

# GOVERNANCE OVERVIEW STATEMENT

**This section of the Annual Report shares with you how we operate as a Board and explains the responsibilities we have as Directors to all our stakeholders. We describe the different Board Committees and how they are accountable for clearly defined responsibilities, each headed by an Independent Director.**

The Board of Directors of the Company ('Board') is collectively responsible for the long-term success of the Group and for ensuring leadership within a framework of effective controls. The Board sets the strategic direction of the Group, approves the strategy and takes the appropriate action to ensure that the Group is suitably resourced to achieve its strategic aspirations. The Board considers the impact of its decisions and its responsibilities to all of the Group's stakeholders, including the Group's employees, shareholders, regulators, clients, suppliers, the environment and the communities in which it operates.

**FRAMEWORKS APPLIED**

- 1  
**Bursa Malaysia Securities Berhad ('Bursa Securities') Main Market Listing Requirements ('MMLR')**
- 2  
**Securities Commission ('SC') Malaysian Code on Corporate Governance ('MCCG') 2017**
- 3  
**Bank Negara Malaysia ('BNM') Policy Document on Corporate Governance**

**PRINCIPLE A  
BOARD LEADERSHIP &  
EFFECTIVENESS**

**PRINCIPLE B  
EFFECTIVE AUDIT &  
RISK MANAGEMENT**

**PRINCIPLE C  
INTEGRITY IN CORPORATE REPORTING &  
MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

## PRINCIPLE A 1

This section provides an overview of the Board and how it and its Committees interlink. Details of the type of activity considered by the Board and also some of the core responsibilities for certain Directors are also explained.

In the Group Nomination and Remuneration Report, we reflect the elements of how the Board is made up, how we plan to ensure success in the future and how do we make sure on an annual basis that we are being held accountable to each other as Board members and also to our stakeholders.

In addition, we actively work to ensure that AmBank Group's embraces diversity and promotes inclusion at all levels of the organisation. Our Board Charter states that we should aim for at least 30% female representation at Board level and to achieve that, we are seeking candidates with exceptional qualification and experience to join the Board.

As you review the report, the variation of what the Board has to consider is wide-ranging and reflects the scope of discussions which occur throughout the year.

### Why is this important

It is important to have strong leadership from the Board as a whole to support Management in their day-to-day running of the business.

We want all our stakeholders to understand the commitment and passion the Directors have to make the Group a success.

In addition, having an effective and contributing Board, with the right skills, experience and willingness to contribute to the Group's values, is very important to our success as a company and therefore to our stakeholders.

It is incumbent on the Board to make sure that it is diligent in its succession planning – at Board level and also contributing to what happens at the Senior Management level and understanding succession planning across the Group.

## PRINCIPLE B 2

The work of the Audit and Examination Committee and Risk Management Committee extend and expand as the number of new auditing and governance requirements grows.

To assist the Board's decision-making processes and maximise our effectiveness, we form various Board Committees. The Governance Committee was established as a temporary committee to help the Group drive the implementation of governance initiatives, including specific tasks as mandated by the Board.

During the year under review, the Committee completed its mandate and dissolved on 25 January 2018. As a continuing governance practice, the responsibilities of the Governance Committee are being handled by the Risk Management Committee.

### Why is this important

Various Board and Management Committees have responsibility for the oversight of our regulatory requirements and audit reporting.

These are significant areas of focus for our business and it is important for stakeholders to know that this is recognised at the highest level in the Group.

It is critical to know that there is a process of accountability running throughout the Group with good processes in place and defined levels of responsibility.

## PRINCIPLE C 3

This section provides an overview of how we help existing and potential investors understand and communicate with the Group.

### Why is this important

The Group recognises the importance of communication with its shareholders and has a role to ensure stakeholder views remain central to AmBank Group's mission.

Our Board Charter defines the roles, responsibilities and functions of the Board and Board Committees in accordance with the principles of good corporate governance. The Charter is reviewed periodically to ensure its adherence to the latest statutory and regulatory requirements, as well as the Group's operational and business direction. The Charter was updated in September 2017 and is available on the Company's corporate website at [ambankgroup.com](http://ambankgroup.com).

**This Corporate Governance Overview Statement should be read in conjunction with the Corporate Governance Report, which is available on the Company's corporate website at [ambankgroup.com](http://ambankgroup.com) as well as Bursa Securities' website at [bursamalaysia.com](http://bursamalaysia.com) under Company Announcement of AMMB Holdings Berhad.**

## PRINCIPLE A

### Changes to the Board

The Board consists of seven (7) members comprising a Non-Independent Non-Executive Chairman, two (2) Non-Independent Non-Executive Directors and four (4) Independent Directors. The following changes to the Board occurred during the financial year under review:

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

A

**Farina binti Farikullah Khan**  
(Independent Director)  
appointed on 8 August 2017

R

**Dato' Seri Ahmad Johan bin Mohammad Raslan**  
(Non-Independent Non-Executive Director)  
resigned on 9 December 2017  
upon the expiry of his tenure approved by BNM.

**Suzette Margaret Corr**  
(Non-Independent Non-Executive Director)  
resigned on 23 January 2018 following her resignation as an employee of Australia and New Zealand Banking Group Ltd.

**Dato' Rohana binti Tan Sri Mahmood**  
(Senior Independent Director)  
resigned on 25 January 2018 due to personal commitments.

### Chairman and Group Chief Executive Officer

There is a defined split of responsibilities between the Chairman and the Group Chief Executive Officer. The roles and responsibilities of the Chairman and Group Chief Executive Officer are clearly defined, and set out in writing in the Board Charter.

### Independence of Directors

The Independent Directors bring with them a variety of relevant business experience that enables them to exercise independent judgment and to participate objectively in the proceedings and decision-making processes of the Board.

