> </tr> </tbody> </table> <p>(2) The independence of the Board is reviewed annually and benchmarked against best practice and regulatory provisions. Based on the annual review, all Independent Directors have scored highly and there was 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>	<i>(5 years)</i>	<i>(&gt;1 - &lt;5 years)</i>	<i>(&lt; 1 year )</i>	<i>(1) Voon Seng Chuan</i>	<ul style="list-style-type: none"> <li>• <i>Seow Yoo Lin</i></li> <li>• <i>Farina binti Farikhullah Khan</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Hong Kean Yong</i></li> <li>• <i>Dato’ Kong Sooi Lin</i></li> </ul>
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### 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.

<b>Application</b> :	Applied																															
<b>Explanation on application of the practice</b>	<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="485 786 1369 1155" data-label="Diagram"> <pre> graph TD     A[Review of Board-wide, skills, knowledge, experience and perspective] --&gt; B[Identification of gaps and additional needs]     B --&gt; C[Sourcing suitable candidates by executive search firms or referral by Board]     C --&gt; D[Interview and evaluation by GNRC]     D --&gt; 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="453 1357 1358 1738" 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>75%</td> </tr> <tr> <td>Female</td> <td>25%</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="3">Length of Service</td> <td>&lt;10 years</td> <td>25%</td> </tr> <tr> <td>1 - 10 years</td> <td>50%</td> </tr> <tr> <td>&gt; 10 years</td> <td>25%</td> </tr> <tr> <td rowspan="4">Age</td> <td>40 - 49</td> <td>13%</td> </tr> <tr> <td>50 - 59</td> <td>37%</td> </tr> <tr> <td>60 - 69</td> <td>37%</td> </tr> <tr> <td>70 - 79</td> <td>13%</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	75%	Female	25%	Ethnicity	Malay	43%	Chinese	43%	Australian	14%	Length of Service	<10 years	25%	1 - 10 years	50%	> 10 years	25%	Age	40 - 49	13%	50 - 59	37%	60 - 69	37%	70 - 79	13%
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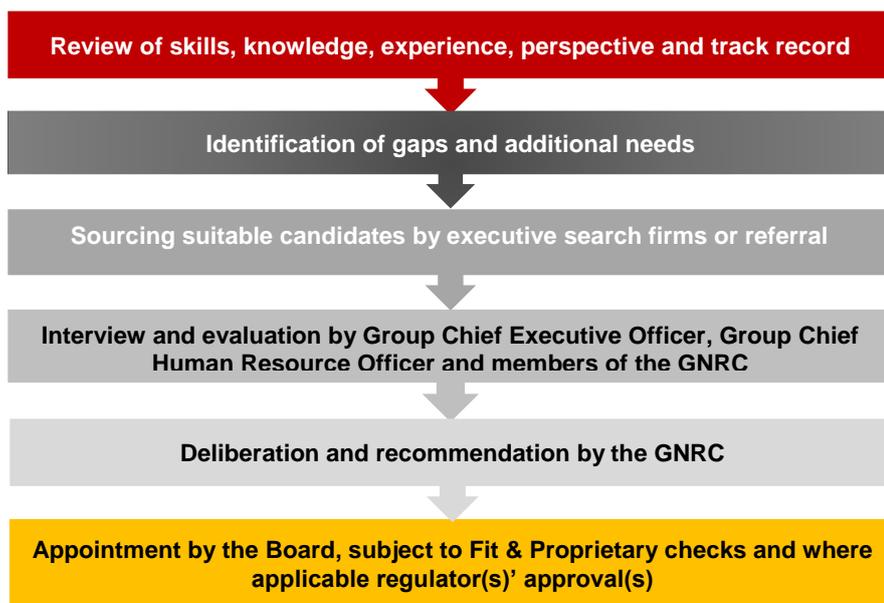
## Board Skills, Knowledge and Experience

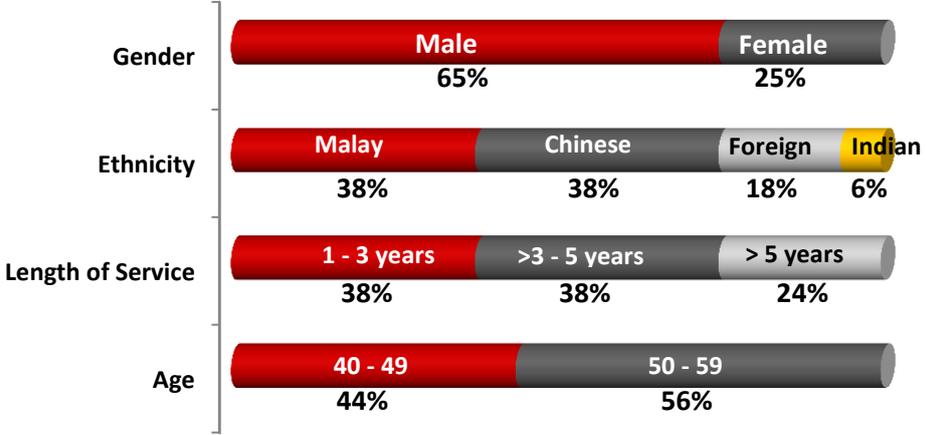


The criteria on the recruitment process and annual assessment of Directors are contained in the Nomination Policy for Non-Executive Directors as well as in the Board Charter. Policy and procedures for appointment are disclosed in the CGOS of the GFR2020.

