

AMMB Holdings Berhad (223035-V)
(Incorporated in Malaysia)

SUMMARY OF MINUTES OF THE
24TH ANNUAL GENERAL MEETING
OF THE COMPANY ("AMMB") HELD AT MANHATTAN II, LEVEL 14
BERJAYA TIMES SQUARE HOTEL KUALA LUMPUR
NO. 1 JALAN IMBI, 55100 KUALA LUMPUR
ON THURSDAY, 20 AUGUST 2015 AT 10.00 A.M.

PRESENT : Y Bhg Tan Sri Azman Hashim (*Chairman*)
Y A Bhg Tun Mohammed Hanif bin Omar
Y Bhg Dato' Rohana Tan Sri Mahmood
Y Bhg Dato' Seri Ahmad Johan bin Mohammad Raslan
Mr Chin Yuen Yin
Mr Voon Seng Chuan
Mr Soo Kim Wai
Mr Shayne Cary Elliott
Mr Mark David Whelan
Ms Suzette Margaret Corr
Members, proxies and corporate representatives
as per the attendance list

IN ATTENDANCE : Ms Koid Phaik Gunn (*Secretary*)

ABSENT WITH
APOLOGIES : Y Bhg Dato' Azlan Hashim
Y Bhg Tan Sri Datuk Clifford Francis Herbert
Y Bhg Tan Sri Datuk Dr Aris Othman

ITEM

1. CHAIRMAN OF THE MEETING

Y Bhg Tan Sri Azman Hashim, Chairman of the Board of Directors, took the Chair and called the 24th Annual General Meeting to order.

2. QUORUM

There were present more than 5 members and proxies. The quorum requirement of Article 70 of the Company's Articles of Association had therefore been satisfied.

3. NOTICE OF MEETING

The notice convening the meeting was taken as read by the members present.

ITEM

4. RETIREMENT OF DIRECTORS AT THE CONCLUSION OF MEETING

The Chairman informed that the three (3) Directors who were not present at the meeting, namely Y Bhg Dato' Azlan Hashim, Y Bhg Tan Sri Datuk Clifford Francis Herbert and Y Bhg Tan Sri Datuk Dr Aris Othman, would retire at the conclusion of the Annual General Meeting pursuant to Section 129 of the Companies Act, 65 as they would not be seeking for re-appointment.

5. PRESENTATION OF FINANCIAL PERFORMANCE & OUTLOOK

The Chairman invited Y Bhg Datuk Mohamed Azmi bin Mahmood, the Acting Group Managing Director to present the following to the members –

- i) Financials and Strategy of AmBank Group:
 - a) AmBank Group: Delivering Growth
 - b) Financial Year 2015 Strategic Agenda: Progress Round-up
 - c) Strategic Direction for Financial Years 2016 to 2017
 - ii) Response to the questions raised by the Minority Shareholder Watchdog Group (MSWG) on areas of strategy/financials and corporate governance, as set out in Appendix 1 of the minutes.
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6. AUDITED FINANCIAL STATEMENTS AND REPORTS OF THE DIRECTORS AND AUDITORS

The Audited Financial Statements of the Company for the financial year ended 31 March 2015 and the Reports of the Directors and Auditors were taken as read and received by the members present.

7. ORDINARY RESOLUTION NO. 1 :**FINAL SINGLE TIER DIVIDEND OF 15.3% FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

The Chairman proposed the following motion and invited a seconder –

"THAT a final single tier dividend of 15.3% for the financial year ended 31 March 2015 as stated in the Directors' Report be declared for the financial year ended 31 March 2015 and payable on 11 September 2015 to members registered in the Record of Depositors on 28 August 2015."

ITEM

Mr William Woon Peng Wah seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

8. ORDINARY RESOLUTION NO. 2 :**DIRECTORS' FEES**

The Chairman invited a proposer and a seconder for the following motion -

"THAT the payment of Directors' fees of RM2,150,411.00 for the financial year ended 31 March 2015 be approved."

Mr Henry Tan Khoon Seng Ms Surender Kaur proposed and seconded the motion respectively. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

9. ORDINARY RESOLUTION NO. 3 :**RE-ELECTION OF Y BHG DATO' ROHANA BINTI MAHMOOD RETIRING BY ROTATION PURSUANT TO ARTICLE 89 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Chairman proposed the following motion and invited a seconder –

"THAT Y Bhg Dato' Rohana binti Mahmood retiring by rotation pursuant to Article 89 of the Company's Articles of Association, be re-elected to the Board of Directors of the Company."