Decision-making on key issues regarding the Company and its subsidiaries are deliberated by the Directors. Board decisions are made taking into account the views of the Independent Directors, which carry substantial weight. They fulfill their roles in ensuring that strategies proposed by Management are discussed and examined as well as ensuring that the interest of shareholders and stakeholders of the Company are safeguarded.

Each of the Independent Director is required to provide a declaration of his or her independence annually. This declaration is assessed by the Group Nomination and Remuneration Committee ('GNRC'). Based on the outcome of the Board Effectiveness Evaluation ('BEE') for Year of Assessment 2018, which was conducted by an independent external consultant and reported to the GNRC as well as to the Chairman of the Board, all Independent Directors have scored highly and there are no conflicts or potential conflicts of interest that may affect their independent judgment.

The Board also believes that each Independent Director has retained their independence throughout the tenure and had not in any circumstances formed any association with Management that might compromise their ability to exercise independent judgment which ultimately affects the interest of stakeholders.

None of the Independent Director served more than nine (9) years during the financial year under review.

### Board Conduct

The Board commits itself and its Directors to ethical, business and lawful conduct including proper use of authority and appropriate decorum when acting as Board members. Accordingly, all Directors shall apply ethical principles and standards of behaviour as set out in the Code of Conduct and Code of Ethics of the Group, and other applicable governance documentation approved by the Board setting out standards of ethical conduct and behaviour.

Both the Code of Conduct and Code of Ethics of the Group are available on the Company's corporate website at [ambankgroup.com](http://ambankgroup.com).

The Directors shall declare any conflict of interest they have in material transactions or material arrangements with the Company and shall not be present when the matter is being deliberated and decision being made at the Board and/or Board Committees meeting.

The Directors shall devote sufficient time to prepare for and attend Board and Board Committees meetings, and maintain a sound understanding of the business of the Company as well as relevant market and regulatory developments. This includes a commitment to on-going education.

Prior to accepting appointment(s) of directorship(s) in other companies, the Directors shall ensure that their appointment(s) in other companies are not in conflict with the Company's business and do not affect the discharge of their duties as Directors of the Company. The Directors shall notify the Chairman of the Board and the Company Secretary within 14 days of their new appointment(s) in other companies.

In addition to the above, all Directors of the Company have complied with the MMLR of Bursa Securities of not holding more than five (5) directorships in listed issuers at any given time. This is to ensure the Directors do not have competing time commitments that may impair their ability to discharge their responsibilities effectively.

## ROLES AND COMPOSITION

### CHAIRMAN | TAN SRI AZMAN HASHIM

The Chairman is primarily responsible for the leadership of the Board and ensuring its effectiveness. He ensures the Board upholds and promotes the highest standards of corporate governance, setting the Board's agenda and encouraging open, constructive debate of all agenda items for effective decision-making. He also ensures that shareholders' views are communicated to the Board.

### SENIOR INDEPENDENT DIRECTOR | VOON SENG CHUAN

The Senior Independent Director's role includes meeting regularly with the Chairman and the Group Chief Executive Officer to discuss specific issues, as well as being available to stakeholders generally and as an alternative communication channels. He also act as a sounding board for the Chairman as well as an intermediary for other Directors.

### BOARD COMMITTEE CHAIRMEN | VOON SENG CHUAN, DATUK SHIREEN ANN ZAHARAH BINTI MUHIUDEEN AND SEOW YOO LIN

The Board Committee Chairmen are responsible for leading the members of the Board Committees and ensuring their effectiveness. They set the Board Committees' agendas, in consultation with the Group Company Secretary and Management, and report to the Board on committee proceedings.

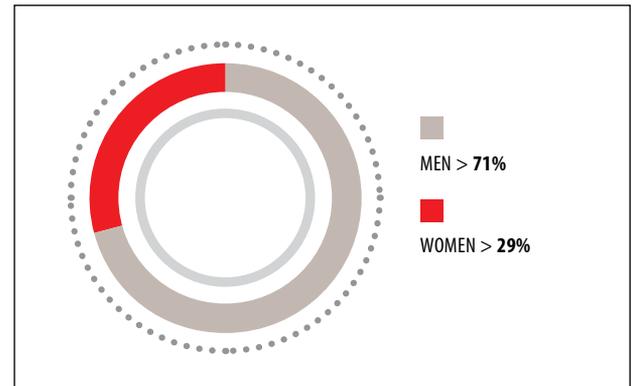
### GROUP CHIEF EXECUTIVE OFFICER | DATO' SULAIMAN MOHD TAHIR

The Group Chief Executive Officer ('Group CEO') is responsible for the operational management of the business and for the development and implementation of the Group's strategy as agreed by the Board and Management. He is also the conduit between the Board and Management in ensuring the success of governance and management functions.

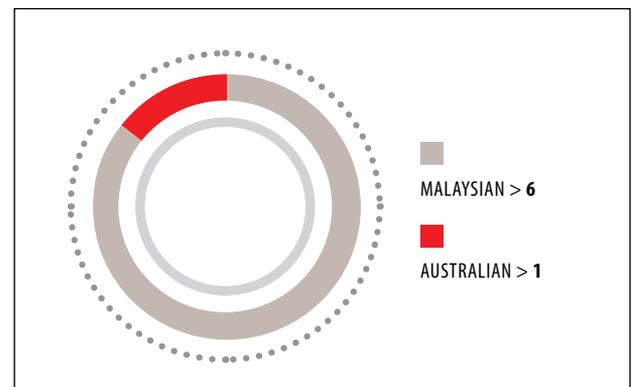
### GROUP COMPANY SECRETARY | KOID PHAIK GUNN

The Group Company Secretary acts as secretary to the Board and Board Committees, ensuring compliance with board procedures and advising on regulatory and governance matters. She is responsible, under the direction of the Chairmen of the Board and Board Committees, for ensuring the Board and Board Committees receive accurate, timely and clear information. The Group Company Secretary supports the Chairman of the Board in delivery of the corporate governance agenda and to facilitate, together with the Group Learning and Development Unit, director inductions and ongoing trainings.