- (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>  <table border="1"> <caption>Diversity Metrics</caption> <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>65%</td> </tr> <tr> <td>Female</td> <td>25%</td> </tr> <tr> <td rowspan="4">Ethnicity</td> <td>Malay</td> <td>38%</td> </tr> <tr> <td>Chinese</td> <td>38%</td> </tr> <tr> <td>Foreign</td> <td>18%</td> </tr> <tr> <td>Indian</td> <td>6%</td> </tr> <tr> <td rowspan="3">Length of Service</td> <td>1 - 3 years</td> <td>38%</td> </tr> <tr> <td>&gt;3 - 5 years</td> <td>38%</td> </tr> <tr> <td>&gt; 5 years</td> <td>24%</td> </tr> <tr> <td rowspan="2">Age</td> <td>40 - 49</td> <td>44%</td> </tr> <tr> <td>50 - 59</td> <td>56%</td> </tr> </tbody> </table> <p>The criteria on the recruitment process and annual assessment of Senior Management are contained in the TOR of GNRC.</p>	Category	Sub-category	Percentage	Gender	Male	65%	Female	25%	Ethnicity	Malay	38%	Chinese	38%	Foreign	18%	Indian	6%	Length of Service	1 - 3 years	38%	>3 - 5 years	38%	> 5 years	24%	Age	40 - 49	44%	50 - 59	56%
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<p><b>Measure</b> :</p>																														
<p><b>Timeframe</b> :</p>																														

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>(1) In FY2020, the Board was unable to identify a female candidate with the skills required by the Board to fulfil the requirement of having at least 30% women directors.</p> <p>(2) At the Senior Management level, women's participation was at 39%.</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;"> <p><b>Board</b></p> <p>■ Male ■ Female</p> </div> <div style="text-align: center;"> <p><b>Senior Management</b></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.</p> <p>(3) Percentage of women's participation in mid-management, professional/specialist and non-executive level is disclosed in page 171 of the IR2020.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	The Board has identified a female director for appointment to the Board. The proposed appointment is subject to the approval of regulators.
<b>Timeframe</b>	:	Within 1 year

### 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.

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

### 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.

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

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>(1) The annual Board evaluation 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> <div style="background-color: #f2f2f2; padding: 5px;"> <p><b>Part A: Board and Board Committee Effectiveness</b></p> <ul style="list-style-type: none"> <li>• Board Responsibilities</li> <li>• Board Composition</li> <li>• Board Remuneration</li> <li>• Board Committees</li> <li>• Board Conduct</li> <li>• Board Interaction and Communication</li> <li>• Chairman</li> <li>• Group CEO / CEO</li> <li>• Board Administration and Process</li> <li>• Directors' Training</li> <li>• Board Retreat Session</li> </ul> </div> <div style="background-color: #f2f2f2; padding: 5px;"> <p><b>Part B: Directors' Self and Peer Evaluation</b></p> <ol style="list-style-type: none"> <li>(1) Board Dynamics and Participation</li> <li>(2) Integrity and Objectivity</li> <li>(3) Technical Competencies</li> <li>(4) Recognition</li> <li>(5) Independence</li> </ol> </div> <p>(2) For five (5) consecutive years, an external facilitator was engaged to conduct the Board evaluation. Hence for FY2020, the Board had decided to conduct the evaluation internally and assigned the Group Company Secretary to undertake the exercise.</p> <p>(3) Key strengths and weaknesses are shared with the Board together with action plans drawn up to address those weaknesses.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<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 CGOS of the GFR2020.</p> <p>The remuneration structure of the NEDs was last reviewed in 2018 by an independent consultant.</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"><li>the Group's Total Reward Philosophy set against our overall strategy, productivity, performance and affordability across the Group</li></ul>

	<ul style="list-style-type: none"> <li>• level of responsibility, accountability and complexity of the role</li> <li>• reflect the competitive nature of the industry and role</li> <li>• attract and retain suitably qualified talent for Senior Management</li> <li>• promotes prudent risk taking and long term sustainability</li> <li>• alignment of our long term value creation and time horizon of risk with targeted mix ratio</li> </ul> <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>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board is supported by the GNRC. Members of the GNRC comprise only Non-Executive Directors with a majority being independent, i.e. three (3) out of the total five (5) members are Independent Directors.  <i>The TOR of GNRC is in line with this recommendation and the TOR is available on the Company's corporate website at <a href="http://ambankgroup.com">ambankgroup.com</a>.</i>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The remuneration received / receivable by each Board member is disclosed in the CGOS of the GFR2020 as well as in the Notes to the Financial Statements.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	(1) The Board is of the opinion that it is not to the Company's advantage or best business interest to disclose the remuneration of its top senior management on named basis, considering the highly competitive market for talent in the banking industry where poaching of executives are a common practice.  (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 CGOS of the GFR2020. The remuneration of the Group CEO is also disclosed in the GFR2020.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will closely monitor the developments in the market in respect of such disclosure for future consideration. This will be reviewed on annual basis in its effort towards the application of Practice 7.2.
<b>Timeframe</b>	:	Others

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied							
<b>Explanation on application of the practice</b>	:	The Chairman of the AEC is an Independent Non-Executive Director, who is not the Chairman of the Board.							
		<table border="1"> <thead> <tr> <th><i>Chairman</i></th> <th><i>Name</i></th> </tr> </thead> <tbody> <tr> <td><i>Board</i></td> <td><i>: Tan Sri Azman Hashim (Non-Independent Non-Executive Director)</i></td> </tr> <tr> <td><i>AEC</i></td> <td><i>: Mr Seow Yoo Lin (Independent Non-Executive Director)</i></td> </tr> </tbody> </table>		<i>Chairman</i>	<i>Name</i>	<i>Board</i>	<i>: Tan Sri Azman Hashim (Non-Independent Non-Executive Director)</i>	<i>AEC</i>	<i>: Mr Seow Yoo Lin (Independent Non-Executive Director)</i>
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<i>AEC</i>	<i>: Mr Seow Yoo Lin (Independent Non-Executive Director)</i>								
<b>Explanation for departure</b>	:								
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>									
<b>Measure</b>	:								
<b>Timeframe</b>	:								

**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.

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

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>(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> <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 auditors 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 external auditors 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>

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

### 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All members of AEC are Independent Directors.  <b>Chairman</b> : <i>Mr Seow Yoo Lin</i> <i>(Independent Non-Executive Director)</i> <b>Member</b> : <i>Farina binti Farikhullah Khan</i> <i>(Independent Non-Executive Director)</i> <b>Member</b> : <i>Dato' Kong Sooi Lin</i> <i>(Independent Non-Executive Director)</i>

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	(1) All members of AEC are accountants by profession. Mr Seow was the Managing Partner of KPMG Malaysia who retired from the firm in 2011, Puan Farina last held executive position was as Chief Financial Officer of Petronas Chemical Group Berhad in 2015 and Dato' Kong began her career with Ernst & Young (formerly known as Ernst & Whinney) and Arthur Anderson & Co before she joined CIMB Investment Bank Berhad. She was the Chief Executive Officer of CIMB Investment Bank.  (2) All members of the AEC are financially literate with extensive corporate experience. Their profiles are disclosed on pages 12, 13 and 15 of the GFR2020.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<p><b>Application :</b></p>	<p>Applied</p>
<p><b>Explanation : on application of the practice</b></p>	<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 others, the key policies/frameworks are :-</p> <div data-bbox="571 1115 1305 1787" data-label="Diagram"> </div> <p>All policies and frameworks are approved by the Board and are reviewed at least biennially.</p>
<p><b>Explanation : for departure</b></p>	<p></p>