Madam Loke Swan Yen seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

10. ORDINARY RESOLUTION NO. 4 :**RE-ELECTION OF MR SHAYNE CARY ELLIOTT RETIRING BY ROTATION PURSUANT TO ARTICLE 89 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Chairman proposed the following motion and invited a seconder –

ITEM

"THAT Mr Shayne Cary Elliott retiring by rotation pursuant to Article 89 of the Company's Articles of Association, be re-elected to the Board of Directors of the Company."

Madam Loke Swan Yen seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

11. ORDINARY RESOLUTION NO. 5 :**RE-ELECTION OF DATO' SERI AHMAD JOHAN BIN MOHAMMAD RASLAN RETIRING PURSUANT TO ARTICLE 97 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Chairman proposed the following motion and invited a seconder –

"THAT Dato' Seri Ahmad Johan bin Mohammad Raslan retiring pursuant to Article 97 of the Company's Articles of Association, be re-elected to the Board of Directors of the Company."

Mr Pang Ah Kow seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

12. ORDINARY RESOLUTION NO. 6 :**RE-ELECTION OF MR CHIN YUEN YIN RETIRING PURSUANT TO ARTICLE 97 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Chairman proposed the following motion and invited a seconder –

"THAT Mr Chin Yuen Yin retiring pursuant to Article 97 of the Company's Articles of Association, be re-elected to the Board of Directors of the Company."

Mr William Woon Peng Wah seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

ITEM

13. ORDINARY RESOLUTION NO. 7 :**RE-ELECTION OF MS SUZETTE MARGARET CORR RETIRING PURSUANT TO ARTICLE 97 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Chairman proposed the following motion and invited a seconder -

"THAT Ms Suzette Margaret Corr retiring pursuant to Article 97 of the Company's Articles of Association, be re-elected to the Board of Directors of the Company."

Mr Tan Kok Cheeng seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

14. ORDINARY RESOLUTION NO. 8 :**RE-ELECTION OF MR VOON SENG CHUAN RETIRING PURSUANT TO ARTICLE 97 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Chairman proposed the following motion and invited a seconder –

"THAT Mr Voon Seng Chuan retiring pursuant to Article 97 of the Company's Articles of Association, be re-elected to the Board of Directors of the Company."

Mr Lim Hock Aun seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

15. ORDINARY RESOLUTION NO. 9 :**RE-APPOINTMENT OF DIRECTOR OVER 70 YEARS OF AGE PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965****– Y BHG TAN SRI AZMAN HASHIM**

The Chairman passed the Chair to Y Bhg Dato' Rohana binti Mahmood as the motion related to his re-appointment as Director.

Dato' Rohana binti Mahmood proposed the following motion and invited a seconder –

ITEM

"THAT Y Bhg Tan Sri Azman Hashim, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

Madam Loke Swan Yen seconded the motion. Dato' Rohana binti Mahmood then put the motion to vote by a show of hands.

The resolution was carried.

Tan Sri Azman Hashim resumed the Chair and thanked the members for the support.

16. ORDINARY RESOLUTION NO. 10 :**RE-APPOINTMENT OF DIRECTOR OVER 70 YEARS OF AGE PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965
– Y A BHG TUN MOHAMMED HANIF BIN OMAR**

The Chairman proposed the following motion and invited a seconder -

"THAT Y A Bhg Tun Mohammed Hanif Bin Omar, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

Mr William Woon Peng Wah seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

17. ORDINARY RESOLUTION NO. 11 :**RE-APPOINTMENT OF AUDITORS**

The Chairman proposed the following motion and invited a seconder –

"THAT Messrs Ernst & Young, be re-appointed Auditors of the Company to hold office until the conclusion of the next annual general meeting and that their remuneration be determined by the Directors."

Mr Choo Sin Kwang seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

ITEM

18. ORDINARY RESOLUTION NO. 12 :**RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY, PURSUANT TO THE COMPANY'S EXECUTIVES' SHARE SCHEME**

The Chairman proposed the following motion and invited a seconder -

"THAT pursuant to the Company's Executives' Share Scheme ("ESS") as approved at the Extraordinary General Meeting of the Company held on 26 September 2008, the Directors of the Company be and are hereby authorised to allot and issue such number of new ordinary shares in the Company from time to time as may be required for the purpose of the ESS, provided that the total number of new and existing ordinary shares in the Company to be allotted and issued and/or transferred, as the case may be, under the ESS, shall not exceed ten percent (10%) in aggregate of the total issued and paid-up ordinary share capital of the Company at any point of time throughout the duration of the ESS."