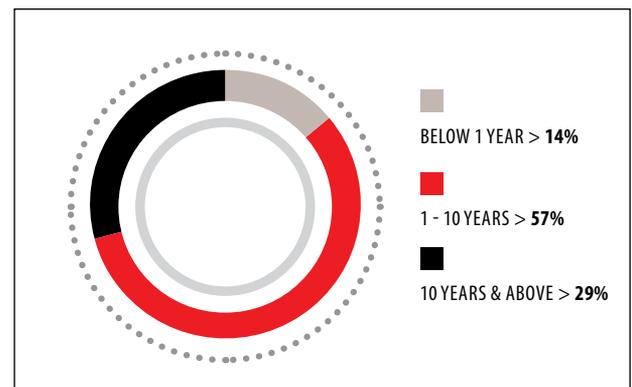
### Gender Split of Board



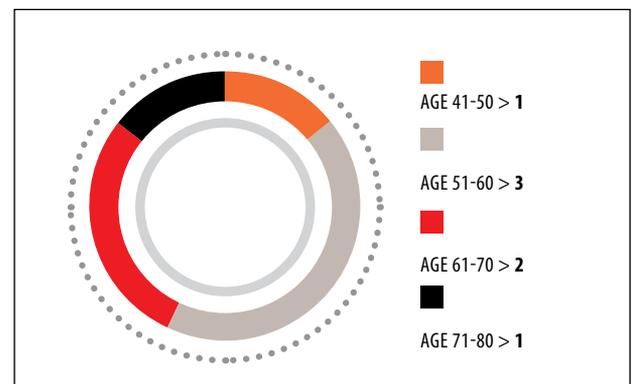
### Nationality of Directors



### Length of Tenure



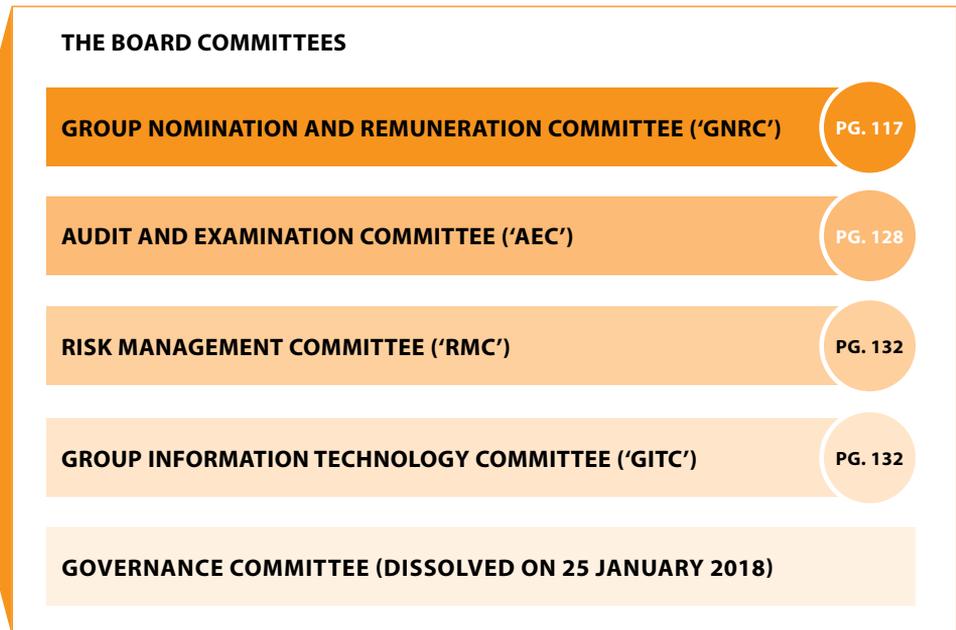
### Age



**BOARD AND BOARD COMMITTEE STRUCTURE**

**THE BOARD**

The Board is collectively responsible for the long-term success of the Group and for ensuring leadership within a framework of effective controls. The Board sets the strategic direction of the Group, approves the strategy and takes the appropriate action to ensure that the Group is suitably resourced to achieve its strategic aspirations. The Board considers the impact of its decisions and its responsibilities to all of the Group's stakeholders.



**GROUP CHIEF EXECUTIVE OFFICER**



**MATTERS RESERVED FOR THE DECISION OF THE BOARD**

The Board discharges some of its responsibilities directly and delegates certain responsibilities to its committees to assist in carrying out its function of ensuring independent oversight and stewardship. The Board also delegates authority for the operational management of the Group's business to the Group Chief Executive Officer for further delegation by him in respect of matters that are necessary for the effective day-to-day running and management of the business. The Board holds the Group Chief Executive Officer accountable in discharging his delegated responsibilities.

A clear Schedule of Matters Reserved for the Board and terms of references for each of the Board Committees are reviewed periodically against industry best practice and corporate governance provisions and guidance. Below are the matters reserved for the Board.