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>(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.</p> <p>(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.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Adopted									
<b>Explanation on adoption of the practice</b>	:	<p>The RMC comprises majority of independent directors. It is chaired by an independent director.</p> <table><tr><td><b>Chairman</b></td><td>:</td><td><i>Dato' Kong Sooi Lin</i> <i>(Independent Non-Executive Director)</i></td></tr><tr><td><b>Member</b></td><td>:</td><td><i>Graham Kennedy Hodges</i> <i>(Non-Independent Non-Executive Director)</i></td></tr><tr><td><b>Member</b></td><td>:</td><td><i>Hong Kean Yong</i> <i>(Independent Non-Executive Director)</i></td></tr></table>	<b>Chairman</b>	:	<i>Dato' Kong Sooi Lin</i> <i>(Independent Non-Executive Director)</i>	<b>Member</b>	:	<i>Graham Kennedy Hodges</i> <i>(Non-Independent Non-Executive Director)</i>	<b>Member</b>	:	<i>Hong Kean Yong</i> <i>(Independent Non-Executive Director)</i>
<b>Chairman</b>	:	<i>Dato' Kong Sooi Lin</i> <i>(Independent Non-Executive Director)</i>									
<b>Member</b>	:	<i>Graham Kennedy Hodges</i> <i>(Non-Independent Non-Executive Director)</i>									
<b>Member</b>	:	<i>Hong Kean Yong</i> <i>(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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>(1) The AEC has in place measures to assess the competency, performance and effectiveness of the Internal Audit function.</li> <li>(2) Group Internal Audit operates under an audit charter mandated by the AEC which gives unrestricted access to review all activities of the Group.</li> <li>(3) The AEC approves Group Internal Audit's Annual Planning Methodology and the Annual Audit Plan, and monitors the progress of the completion of the Annual Audit Plan, as disclosed in the AEC report.</li> <li>(4) 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.</li> <li>(5) The AEC reviews the adequacy of Group Internal Audit's resources and evaluates the performance of the Group Chief Internal Auditor and Group Internal Audit.</li> <li>(6) All internal audit reports are tabled to the AEC together with a Group Internal Audit Activity Report which provides a summary of audits / reviews conducted by Group Internal Audit, highlights of key issues and concerns arising the audits conducted, and the status of resolution of key audit issues highlighted.</li> </ol>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>(1) The Group Internal Audit Department is independent from the business and operating activities. Please refer to Section on Internal Audit in the CGOS of the GFR2020.</p> <p>(2) The profile of the Group CIA, Encik Shamsul Bahrom Mohamed Ibrahim is disclosed on page 22 of the GFR2020.</p> <p>(3) A brief statement on Internal Audit Function with a summary of its key activities is disclosed in the CGOS of the GFR2020.</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> <p>(5) Group Internal Audit Department carries out its functions in compliance with the requirements imposed by the Group's regulators on the internal audit function.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ol style="list-style-type: none"><li>(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.</li><li>(2) Communication and engagement with stakeholders and investors are made through various platforms and channels other than general meeting(s), including physical or virtual meetings, teleconferences, video conferences, non-deal roadshows, investor conferences and other electronic means such as emails, website and text messages.</li><li>(3) The Group discuss environment, social and governance ("ESG") issues and practices with its investors as investors are integrating sustainability risk into their investment decision making process.</li><li>(4) The Group responded to queries from Minority Shareholders Watch Group and shared the response with the shareholders during the Annual General Meeting ('AGM').</li><li>(5) Events organised or participated by the Group's Investor Relations are listed on the Group's corporate website at <a href="http://ambankgroup.com/ir">ambankgroup.com/ir</a>.</li><li>(6) The Group's quarterly financial statements and accompanying media release are published on Bursa Malaysia website and the Group's corporate website. The quarterly analyst briefing and investor presentation are conducted via teleconferencing or video conferencing to cater for the wide geographical spread of the investment community and our shareholders. These briefings enable our investors to gain further insights into the Group's financial results and strategic priorities and the briefing materials can be downloaded from the Group's corporate website.</li><li>(7) Media conferences are held twice a year to apprise the media and general public about the Group's financial performance and strategic directions.</li></ol>

	(8) Stakeholders and investors are encouraged to direct their inquiries via email to the Group's Investor Relations mailbox at <a href="mailto:ir@ambankgroup.com">ir@ambankgroup.com</a> .	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>(1) The IR2020 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 IR2020 :-</p> <ul style="list-style-type: none"> <li>• Stakeholders will understand the Company's strategies for sustainable growth;</li> <li>• Customers will appreciate the importance placed by the Company on offering products and services of a consistently high quality;</li> <li>• Business partners and stakeholders will recognise how the Company seeks to foster win-win solutions with them; and</li> <li>• Employees will see how the Company nurtures a stimulating and rewarding work environment.</li> </ul> <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> <p>(4) The Company's integrated report is in line with the International Integrated Reporting Framework of the International Integrated Reporting Council.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	(1) The notice of AGM for 2019 was despatched to shareholders on 27 June 2019 (32 clear days' of notice).  The notice of the forthcoming AGM which will be held on 27 August 2020 will be given to shareholders on 28 July 2020, effectively serving 29 clear days' of notice.  (2) Details of the resolutions proposed together with explanatory notes and statement are set out in the notice of AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	(1) All Directors attended the Company's AGM in 2019.  (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 <a href="http://ambankgroup.com">ambankgroup.com</a> .  (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.  An independent scrutineer was appointed to validate the votes cast at the general meeting.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>(1) The Board did not adopt this Practice at the last AGM and decided to adopt a prudent stance of monitoring the developments of remote participation and voting ('RPV') facilities for virtual meetings in the market, bearing in mind the need to effectively communicate with the Company's large shareholder base.</p> <p>(2) Shareholders who were unable to physically attend the AGM last year had spoken and voted via their appointed proxies.</p> <p>(3) Given the concerns around the spread of Covid-19, the Board had decided to utilise RPV facilities for the coming 29<sup>th</sup> AGM of the Company to be held on 27 August 2020, after taking into consideration the health and safety of our shareholders, which may not necessarily dissipate even after the Movement Control Order has been uplifted. The RPV facilities will enable shareholders to attend, participate and vote remotely without physically attending the meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board decided to adopt RPV facilities for the upcoming AGM of the Company.
<b>Timeframe</b>	:	Within 1 year