Mr Lim Hock Aun seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

19. ORDINARY RESOLUTION NO. 13 :**RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY, FOR THE PURPOSE OF THE COMPANY'S DIVIDEND REINVESTMENT PLAN**

The Chairman proposed the following motion and invited a seconder -

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

Mr Woon Peng Wah seconded the motion. The Chairman then put the motion to vote by a show of hands.

The resolution was carried.

ITEM

20. ORDINARY RESOLUTION NO. 14 :**AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

The Chairman proposed the following motion and invited a seconder –

“THAT subject to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being.”

Madam Loke Swan Yen seconded the motion. The Chairman then put the motion to vote by a show of hands

The resolution was carried.

21. CLOSURE

There being no other business, the meeting ended at 12.00 p.m. with a vote of thanks to the Chairman and the Board.

Response to the questions raised by the Minority Shareholder Watchdog Group ('MSWG') on areas of strategy/financials and corporate governance, as follows –

Strategy/Financials

MSWG's Question 1

In the light of reporting in the media on 1MDB, can the Board provide and explain the extent of exposure to the company by the Group?

AMMB Holdings Berhad ('AMMB')'s Reply

We are restricted from revealing information or account details of any client as the Group is bound by the Financial Services Act 2013 ('FSA'), including Section 133(1) which covers client confidentiality, and the Islamic Financial Services Act 2013 Section 145(1).

Notwithstanding these restrictions, we affirm that the Group strictly adhere to single customer limits under the FSA, which restrict the exposure of any client or group to below 25% of a bank's shareholders funds. As our top 10 exposures are from diverse sectors, which are well-collateralised, we do not expect material impairment provisions from those customers.

MSWG's Question 1(a)

In the event that there is exposure to any large single customer, group or highly leveraged entities, what is the risk management processes or due diligence measures taken to evaluate these exposures?

AMMB's Reply

The Group uses single name limits to control large concentrations of exposure to individual counterparts. These are set as a percentage of the booking entities' capital, based on the borrower's risk grade.

Our risk management processes are guided by internal credit policies and the Group Risk Appetite Framework ('GRAF'), that are approved by the Board. The GRAF is refreshed at least annually and with regard to credit risk, it provides direction for portfolio management, strategies and objectives designed to deliver the Group's optimum portfolio mix.

Credit Risk portfolio management strategies include, amongst others:

- Concentration threshold/review triggers: single counterparty credit, industry sectors and country;
- Annual asset writing strategies for industry sectors and portfolio composition (by Risk Grade and Security Indicators);
- Setting loan/financing to value limits for asset-backed loan/financing (property exposures and other collateral);
- Watch list processes for identifying, monitoring and managing customers exhibiting signs of weaknesses and higher risk customers; and
- Setting Benchmark Returns which serve as a guide to the minimum returns which the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

For the non-retail segment, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using our credit rating model. The model consists of quantitative and qualitative scores that are then translated into rating grades. The assigned rating grade forms a crucial part of the analysis undertaken for each of the bank's credit exposures. Individual credit risk exposures exceeding certain thresholds are escalated to Credit and Commitments Committee ('CACC') for approval. Any exposures exceeding CACC authority will be reported to the Executive Committee ('EXCO'). Portfolio credit risk is reported to the relevant management and Board Committees.

The Group CEOs Committee will regularly review the quality and diversification of the Group's loan/financing portfolio, approve new and amended credit risk policies, and review the portfolio risk profile against the Group Risk Appetite Framework ('GRAF').

MSWG's Question 1(b)

Whether the Board has taken account that all regulatory requirements had been adhered to and what extent and impact have such issues had on the Group's reputation and the measures taken to address it?

AMMB's Reply

AmBank Group is bound by all banking laws and regulations set by the regulators which include Bank Negara Malaysia. We have and will continue to cooperate fully with the authorities in an open and transparent manner as required.