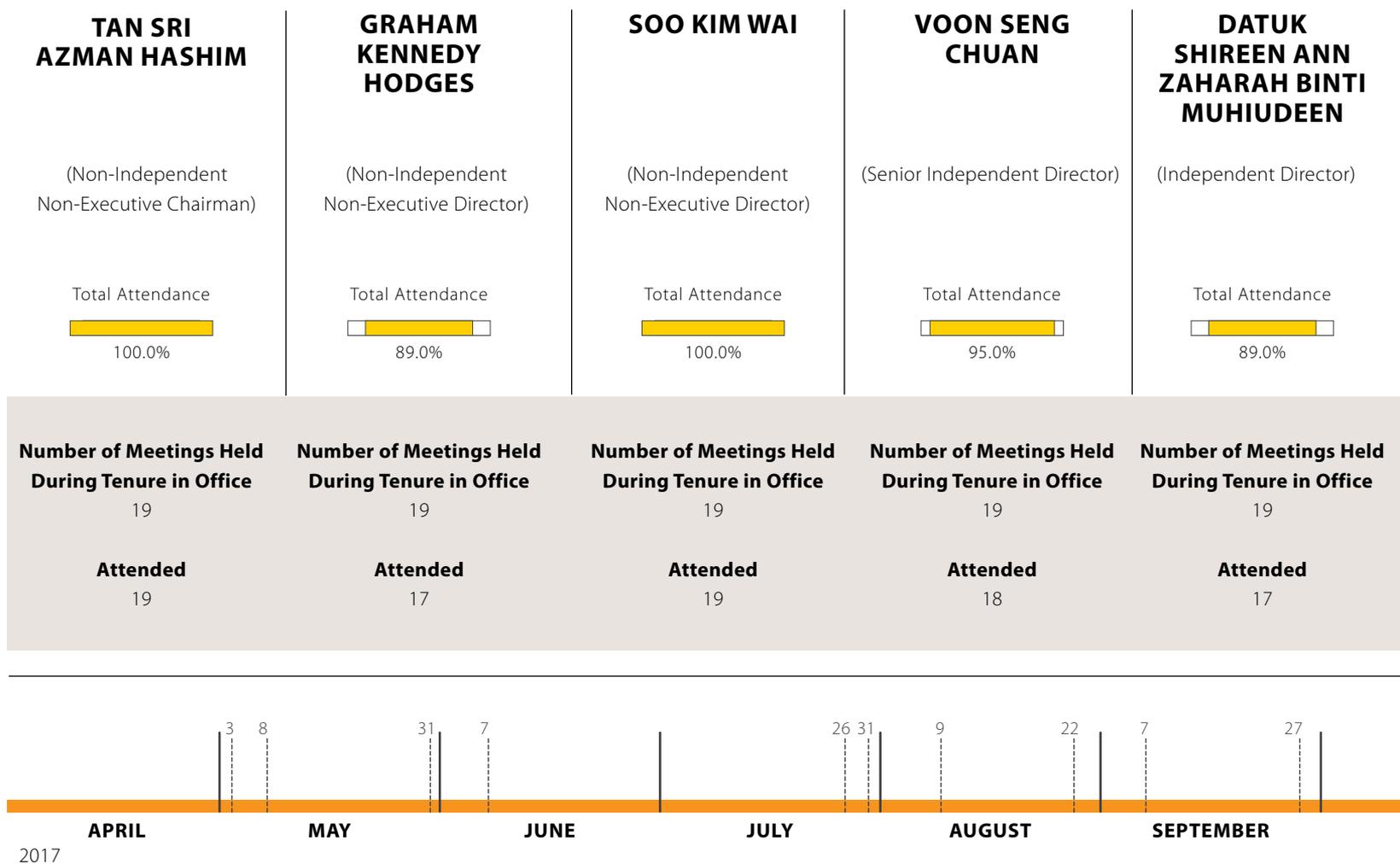
Corporate Matters	Governance and Policy	Credit and Products	Information Technology and Projects	Remuneration
Strategy and Budget	Compliance and Assurance	Accounting and Finance	Board Membership and Other Appointments	Litigation and Arbitration
All Other Matters as Deemed Necessary by the Board				

## COMPOSITION AND ATTENDANCE

The calendar of meetings of the Board and Board Committees are drawn up and distributed to the Board in the quarter preceding the beginning of the new calendar year. This is to enable the members of the Board to meet the time commitment for the meetings. The Board meets 10 times per year with additional meetings being convened whenever necessary, to facilitate the discharge of their responsibilities. The Group CEO and the Chief Executive Officers of the subsidiaries are invited to attend on matters relating to their sphere of responsibility. Furthermore, Senior Management may also be invited to attend Board meetings to provide presentations and detailed explanations on matters to be tabled.

Directors are expected to attend at least 75.0% of total Board meetings in any applicable financial year and must not appoint another person to attend/participate in a board meeting on his or her behalf.