## 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. **Seow Yoo Lin**  
Independent Non-Executive Director
6. **Farina binti Farikhullah Khan**  
Independent Non-Executive Director
7. **Hong Kean Yong**  
Independent Non-Executive Director
8. **Dato' Kong Sooi Lin**  
Independent Non-Executive Director

#### 1.1 DIRECTORS' PROFILE

##### TAN SRI AZMAN HASHIM

<i>Nationality</i>	<b>Malaysian</b>
<i>Gender/Age</i>	<b>Male/81</b>
<i>Date of Appointment</i>	<b>15 August 1991</b>
<i>Length of Tenure as Director</i>	<b>29 Years</b>

### Qualifications

*Fellow Chartered Banker (FCB)*

*Chartered Accountant (FCPA)*

*Fellow, Institute of Chartered Accountants*

*Fellow, Institute of Chartered Secretaries and Administrators*

### Directorship(s) 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, Financial Industry Collective Outreach ('FINCO'), Universiti Teknologi Malaysia – Azman Hashim International Business School Advisory Council and Chairman Emeritus of Pacific Basin Economic Council ('PBEC').*

*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 and a member of the Academic Advisory Council, Universiti Teknologi Petronas.*

*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, 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**

<b>Nationality</b>	<b>Australian</b>
<b>Gender/Age</b>	<b>Male/65</b>
<b>Date of Appointment</b>	<b>30 June 2016</b>
<b>Length of Tenure as Director</b>	<b>4 Years</b>

### Qualification

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

### Directorship(s) 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 on the Australia Securities Exchange.

Mr Hodges is also a Non-Executive Director of Assemble Communities Pty Ltd, a business focused on development of affordable housing in Australia.

### 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**

<b>Nationality</b>	<b>Malaysian</b>
<b>Gender/Age</b>	<b>Male/59</b>
<b>Date of Appointment</b>	<b>4 October 2002</b>
<b>Length of Tenure as Director</b>	<b>17 years</b>

### 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

### Directorship(s) 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 also 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.*

*In March 2020, Mr Soo was appointed as a Non-Independent Non-Executive Director of Amcorp Global Ltd (formerly known as TEE Land Limited), a subsidiary of Amcorp Group Berhad, listed on the mainboard of the Singapore Stock 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 the Group Managing Director of Amcorp Group Berhad, which is a substantial shareholder of AMMB.*

## **VOON SENG CHUAN**

<b>Nationality</b>	<b>Malaysian</b>
<b>Gender/Age</b>	<b>Male/61</b>
<b>Date of Appointment</b>	<b>18 June 2015</b>
<b>Length of Tenure as Director</b>	<b>5 Years</b>

### Qualification

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

### Directorship(s) 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 seven (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.

**Declaration**

He 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**

<b>Nationality</b>	<b>Malaysian</b>
<b>Gender/Age</b>	<b>Male/64</b>
<b>Date of Appointment</b>	<b>30 June 2016</b>
<b>Length of Tenure as Director</b>	<b>4 Years</b>

**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**

<b>Nationality</b>	<b>Malaysian</b>
<b>Gender/Age</b>	<b>Female/48</b>
<b>Date of Appointment</b>	<b>8 August 2017</b>
<b>Length of Tenure as Director</b>	<b>3 years</b>

### Qualifications

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

### Directorship(s) in Listed Issuers

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

### Experience

Farina Binti Farikhullah Khan has over 25 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 Petroliam 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.

Farina had also previously served on the Board of various PETRONAS entities, such as Progress Energy Canada Ltd as well as a number of PETRONAS joint venture entities with foreign partners.

She is an 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.*

**HONG KEAN YONG**

**Nationality** *Malaysian*  
**Gender/Age** *Male/57*  
**Date of Appointment** *10 October 2019*  
**Length of Tenure as Director** *Less than 1 year*

**Qualifications**

*Bachelor of Engineering (Hon) in Electrical and Electronics Engineering, University of Malaya*

**Directorship(s) in Listed Issuers**

*Director, Time Dotcom Berhad*

**Experience**

*Mr Hong was the Senior Vice President of Strategic Planning and Technology Advisor at Taylors Education Group from April 2011 until June 2018, where his primary responsibility was to advise the Group Chief Executive Officer on adoption of information technology in the various operating divisions and provide oversight of Chief Information Officer of Higher Education Division.*

*Prior to that, Mr Hong was the Group Chief Information Officer for Hong Leong Financial Group Berhad from April 2008 to March 2011. He was responsible for the Group IT Strategy and IT Oversight of all subsidiary companies. He played an important role in setting the IT Vision and Mission and the synergies in the application of technology to enable business, including the IT architecture, design and development across the financial services group.*

**Declaration**

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

**DATO' KONG SOOI LIN**

**Nationality** *Malaysian*  
**Gender/Age** *Female/59*  
**Date of Appointment** *30 October 2019*  
**Length of Tenure as Director** *Less than 1 year*

**Qualifications**

*Bachelor of Commerce (Honours), University of New South Wales, Australia  
Fellow, Certified Practising Accountant, Australia  
Chartered Banker, Asian Institute of Chartered Bankers  
Chartered Accountant, Malaysian Institute of Accountants*

**Directorship(s) in Listed Issuers**

*Director, Eco World International Berhad*

### Experience

*Dato' Kong has over 30 years of investment banking experience and has extensive equity and debt transaction expertise, having advised on numerous highly profiled and industry-shaping corporate exercises in Malaysia and Asia Pacific.*

*Dato' Kong began her career with Ernst & Whinney (now known as Ernst & Young) and Arthur Anderson & Co. and then joined Bumiputra Merchant Bankers Berhad under Corporate Banking in 1989.*

*In 1994, she joined CIMB Investment Bank Berhad ('CIMB Investment Bank') and has been with CIMB Group Holdings Berhad ('CIMB Group') for 25 years until her retirement from CIMB Investment Bank as its Chief Executive Officer in March 2019. Throughout her tenure with CIMB Group, Dato' Kong has contributed significantly to entrenching CIMB as one of the top investment banking houses domestically and across ASEAN.*