As described in 1(a), the Group has established a strong risk management framework and internal control systems. The Risk Management Committee of Directors has oversight of overall risk management structure and oversee adherence to regulatory requirements while the Group CEOs Committee assists to holistically manage the Group's risk and businesses. This includes developing business and risk policies coupled with operating procedures to ensure compliance with the relevant laws and regulations.

To ensure management and staff are fully aware of and compliant with the relevant regulations and its related procedures, we implemented a group-wide compliance system and training modules that enable regular and mandatory self-assessment by staff. We continuously invest and adopt best practices to improve our compliance and risk management systems and culture.

On 14 July 2015, the Group had arranged a teleconference with analysts and fund managers to emphasise that AmBank Group is a trustworthy and professionally run organisation with strong corporate governance.

On 16 July 2015, AmBank Group issued a press statement and Bursa announcement to refute a defamatory hoax perpetrated by a non-governmental organisation.

On the impact to the Group's reputation, we affirm that our businesses continue to operate as usual.

MSWG's Question 1(c)

If the loan or highly leveraged entities goes doubtful or bad, what actions would be taken by the Board on those that were involved and responsible in breaching the rules and regulations put in place? Please elaborate on the measures taken.

AMMB's Reply

Our Group adheres to stringent policies and will take the appropriate actions against any staff who breaches rules and regulations. Depending on the extent of the regulatory infractions and based on the Group's disciplinary matrix, the measures would involve corrective and disciplinary actions, including letters of reprimand, negative job performance appraisals, and, if justified, suspension, demotion and termination. The Board is fully committed to ensuring that the Group maintains the highest standards in corporate governance and ensures that the staffs comply with regulatory requirements.

MSWG's Question 2

Can the Board provide the Group's total credit exposures to constructions, infrastructure and power sectors? Is there any concentration of risk to any one single borrower or Group to each of these sectors which is large where provisions or potential provisions would be made within the next 3 – 6 months?

AMMB's Reply

The Group's total credit exposures to these sectors amount to RM6.0 billion or 4.8% of total exposure of RM125.0 billion, as shown in the Annual Report 2015, page 351.

As detailed in our response 1(a), the Group's Credit Risk portfolio management strategies includes regularly reviewing concentration risk to single borrower, group and industry. We closely monitor the business and financial prospects of these customers, and would make provisions, if necessary, according to the evaluations of the Credit Review Committee.

Our exposures to these sectors are either of high-credit quality and/or are government-agenda projects, which we do not expect to be making any material impairment provisions over the next 3 – 6 months.

MSWG's Question 3

What measures would the Group take to address the margin compression and the weaker market seen for hire-purchase and Housing loans financing, which in total amounted to RM39.6 billion or 45.1% of its gross loans, advances and financing?

AMMB's Reply

The Group's measures to address margin compression include maintaining strict pricing disciplines, focus on growing more fee-based income, increase low cost deposits and focus on more relationship based banking and exclusive partnerships to ease competitive pressures.

The Group is mindful of the high consumer debt to GDP ratio in Malaysia and continue on our current strategy to grow our loans by focusing on preferred segments by writing better quality assets in auto financing (HP) and mortgages. Albeit at the expense of declining margins and volume, this approach has resulted in improved delinquency and Gross Impaired Loans ('GIL'), ratios over the past years.

MSWG's Question 3(a)

Please elaborate on the risk grades and preferred and least preferred strategy for its loans portfolio and what are the tangible results seen so far from its de-risking portfolio and please elaborate on the specific efforts taken for each loan segment?

AMMB's Reply

Based on the credit rating model which was explained in 1(a), the Group's Retail risk profiles are graded on a Master Scale, which begins with the most unlikely to default to most likely to default. These are then categorised into most preferred, preferred and least preferred risk grades.

Retail Banking aims to continue its policy of de-risking its auto finance portfolio. As such, auto financing loans have decreased by 15% from RM28.0 billion in Financial Year ('FY') 2013 to RM23.8 billion in FY2015 whilst the proportion of writing new loans to the least preferred risk-grade has decreased from 9% in FY2013 to 0% in FY2015.

Similarly, as described in 1(a) and 1(b), wholesale banking asset writing strategies go through various risk processes and independent reviews that include exposure to industry sectors, concentration thresholds and portfolio compositions.