### BOARD OF DIRECTORS





## BOARD MEETING FOCUS DURING FY18

Matters Reserved	Activity
<b>CORPORATE MATTERS</b>	<ul style="list-style-type: none"> <li>1 Corporate exercise i.e. Mutual Separation Scheme and Merger exercise</li> </ul>
<b>STRATEGY &amp; BUDGET</b>	<ul style="list-style-type: none"> <li>1 Budget-Financial Year Ending 2019</li> <li>2 The Group Strategy and Plans</li> <li>3 Digital Roadmap Strategy</li> <li>4 IT Strategy</li> </ul>
<b>GOVERNANCE &amp; POLICY</b>	<ul style="list-style-type: none"> <li>1 No Gift Policy</li> <li>2 Revised Related Party Transaction Policy</li> <li>3 Code of Conduct</li> <li>4 Revised Board Charter</li> <li>5 Consolidated Risk Report</li> <li>6 Stress Test</li> </ul>
<b>COMPLIANCE &amp; ASSURANCE</b>	<ul style="list-style-type: none"> <li>1 Direction of Compliance</li> <li>2 Composite Risk Rating</li> <li>3 BNM Guidelines</li> <li>4 Group Compliance Report</li> </ul>
<b>ACCOUNTING &amp; FINANCE</b>	<ul style="list-style-type: none"> <li>1 Quarterly Financial Result</li> <li>2 Audited Financial Statements</li> <li>3 Capital Plan</li> <li>4 Internal Capital Adequacy Assessment Process</li> <li>5 Dividends</li> </ul>
<b>INFORMATION TECHNOLOGY &amp; PROJECTS</b>	<ul style="list-style-type: none"> <li>1 Retail Payment Platform</li> <li>2 Cash Management System</li> <li>3 Blockchain</li> </ul>
<b>BOARD MEMBERSHIP &amp; OTHER APPOINTMENTS</b>	<ul style="list-style-type: none"> <li>1 Appointment of Directors</li> <li>2 Resignation of Directors</li> <li>3 Change in Board Committees Composition</li> <li>4 Appointment of Key Management Personnel</li> </ul>
<b>REMUNERATION</b>	<ul style="list-style-type: none"> <li>1 Annual Salary Review</li> <li>2 Short-Term Incentive/Long-Term Incentive</li> <li>3 Scheme Share</li> <li>4 Remuneration of Key Management Personnel</li> <li>5 Remuneration framework for Non-Executive Directors</li> </ul>
<b>ANY OTHER MATTERS AS DEEMED NECESSARY BY THE BOARD</b>	<ul style="list-style-type: none"> <li>1 Directors' Meeting Attendance</li> <li>2 Notification of Directorships</li> <li>3 Operations Matters</li> <li>4 Letter from Regulators</li> </ul>

### BOARD INDUCTION

All new Directors appointed to the Board would attend a formal induction programme to familiarise themselves with the Group's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, audit, compliance and risk management. The programme is conducted by the various Managing Directors/Chief Executive Officers/Heads of the business units as well as Senior Management, and is organised by the Group Learning and Development Unit and facilitated by the Group Company Secretarial Department.

The new directors also attend mandatory core programmes required pursuant to BNM regulations and Bursa Securities.

The new Board members are fully briefed on the terms of their appointment, duties and responsibilities, as well as on the nature, operations and current issues of the Group.

The GNRC will review the induction processes on a periodic basis to ensure that all pertinent information is provided to Directors, and that adequate time had been given for Directors to familiarise themselves with the Company, its Board and operations.

### ONGOING PROFESSIONAL DEVELOPMENT

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

As part of the programme, new Directors are being briefed on their disclosure obligations as a Director, the Company's Board Charter, Code of Conduct, Code of Ethics, the Constitution of the Company, the Board Committees' Terms of Reference, Schedule of Matters Reserved for the Board etc.

Apart from the Mandatory Accreditation Programme ('MAP') and the Financial Institutions Directors' Education ('FIDE') Programme, both accredited by the ICLIF Leadership and Governance Centre ('ICLIF'), all Directors appointed to the Board, have also attended other relevant training programmes, talks, seminars, dialogue sessions and focus group sessions organised by the regulatory authorities, the FIDE Forum (an alumni association for Financial Institutions Directors) and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Group.

The Board, together with the Board members of the subsidiaries of AMMB also attend Strategy and Budget Meetings to have an in-depth understanding and continuous engagement with Management pertaining to the Group's strategic direction. In addition, the Directors are constantly updated on information relating to the Group's development and industry development through discussion at Board meetings with Senior Management team.

The Board will ensure that a structured Director Learning and Education programme is in place for its members. This programme shall ensure members have access to appropriate continuing education programme and are kept up to date with current business, industry, regulatory and legislative developments and trends that will affect the Group's business operations.

The GNRC will review the training and development needs of the Director on an annual basis, taking into consideration the Group's strategy for the next several years and the current combined skills on the Board. Thereafter, the GNRC will identify and recommend the relevant courses to be included as part of the annual Board Training Calendar to the Board for approval.

The Group Learning and Development Unit undertakes the role to coordinate, organise and manage Directors' learning and development requirements together with the Group Company Secretarial Department. The Directors of the Company had attended the following training programmes, talks, seminars, dialogue sessions and focus group sessions during FY18:

Name of Directors	Date	List of Training/Conference/Seminar/Workshop Attended
Tan Sri Azman Hashim	17 - 18 April 2017	38 <sup>th</sup> East Asia Business Council Meeting and Related Meeting in Nanning, China
	26 - 28 April 2017	APEC Advisory Council Meeting, Seoul
	8 May 2017	Islamic Finance & Public Private Partnership for Infrastructure Development – SC & World Bank
	22 May 2017	APEC Cross Borders e-Commerce Conference
	30 May 2017	Launching of MPC Productivity Annual Report
	11 July 2017	Talk on Fintech Opportunities for the Financial Services Industry
	1 August 2017	Asian Institute of Chartered Bankers (AICB) Global Banking Conference: AICB/Tsinghua China Conference 2017 Delivered Welcome Remarks as Chairman of AICB and Asian Banking School
	23 August 2017	Business Excellence Seminar and Forum 2017, Kuching Sarawak – Delivered Welcome Address as Chairman MPC
	18 September 2017	Bankruptcy Act Training (Session 1)
	25 September 2017	Malaysian Financial Reporting Standards ("MFRS") 9 – Phase 2 Implementation Briefing to Directors
	9 October 2017	Companies Act 2016
	10 October 2017	Asia-Pacific Financial Forum Conference on "Developing a Work Program for the Islamic Infrastructure Investment Platform" – Delivered Welcome Remarks
	11 October 2017	AmBank Digital Briefing
	13 November 2017	Credit Risk Model Methodology, Performance and Governance – Module 2 (Session 4)
	15 November 2017	EABC – MSBC Forum For Entrepreneurs-Delivered Opening Remarks
	23 November 2017	Chaired the 35 <sup>th</sup> Malaysia – Japan Economic Association (MAJECA) – Japan Malaysia Economic Council (JAMECA) Joint Conference/40 <sup>th</sup> Anniversary of MAJECA
	4 December 2017	The IRB Journey and Accreditation Requirements – Module 3 (Session 3)
	12 January 2018	International Investment Fund Forum 2017
	15 -16 January 2018	40 <sup>th</sup> East Asia Business Council Meeting and Related Meetings in Singapore
	22 January 2018	BNM-FIDE Forum Dialogue – Managing Cyber Risk in Financial Institutions with Encik Zainal Abidin Maarif
1 February 2018	Conferment Ceremony of Honorary Fellowship Upon H.E. Governor Chea Chanto, National Bank of Cambodia in Siem Reap – Delivered Conferment Address as Chairman of AICB	
5 February 2018	MAJECA Roundtable Discussion on Industrial Revolution 4.0 – Investments from Japan – Delivered the Opening Remarks as President of MAJECA.	
Graham Kennedy Hodges	3 August 2017	- Shadow Directorship Training - Anti Money Laundering; Counter Terrorism Financing and Sanctions Training
	5 September 2017	Emergency Preparedness Training
	13 October 2017	Code of Conduct/Culture Training
	18 January 2018	Workplace Safety (Occupation Health and Safety) Training
Soo Kim Wai	25 & 26 July 2017	Invest Malaysia 2017 by CIMB Bank and Bursa Securities
	23 August 2017	Advanced Internal Rating Based Approach (AIRB) Use of Credit Risk Models in Risk Management – Module 1 (Session 4)
	14 September 2017	Credit Risk Model Methodology, Performance and Governance – Module 2 (Session 2)
	15 September 2017	The IRB Journey and Accreditation Requirements – Module 3 (Session 1)
	18 September 2017	Bankruptcy Act Training (Session 1)
	21 September 2017	Malaysian Code on Corporate Governance
	11 October 2017	AmBank Digital Briefing
	7 & 8 November 2017	MIA Conference 2017 – Malaysian Institute of Accountants
	14 November 2017	2018 Income Tax and National Budget Review – FMM Institute/Amcorp Group In-House Training
	1 March 2018	Cybersecurity Roundtable by AT Kearney

Name of Directors	Date	List of Training/Conference/Seminar/Workshop attended
Voon Seng Chuan	8 June 2017	Briefing on "Direction of Compliance" by AmBank Management Team
	11 July 2017	Fintech: Opportunities for the Financial Services Industry in Malaysia
	20 July 2017	AIRB Use of Credit Risk Models in Risk Management – Module 1 (Session 1)
	10 August 2017	3 <sup>rd</sup> Distinguished Board Leadership Series: Cryptocurrency and Blockchain Technology
	4 September 2017	Credit Risk Model Methodology, Performance and Governance – Module 2 (Session 1)
	15 September 2017	The IRB Journey and Accreditation Requirements – Module 3 (Session 1)
	25 September 2017	Briefing on MFRS
	9 October 2017	Companies Act 2016
	11 October 2017	AmBank Digital Briefing
	20 October 2017	Bankruptcy Act Training (Session 2)
	14 November 2017	2 <sup>nd</sup> SC - FIDE Forum Dialogue: Leveraging Technology for Growth
	1 March 2018	FIDE FORUM 1 <sup>st</sup> Distinguished Board Leadership Series, Dialogue with Professor Tan Sri Dato' Lin See-Yan on "Navigating the VUCA world".
	23 March 2018	"Transformation of Banking in the Fourth Industrial Revolution Using Digital Technology Platforms" Roundtable with Chris Skinner.
	Datuk Shireen Ann Zaharah	11 May 2017
Binti Muhiudeen	18 May 2017	Compliance Conference 2017
	28 September 2017	Cyber Security Awareness
	11 October 2017	AmBank Digital Briefing
Seow Yoo Lin	4 May 2017	Efficient Inefficiency: Making Boards Effective in a Changing World by Professor Jeffrey Sampler
	18 May 2017	Compliance Conference 2017
	19 May 2017	4 <sup>th</sup> Industrial Revolution: Impact and Opportunities for Finance and Manufacturing
	25 May 2017	SDG Business Summit
	11 July 2017	Fintech: Opportunities for the Financial Services Industry in Malaysia
	13 July 2017	Fraud Risk Management Workshop
	20 July 2017	AIRB Use of Credit Risk Models in Risk Management – Module 1 (Session 1)
	10 August 2017	Bitcoin and Cryptocurrency
	23 August 2017	Use of Credit Risk Models in Risk Management 1
	25 August 2017	Briefing on Cybersecurity
	4 September 2017	Credit Risk Model Methodology, Performance and Governance – Module 2 (Session 1)
	13 September 2017	Briefing on MFRS9
	15 September 2017	The IRB Journey and Accreditation Requirements – Module 3 (Session 1)
	18 September 2017	Bankruptcy Act Training
	28 September 2017	AMMB Cybersecurity
	8 October 2017	3 <sup>rd</sup> Distinguished Board Leadership Series : Cryptocurrency and Blockchain Technology
	7 November 2017	Corporate Governance Breakfast Series: Integrating an Innovation Mindset with Effective Governance
	9 November 2017	KPMG Tax Summit 2017
	14 November 2017	2 <sup>nd</sup> SC – Fide Forum Dialogue: Leveraging Technology for Growth
5 December 2017	Leading Change @ the Brain	
Farina Binti Farikhullah Khan	14 April 2017	Induction: Board of Directors – AmBank Islamic Berhad
	28 April 2017	Risk Management in Islamic Banks
	7 - 9 May 2017	19 <sup>th</sup> Asia Oil and Gas Conference 2017
	11 May 2017	Workshop on Liquidity Risk Governance
	31 May 2017	Companies Act 2016 and Corporate Governance 2017 organised by Icon Offshore Berhad
	27 July 2017	AIRB Use of Credit Risk Models in Risk Management – Module 1 (Session 3)
	4 August 2017	FIDE Core Programme Module A (Bank)
	18 September 2017	Bankruptcy Act Training (Session 1)
	21 September 2017	Credit Risk Model Methodology, Performance and Governance – Module 2 (Session 3)
	25 September 2017	- Effective Internal Audit Function for Audit Committee Workshop - KPMG Briefing on Key Challenges of MFRS 17 And MFRS 9
	9 October 2017	Induction: Board of Directors – AmBank Islamic Berhad (2 <sup>nd</sup> Session) & AMMB (1 <sup>st</sup> Session)
	11 October 2017	AmBank Digital Briefing
	30 October 2017	The IRB Journey and Accreditation Requirements – Module 3 (Session 2)
	7 December 2017	Islamic Banking and Finance: State of Affairs and Moving Forward
	5 March 2018	FIDE Core Programme Module B (Bank)