*Dato' Kong has held various capacities within CIMB Group. Her roles include Group Head of Investment Banking Division for the Asia Pacific region, Group Head of Private Banking, Head of Senior Bankers Group, Chairperson of CIMB Private Limited Sri Lanka and Commissioner on the Board Commissioners of CIMB Securities Indonesia.*

*Dato' Kong is also an Independent Non-Executive Director of AmInvestment Bank Berhad, a wholly-owned subsidiary of the company and a Director of Malaysia Venture Capital Management Berhad.*

### 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')**

- **Seow Yoo Lin (Chairman)**  
*Independent Non-Executive Director*
- **Farina binti Farikhullah Khan**  
*Independent Non-Executive Director*
- **Dato' Kong Sooi Lin**  
*Independent Non-Executive Director*

### **GROUP NOMINATION AND REMUNERATION COMMITTEE ('GNRC')**

- **Voon Seng Chuan (Chairman)**  
*Senior Independent Non-Executive Director*
- **Graham Kennedy Hodges**  
*Non-Independent Non-Executive Director*

- **Soo Kim Wai**  
*Non-Independent Non-Executive Director*
- **Seow Yoo Lin**  
*Independent Non-Executive Director*
- **Farina binti Farikhullah Khan**  
*Independent Non-Executive Director*

#### RISK MANAGEMENT COMMITTEE ('RMC')

- **Dato' Kong Sooi Lin (Chairman)**  
*Independent Non-Executive Director*
- **Graham Kennedy Hodges**  
*Non-Independent Non-Executive Director*
- **Hong Kean Yong**  
*Independent Non-Executive Director*

#### GROUP INFORMATION AND TECHNOLOGY COMMITTEE ('GITC')

- **Hong Kean Yong (Chairman)**  
*Independent Non-Executive Director*
- **Soo Kim Wai**  
*Non-Independent Non-Executive Director*
- **Voon Seng Chuan**  
*Senior Independent Non-Executive Director*

### 1.3 CHANGES TO THE BOARD DURING THE FINANCIAL YEAR ENDED 31 MARCH 2020 ('FY2020')

#### Appointment (A) and/or Resignation (R)

- A - *Hong Kean Yong appointed on 10 October 2019*  
 - *Dato' Kong Sooi Lin appointed on 30 October 2019*
- R - *Datuk Shireen Ann Zaharah binti Muhiudeen resigned on 30 June 2019 upon the expiry of her BNM approved tenure.*

### 1.4 TRAININGS PROVIDED TO THE BOARD

Date	Trainings provided to the Board during FY2020
<b>2019</b>	
April	Board Technology Day
	Tax Planning Opportunities in Malaysia by Credit Suisse/ Deloitte
	FIDE Forum: Dialogue with BNM Deputy Governor on the Draft Risk Management in Technology Policy Document

	<i>FIDE Elective Programme: Understanding Liquidity Risk Management in Banking</i>
	<i>FIDE Forum: 2<sup>nd</sup> Distinguished Board Leadership Series: Rethinking Strategy</i>
May	<i>Withersworldwide Family Office Conference by Withers KhattarWong LLP</i>
	<i>FIDE Forum: Corporate Governance Watchdog – How Does Malaysia Rank?</i>
June	<i>Risk Management: BASEL Foundation Internal Ratings Based Accreditation</i>
	<i>Opportunities to change the world via Technology by Malaysia South-South Association</i>
	<i>Cyber Security Awareness</i>
	<i>The Essence of Independence by ICLIF</i>
July	<i>Anti-Money Laundering Training 2017/18</i>
	<i>Mid-Year Outlook 2019: The Path Ahead by Bank of Singapore</i>
	<i>Related Party Transaction</i>
	<i>Risk Management: BASEL Foundation Internal Ratings Based Accreditation</i>
	<i>FIDE Forum: 3<sup>rd</sup> Distinguished Board Leadership Series - Artificial Intelligence and its Role in Financial Institution Services</i>
	<i>Kuala Lumpur Roundtable</i>
	<i>Mandatory Accreditation Programme</i>
August	<i>Cyber Security Awareness</i>
	<i>FIDE Forum: Understanding FinTech and its Implication for Banks</i>
	<i>Audit Committee Institution Roundtable by ACI/ KPMG</i>
September	<i>Business Model and Technological Disruptions by Professor Dr Kamal Munir</i>
	<i>Corporate Liability Provision and Competition Act</i>
	<i>Disruptive Digitalisation Transforming the Financial Landscape</i>
	<i>FIDE Forum: Dialogue on Innovation and FinTech in the Financial Services Industry</i>
	<i>Corporate and Personal Liabilities under Anti-Corruption Laws in Malaysia</i>
October	<i>Permodalan Nasional Bhd Corporate Summit 2019: Rebooting Corporate Malaysia</i>
	<i>Invitation- The University of Melbourne C-Suite Briefing</i>
	<i>Strengthening the Board's Stewardship of Organisational Culture</i>
	<i>Malaysia Institute of Accountants Conference 2019</i>
	<i>FIDE Forum: 4<sup>th</sup> Distinguished Board Leadership Series – Digital to the Core</i>
	<i>Islamic Finance for Board of Directors Programme</i>
	<i>Leadership in a Disruptive World</i>
	<i>Khazanah Megatrends Forum</i>
	<i>KPMG Tax Seminar</i>
	<i>Raising Defences: Section 17A, Malaysian Anti-Corruption Commission Act</i>
November	<i>Ernst &amp; Young C-Suite Forum by Ernst &amp; Young Tax Consultants Sdn Bhd</i>
	<i>Introduction to Section 17A Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Corporate Liability</i>
	<i>Singapore FinTech Festival</i>
	<i>Audit Oversight Board Conversation with Audit Committee by Securities Commission Malaysia</i>
	<i>Cyber Security Awareness</i>
December	<i>Anti-Money Laundering Training FY2017/18</i>
<b>2020</b>	
January	<i>AmBank Group Green Leadership Series – Pocket Talk 1</i>
	<i>Islamic Finance for Board of Directors Programme</i>
February	<i>FIDE Elective Programme: Understanding the Evolving Cybersecurity Landscape</i>
	<i>Introduction to Section 17A Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Corporate Liability</i>