Over the years, AmBank Group's de-risking strategy has led to a progressive improvement in GIL ratio from 2.0% in FY2013 to 1.8% in FY2015. This resulted in a significant decline of 68% in provisions for individual allowances from RM287.7 million in FY2013 to RM91.0 million in FY2015. Excluding a well-collateralised property-related legacy loan, AmBank Group's GIL ratio would have further improved to RM1.4% in FY2015.

MSWG's Question 3(b)

Please explain the upward trend of gross impaired ratio for wholesale banking business from FY2014?

AMMB's Reply

The GIL ratio for the wholesale banking business had improved from 1.1% in 1QFY2015 to 1.0% as at 2QFY15, subsequently rising to 1.5% as at 3QFY15 mainly due to a large property-related loan, which was well-collateralised. Excluding this large customer, the GIL would have been 0.8%, instead of 1.6% as at 31 March 2015.

MSWG's Question 3(c)

What is the Bank's asset quality experience in the last 9 months on house hold debts since its exposure to this segment is substantial, around 51.7% of its gross loans, advances and financing as at FY2015?

AMMB's Reply

The asset quality for AmBank Group's household sector has improved with the GIL ratio falling from 2.5% as at 1QFY15 to 1.8% as at 4QFY15.

MSWG's Question 4

On operational efficiency, despite the partial disposal of AmMetLife and AmMetLife Takaful, the Group's cost to income ('CTI') ratios over the last three years were still high in the region of 45% - 46% level just within the average ratio of 45.6% of the banking industry with the lowest at 31%. Could the Group be able to improve its overhead and business efficiency rate, going forward?

AMMB's Reply

As one of our four FY2015-17 Strategic Priorities, the Group is continuously initiating process improvements, simplifying and streamlining business and operating structure and cost savings programs to optimise efficiency across business and support divisions. This includes disposing non-core activities. Some of these benefits may be offset by cost of new investments to expand our capabilities and building new infrastructure to grow our business and improve customer service.

MSWG's Question 4(a)

Please explain why the key targets on ROE, CTI and gross impaired loans for FY2016 were lower/less positive than FY2015.

AMMB's Reply

For FY2016, against the backdrop of rising cost of living, high national household indebtedness and global economic slowdown, we are expecting a lower national GDP growth and hence lower loan demand.

With the Group's stronger capital base and weakening economy and given the Group's ROE of 13.8% for FY2015 includes a one-off gain from the partial sale of our life insurance businesses, the underlying ROE for FY2016 is expected to be between 12% - 12.5%. The FY2016 CTI of up to 46% is expected to be largely maintained as benefits from cost efficiency programs may be offset by lower income and new investments to expand our capabilities.

GIL ratio is assumed at up to 2.0%, above 1.8% as at 4QFY2015, as we have adopted a conservative view in assuming a potential deterioration in the banking industry's asset quality.

MSWG's Question 5

Has the Board received any proposal on merger and acquisition recently, and what is the Board's view of the proposal(s)?

AMMB's Reply

The Board has not received any proposal recently. If there is any, we will make the necessary notification to the relevant authorities, including an official announcement on Bursa Malaysia.

Corporate Governance

MSWG's Question 1

The Board consists of ten (10) directors with three (3) Independent Non-Executive Directors and chaired by a Non-Independent Non-Executive Director. Recommendation 3.5 of Malaysian Code on Corporate Governance ('MCCG') 2012 states that the Board should have a majority of independent directors where the Chairman is not independent. It is recommended that the Board should consider in its succession plan to comply with Recommendation 3.5 of MCCG 2012.

AMMB's Reply

Two (2) of our Independent Non-Executive Directors ('INEDs'), namely Y Bhg Tan Sri Clifford Francis Herbert and Y Bhg Tan Sri Datuk Dr Aris Othman are retiring at the conclusion of the Annual General Meeting pursuant to the 9 year rule.

We have appointed an executive search company to search for potential candidates for INEDs and have shortlisted a few candidates with the intention to increase the number of INEDs to five (5), with a representation of 42% INEDs on the Board.

MSWG's Question 2

Publishing the salient points of the minutes of the AGM proceedings and Memorandum & Articles of Association on the company's website in the spirit of transparency and good corporate governance practice based on the ASEAN CG Scorecard which is being used to assess the level of CG standards of PLCs in Malaysia by MSWG.

AMMB's Reply

We have taken note of MSWG's comment and have since uploaded the minutes of the AGM and Memorandum & Articles of Association on our Company's website.