# GROUP NOMINATION AND REMUNERATION REPORT



**Mr. Voon Seng Chuan**  
Chairman

The Group Nomination and Remuneration Committee ('GNRC' or 'the Committee') is established as a committee of the Board of Directors at the holding company level. It is chaired by the Senior Independent Director and comprises entirely of Non-Executive Directors, a majority of whom are independent. The Committee provides assistance to the Group in the following areas:

- 1 **Review and assess the appointment/re-appointment and remuneration of Directors, Shariah Committee members and key management personnel for recommendation to the Board.**
- 2 **Oversee the establishment of a formal and transparent procedure for the performance evaluation of Directors, Shariah Committee members and key management personnel.**
- 3 **Advise the Board on the optimal size and mix of skills of the Board and Board Committees.**

## COMPOSITION AND MEETING ATTENDANCE

A total of 11 meetings were held during the FY18, details of the meeting attendance are as follows:

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
<b>Voon Seng Chuan</b> (Chairman) (Senior Independent Director)	11	11	100
<b>Soo Kim Wai</b> (Non-Independent Non-Executive Director)	11	11	100
<b>Datuk Shireen Ann Zaharah binti Muhiudeen</b> (Independent Director)	11	10	91
<b>Farina binti Farikhullah Khan</b> (Independent Director) <i>(Appointed as member on 8 August 2017)</i>	8	8	100
<b>Graham Kennedy Hodges</b> (Non-Independent Non-Executive Director) <i>(Appointed as member on 25 January 2018)</i>	3	3	100
<b>Dato' Rohana binti Tan Sri Mahmood</b> (Senior Independent Director) <i>(Resigned as member on 25 January 2018)</i>	7	7	100
<b>Suzette Margaret Corr</b> (Non-Independent Non-Executive Director) <i>(Resigned as member on 23 January 2018)</i>	7	7	100

Changes to the composition of the GNRC during the financial year under review were as follows:

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

- A**
- Voon Seng Chuan**  
(Senior Independent Director)  
redesignated as Chairman on 25 January 2018, following the resignation of Dato' Rohana binti Tan Sri Mahmood.
- Graham Kennedy Hodges**  
(Non-Independent Non-Executive Director)  
appointed as member on 25 January 2018, replacing Suzette Margaret Corr.
- Farina binti Farikhullah Khan**  
(Independent Director)  
appointed as member on 8 August 2017, upon her appointment to the Board.

- R**
- Dato' Rohana binti Tan Sri Mahmood**  
(Senior Independent Director)  
ceased as Chairman following her resignation as a Director of the Company on 25 January 2018.
- Suzette Margaret Corr**  
(Non-Independent Non-Executive Director)  
ceased as member following her resignation as a Director of the Company on 23 January 2018.

### Board Knowledge, Skills and Experience



### PERFORMANCE EVALUATION

As the Board is ultimately responsible for the oversight of the Management, the Board has, through the GNRC, annually reviewed the Management on the overall performance, compliance and governance of the Group. As a result, the Board and Board Committees have been evaluated based on the expectation that they are expected to perform their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with duties and obligations imposed upon them under the law and guidelines issued by the regulatory authorities.

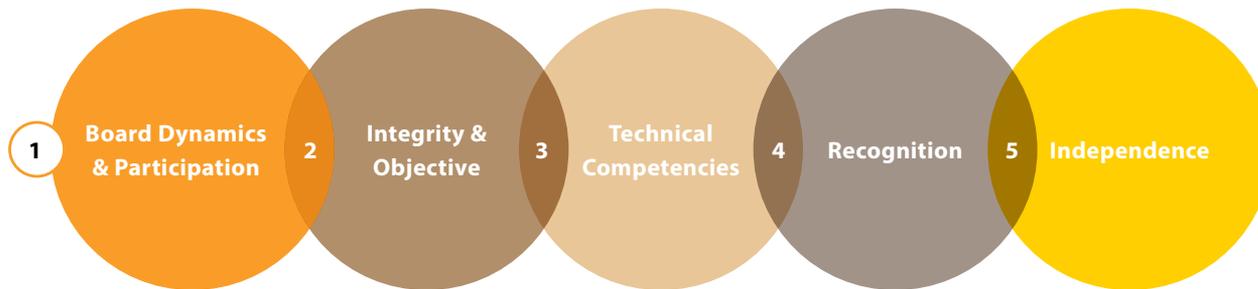
The Group conducts an annual BEE exercise with the objective of assessing the performance of the Board as a whole, Board Committees, and individual Directors. The results of the BEE form part of the basis for evaluation by the GNRC for the appointment and re-appointment of Directors.