March	<i>FIDE Forum: Digital Banking – Why Does It Matter</i>
	<i>Malaysia – What’s Next for Politics by Credit Suisse</i>
	<i>Capital Market Development Plan – Module 1: Directors as Gatekeepers of Market Participants</i>
	<i>Capital Market Development Plan – Module 2A: Business Challenges and Regulatory Expectations</i>
	<i>Capital Market Development Plan – Module 2B: Business Challenges and Regulatory Expectations</i>
	<i>Capital Market Development Plan – Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors</i>
	<i>Capital Market Development Plan – Module 4: Current and Emerging Regulatory Issues in the Capital Market</i>

**1.5 NUMBER OF MEETINGS CONVENED**

	Total meeting held during FY2020
<i>Board</i>	13
<i>AEC</i>	7
<i>GNRC</i>	8
<i>RMC</i>	7
<i>GITC</i>	6

**FUNCTION AND CONDUCT**

**2.1 ROLES AND REponsibilities**

**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***

***Risk systems and resources***

## **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 FY2020

### BOARD

Name of Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
Tan Sri Azman Hashim (Non-Independent Non-Executive Chairman)	13	13	100
Graham Kennedy Hodges (Non-Independent Non-Executive Director)	13	12	92
Soo Kim Wai (Non-Independent Non-Executive Director)	13	12	92
Voon Seng Chuan (Senior Independent Non-Executive Director)	13	13	100
Seow Yoo Lin (Independent Non-Executive Director)	13	12	92
Farina binti Farikhullah Khan (Independent Non-Executive Director)	13	13	100
Hong Kean Yong (Independent Non-Executive Director) Appointed on 10 October 2019	7	7	100
Dato' Kong Sooi Lin (Independent Non-Executive Director) Appointed on 30 October 2019	6	6	100
Datuk Shireen Ann Zaharah binti Muhiudeen (Independent Non-Executive Director) Resigned on 30 June 2019	3	2	67

### AEC

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
Seow Yoo Lin (Chairman) (Independent Non-Executive Director)	7	7	100
Farina binti Farikhullah Khan (Independent Non-Executive Director)	7	7	100
Dato' Kong Sooi Lin (Independent Non-Executive Director) Appointed as member on 1 January 2020	2	2	100
Voon Seng Chuan (Senior Independent Non-Executive Director) Resigned as member on 1 January 2020	5	5	100

**RMC**

<b>Name of Committee Members</b>	<b>Number of Meetings</b>		
	<b>Held During Tenure in Office</b>	<b>Attended</b>	<b>%</b>
<i>Dato' Kong Sooi Lin (Independent Non-Executive Director) (Appointed as member on 30 October 2019 and re-designated as Chairman on 1 April 2020)</i>	3	3	100
<i>Graham Kennedy Hodges (Non-Independent Non-Executive Director)</i>	7	7	100
<i>Hong Kean Yong (Independent Non-Executive Director) (Appointed as member on 1 April 2020)</i>	-	-	-
<i>Voon Seng Chuan (Senior Independent Non-Executive Director) (Resigned as member on 1 April 2020)</i>	7	7	100
<i>Datuk Shireen Ann Zaharah binti Muhiudeen (Independent Non-Executive Director) Ceased as member on 30 June 2019</i>	2	2	100

**GNRC**

<b>Name of Committee Members</b>	<b>Number of Meetings</b>		
	<b>Held During Tenure in Office</b>	<b>Attended</b>	<b>%</b>
<i>Voon Seng Chuan (Chairman) (Senior Independent Non-Executive Director)</i>	8	8	100
<i>Graham Kennedy Hodges (Non-Independent Non-Executive Director)</i>	8	8	100
<i>Soo Kim Wai (Non-Independent Non-Executive Director)</i>	8	7	88
<i>Seow Yoo Lin (Independent Non-Executive Director)</i>	8	7	88
<i>Farina binti Farikhullah Khan (Independent Non-Executive Director)</i>	8	7	88
<i>Datuk Shireen Ann Zaharah binti Muhiudeen (Independent Non-Executive Director) Ceased as member on 30 June 2019</i>	2	2	100

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
Hong Kean Yong (Chairman) (Independent Non-Executive Director) Appointed as member on 10 October 2019 and re-designated as Chairman on 1 January 2020	4	4	100
Voon Seng Chuan (Senior Independent Non-Executive Director)	6	6	100
Soo Kim Wai (Non-Independent Non-Executive Director)	6	6	100
Seow Yoo Lin (Independent Non-Executive Director) Resigned as member on 1 January 2020	4	4	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 Defence” concept. The Business Units form the first line of defence; Risk and Compliance form the second line of defence while Internal Audit forms the third line of defence. The key risk management and internal control processes are implemented via the following:

- The RMC of the Group and its major subsidiaries assist the Board 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, business and IT and cyber 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 the changes in operating environment and/or for continuous improvement in risk management.
- The organisational 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 the 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 Shariah related matters. These include advising the Board and Management on Shariah related matters as well as endorsing Shariah policies, validating products and services, and the relevant documentation in relation to Islamic Banking operations according to Shariah principles. 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 to 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 assesses 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 by ensuring sound risk practices and business outcomes are achieved and aligned through a set of limits and controls and policies and procedures to safeguard the Group's sustainable risk-taking and sufficient returns. 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. Our 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's 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 behavior. The Code of Ethics above is a 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 key areas: Message from our Chairman and Group CEO, Ethical Standards, Company and People, Marketplace and Commitment to Sustainability.*
- *The Group has in place a compliance framework that drives prudent, transparent and inclusive business conduct, compliant to the dictates of the Malaysian regulatory and supervisory framework. The framework provides the methodology and approach for risk identification, prevention and mitigation. The Compliance function promotes the safety and soundness of the Group's practices and conduct by minimising financial, reputational and operational risks arising from regulatory non-compliance.*
- *The Group believes in and embraces a culture of complete adherence to regulatory rules and regulations; demanding the highest ethical standards and integrity, where the Board and Senior Management lead by example. The Group continues to exercise and enhance its due diligence and governance processes and remains vigilant to emerging risks as well as sensitive towards heightened regulatory surveillance and enforcement.*
- *Training is provided to employees of the Group on relevant legal and regulatory requirements, and guidance on implementation of internal controls to manage compliance risks.*

### **Key Policies and Procedures**

*The Group's key policies governing internal control include the Know Your Customer ('KYC'), Customer Identification and Due Diligence Policy, AmBank Group Anti-Bribery and Corrupt Practices Policy, Operational Risk Management Framework, Politically Exposed Persons Policy, No Gift Policy, Group Compliance Framework, Group Procurement Policy, Whistleblower Protection Policy, Data Governance Framework, Stress Testing Policy, Information Security Policy, Business Continuity Framework and Policy, Technology Risk Management Framework and Classified Account Management Policy.*

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

<b>Policy</b>	<b>Key Highlights/ Changes</b>
AmBank Group Anti-Bribery and Corrupt Practices Policy	New policy issued pursuant to Section 17A of the Malaysia Anti-Corruption Commission Act 2009.
Whistleblower Protection Policy	Updated the overall policy to reflect current regulatory and internal requirements

AmBank Group Anti-Money Laundering and Counter Financing of Terrorism Policy	Updated the overall policy to reflect current regulatory and internal requirements.
Personal Account Dealing Policy	Updated the overall policy to reflect current regulatory and internal requirements.
Market Conduct Policy	Updated the overall policy to reflect current regulatory and internal requirements.
Non-Retail Credit Policy	Updated to include revisions to R&R requirements.
Credit Approval Delegation	Updated to include revisions to approval authority for Investment Banking credits.
Classified Account Management Policy	Updated to include requirements for accounts that need not to be classified.
Credit Risk Rating Policy for Non-Retail	Updated to ensure only high level requirements are stipulated in the document.
Retail Credit Policy	New policy issued which provides framework to ensure consistent approach in managing credit risks throughout Retail Banking.
Technology Risk Management Framework	To codify the core governing principles for technology risk management, and provide a framework to continuously identify, control, monitor, measure, and report technology risks in a timely and consistent manner across AmBank Group.
Cyber Resilience Policy	To codify the core governing principles, objectives and high-level approach for cyber resilience, in order to continuously identify, protect, detect, respond and recover from internal as well as external cyber-attacks and threats.
Operational Risk Management Framework	<ul style="list-style-type: none"> <li>a. Consolidation of Reputational Risk Policy into Operational Risk Management Framework</li> <li>b. Included Enterprise Wide Operational Risk Management, Internal Audit and Compliance functions which are in line with BNM Operational Risk Policy.</li> <li>c. Included a principle statement that all Business Operational Controls must report directly to MD-LOB/CXO/CEO and conduct the independent testing of controls.</li> </ul>
Product Approval & Management Framework	New Framework codifies the overarching principles and provides framework to undertake the product management and approval activities throughout the product lifecycle, balancing the need for product governance with commercial considerations within the risk appetite of AmBank Group.
Business Continuity Management Framework and Policy	Updated the overall framework and policy to align with Internal Policy Management Framework/Practice Guide to reflect current regulatory and internal requirements.

Liquidity Risk Management Policy	<ul style="list-style-type: none"> <li>a. Revised Liquidity Coverage Ratio related assumptions post system upgrade.</li> <li>b. Updated Net Stable Funding Ratio and intraday liquidity risk management in line with the new BNM guideline or survey.</li> </ul>
Stress Test Framework	Updated the overall policy to reflect current regulatory and internal requirements.
Group Procurement Policy	<ul style="list-style-type: none"> <li>a. Enforcement by the Head of Department of each Line of Business ('LOB') is required to lead, manage and develop the discipline to ensure that staff of the department comply with all statues and regulations of the Group Procurement Policy at all times.</li> <li>b. Added categories to the out-of-scope relevant for AmFunds and AmBank Islamic as per stated in the 'Applicability' segment.</li> <li>c. Included reference for internal approval and governance process accordingly for procuring IT and Non- IT related requests.</li> <li>d. Detailed information related to regulatory Procurement requirements and processes shall be included in the Sourcing Guidelines and Outsourcing Guidelines.</li> </ul> <p><i>Note: Outsourcing Guidelines shall be published and implemented to all employees in July 2019, following the new requirements stated in the BNM Outsourcing Policy document dated 28 December 2018.</i></p>
Capital & Operational Authority Delegation Policy	Clarification on Approval Authority for personal-to-holder letter.
Capital Management Policy Framework	<ul style="list-style-type: none"> <li>a. Updated the metrics that rating agencies consider when evaluating a company's creditworthiness in relation to the Group's principles to maintain sufficient capital to achieve desired credit rating.</li> <li>b. Updated the effective implementation of the capital requirements for financial holding companies and included new regulatory capital buffer requirement on Domestic Systemically Important Banks.</li> </ul>
Dividend & Distribution Policy	<p>Incorporated the requirements under the Companies Act 2016 and Bursa Malaysia's Listing Requirements.</p> <p>Added that dividend declaration can be distributed in excess of current year profits.</p>

ICAAP Policy	<p>Updated the Comprehensive Risk Assessment in maintaining clearly articulated definitions of material risk type to incorporating both quantitative and qualitative elements on the bank-wide level risk assessments. Updated the definition of credit concentration risk to be consistent with Group Risk’s methodology of using Foundation Internal Rating-Based for credit concentration risk.</p> <p>Updated the ‘Sound Capital Management’ section to make reference to the Capital Management Framework on the principles of capital. Added the requirements that the Group should evaluate the capital’s loss absorption quality and capacity on a going concern and gone concern basis.</p> <p>Updated the monitoring of risk capital by incorporating internal triggers and to ensure the availability of capital restoration strategies. Updated the measurements metrics on capital allocation.</p>
Data Governance Framework	Realignment to the Internal Policy Management Framework
Data Management Policy	<ol style="list-style-type: none"> <li>a. Realignment to the Internal Policy Management Framework</li> <li>b. Renamed document from Data Governance Data Policy to Data Management Policy</li> <li>c. Include Data Retention and Archiving</li> </ol>

## REMUNERATION

### 4.1 QUALITATIVE DISCLOSURE

#### The Group Remuneration Objectives

*The Group’s remuneration structure is governed by the GNRC and the Board approved Total Rewards Policy of the Group, where inputs from control functions and Board Risk Committees are solicited. This policy 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.*

*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. 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.

<b>Components</b>	<b>What</b>	<b>Why and Linkages to Strategy</b>	<b>How</b>
Fixed Pay	a. Base Salary  b. Fixed Allowances	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	<ul style="list-style-type: none"> <li>• Adhering to the market value of the job at the individual's competency level, skills, experience and responsibilities</li> <li>• Fixed amount paid monthly</li> <li>• Typically reviewed and revised annually</li> </ul>
Variable Pay	a. Short-Term Incentive ('STI') (Performance Bonus)  b. Long-Term Incentive (AMMB ESS)	Pay for Performance <ul style="list-style-type: none"> <li>• Focus employees on the achievement of objectives which are aligned to value creation for the shareholders</li> <li>• Align payout to time horizon of risk to avoid excessive risk taking and provide for deferral, malus and forfeiture arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Based on the performance of the Group, line of business or subsidiary and the employee's individual performance</li> <li>• Measured against a balanced scorecard with KPIs and targets agreed at the beginning of each financial year</li> <li>• 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</li> </ul>

			<ul style="list-style-type: none"> <li>• <i>Deferral remunerations are paid in AMMB shares with the objective of:</i> <ul style="list-style-type: none"> <li>○ <i>Retaining key employees (retention bonus), and</i></li> <li>○ <i>Drive the Group's long-term performance and sustainability (AMMB ESS)</i></li> </ul> </li> <li>• <i>Administration of both deferral remunerations provides for malus and forfeiture arrangements</i></li> </ul>
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***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:*

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

*The performance of control functions (Audit, Compliance and Risk) are assessed independently from the business units they support to prevent any conflicts of interests.*

*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 FY2020 are as follows :-

		Remuneration received from the Group (RM'000)					
Chief Executive Officer	Fee	Salary	Other Emoluments	Bonus	Benefit in kind <sup>2</sup>	Total	
Dato' Sulaiman Mohd Tahir	-	2,541	910	3,142	51	6,644	
Non-Executive Directors	Salary & Bonus	Fee (RM'000)		Emoluments <sup>1</sup> (RM'000)		Benefit in kind <sup>2</sup>	Total
		AMMB	Subsi	AMMB	Subsi		
Tan Sri Azman Hashim	-	210	-	1,473	-	26	1,709
Graham Kennedy Hodges	-	200	-	108	-	1	309
Soo Kim Wai	-	200	150	103	100	21	574
Voon Seng Chuan	-	200	160	197	265	2	824
Seow Yoo Lin	-	200	150	152	58	2	562
Farina binti Farikhullah Khan	-	200	150	108	105	4	567
Hong Kean Yong (Appointed on 10 October 2019)	-	95	-	40	-	1	136
Dato' Kong Sooi Lin (Appointed on 30 October 2019)	-	84	63	41	23	-	211
Datuk Shireen Ann Zaharah Binti Muhiudeen (Resigned on 30 June 2019)	-	50	-	28	-	1	79

**Notes:**

<sup>1</sup> Emoluments comprised Board Committee allowance, meeting allowance and allowance to the Chairman of the Board.

<sup>2</sup> 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 FY2020 is disclosed under the subsidiaries column of the above table :-

<b>Soo Kim Wai</b>	Director of AMMB and AmBank (M) Berhad
<b>Voon Seng Chuan</b>	Director of AMMB and Chairman of AmBank (M) Berhad
<b>Seow Yoo Lin</b>	Director of AMMB and AmInvestment Bank Berhad
<b>Farina binti Farikhullah Khan</b>	Director of AMMB and AmBank Islamic Berhad
<b>Dato' Kong Sooi Lin</b>	Director of AMMB and AmInvestmetn Bank Berhad

The Non-Executive Directors were not granted any option for FY2020. Options granted and vested to the Group CEO is as follow :-

Group CEO	Number of Ordinary Shares pursuant to AMMB ESS				
	Balance as at 1.4.2019	Granted*	Vested <sup>#</sup>	Forfeited <sup>^</sup>	Balance as at 31.3.2020
Dato' Sulaiman Mohd Tahir	432,300	969,500	-	-	1,401,800

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.

<sup>#</sup> Vesting of Scheme Shares

<sup>^</sup> 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 FY2020 as shown in table below :-

Total Value of Remuneration Awards	Unrestricted (RM'000)	Deferred (RM'000)
<b>Fixed Remuneration</b>		
a) Cash-based	2,541	-
b) Shares and share-linked instruments	-	-
c) Other	-	-
<b>Variable Remuneration</b>		
a) Cash-based	3,142*	-
b) Shares and share-linked instruments	-	3,829
c) Other	-	-

\*Includes deferred STI

#### Remuneration of Senior Management and Material Risk Takers

(A) The breakdown of the total amount of remuneration awards for Senior Management (12) and Material Risk Takers (186) for FY2020 as shown in table below :-

Total Value of Remuneration Awards	Senior Management <sup>1</sup>		Material Risk Takers <sup>2</sup>	
	Unrestricted (RM'000)	Deferred (RM'000)	Unrestricted (RM'000)	Deferred (RM'000)
<b>Fixed Remuneration</b>				
a) Cash-based	14,950	-	77,438	-
b) Shares and share-linked instruments	-	-	-	-
c) Other	-	-	-	-
<b>Variable Remuneration</b>				
a) Cash-based	6,837	-	25,256	-
b) Shares and share-linked instruments	-	11,231	-	31,236
c) Other	-	-	-	-

Note<sup>1</sup>: 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.

Note<sup>2</sup>: 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.

*(B) Breakdown of deferred remuneration awards :-*

Category	Senior Management (RM'000)	Material RiskTakers (RM'000)
<b>Total outstanding deferred remuneration</b>		
Cash	875	2,874
Shares	16,925	44,450
<b>Total outstanding deferred and retained remuneration of which exposed to ex post explicit and/or implicit adjustment</b>		
Cash	-	-
Shares	11,688	30,066
<b>Total amendment due to ex post explicit adjustments</b>		
Cash	-	-
Shares	-	-
<b>Total amendment due to ex post implicit adjustments</b>		
Cash	-	-
Shares	-	-
<b>Total deferred remuneration paid out in the financial year</b>		
Cash	1,576	5,426
Shares	-	-

*(C) Guaranteed bonuses, sign-on bonuses and severance payments :-*

Category	Senior Management	Material Risk Takers
Number of guaranteed bonuses	-	-
Number of sign-on awards	-	-
Number of severance payments	-	-
<b>Total amount of above payments made (RM'000)</b>	-	-