To ensure the integrity, independence and objectivity of the evaluation process, the Board continues with its practice of engaging an external facilitator for the BEE for Year of Assessment 2018.

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



**PART B: Directors' Self and Peer Evaluation**



The BEE exercise was a rigorous process involving a questionnaire based self-assessment exercise where Directors assessed the performance of the Board, Board Committees and individual Directors.

The assessment of individual Directors considered the contribution and performance of Directors as regards to their experience, competencies, integrity, commitment and meeting the requirements of the Group. This was followed by in-depth interviews with individual Directors and selected Senior Management to gain further insights and suggestions to enhance Board effectiveness.

The results of the BEE exercise were presented to the GNRC in May 2018 and the Board in June 2018 to enable the Board to identify and put in place actions to address areas for improvement.

**ROLES AND RESPONSIBILITIES OF GNRC**

The Committee is responsible for the following responsibilities and such other function as may be requested by the Board:

- Regular review of the overall Board's composition (i.e. size, skills, experience, diversity, etc) & Board balance**
- Assess the performance & effectiveness of individual and collective members of the Board and Board Committees**
- Recommend appointment of Directors to the Board and Board Committees & annual review of mix of skills, experience and competencies of the Board**
- Oversee the implementation of AMMB 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 & long-term incentives & rewards to the Board**
- Recommend a formal & transparent procedure for developing the remuneration policy for Directors, key management personnel & staff to the Board**

**SELECTION AND APPOINTMENT OF DIRECTORS**

**Appointment of New Directors**

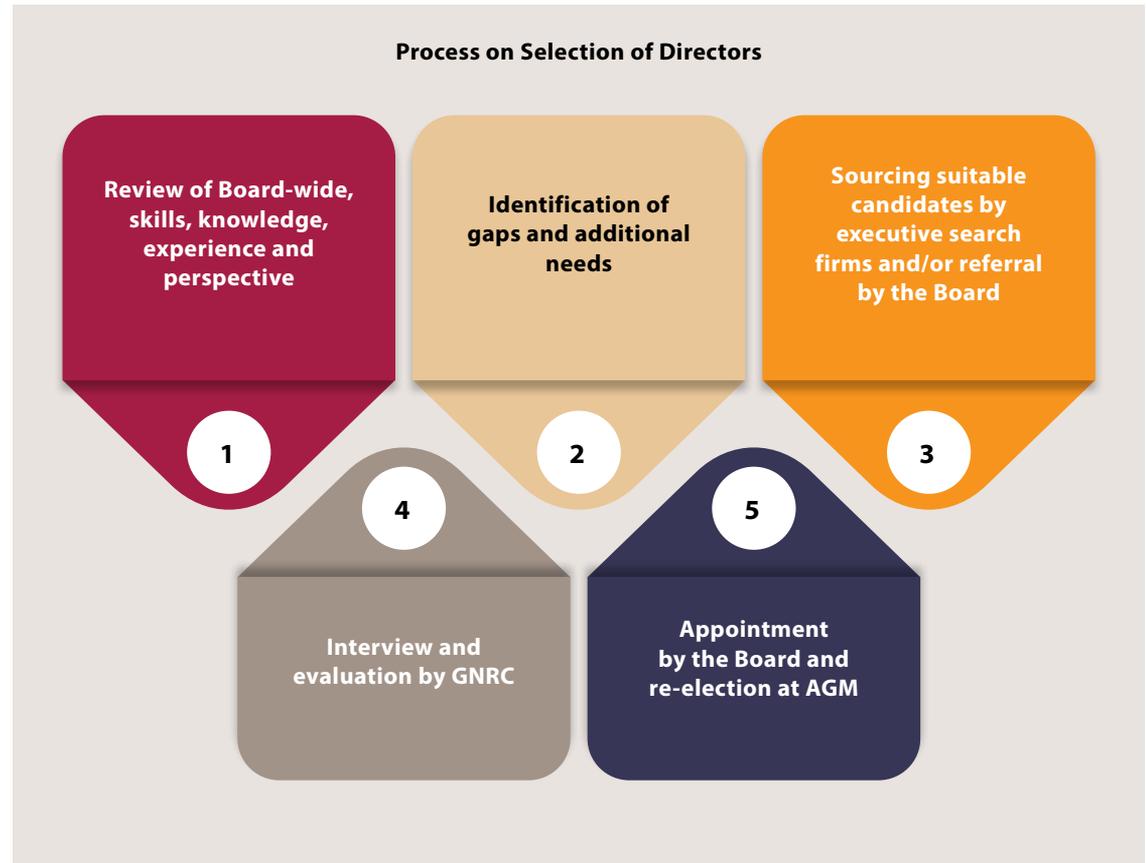
The policies and procedures for new appointments are as follows:

**Policies**

- a. The GNRC will establish the minimum requirements on the skills and core competencies of a Director based on the annual review of the required mix of skills, experience and core competencies within the Board as well as to ascertain the "Fit and Proper" criteria for each Director.
- b. When assessing a person to be nominated for election to the Board, the qualifications and skills to be considered by the GNRC, shall include, but are not limited to:
  - whether or not the person qualifies as a Director under applicable laws and regulations, including provisions of the MMLR of Bursa Securities;
  - whether or not the person meets the "Fit and Proper" criteria under BNM Guidelines;
  - whether or not the person is willing to serve as a Director and to commit the time necessary to perform the duties as a Director;
  - the contribution that the person can make to the Board and to the overall desired Board composition, taking into account the person's business experience, education and such other factor as the Board may consider relevant; and
  - the character and integrity of the person.
- c. The GNRC may identify Director candidate(s) using executive search firms and/or via recommendation from other Directors.

## Procedures

- a. The GNRC will perform a preliminary assessment of potential candidate(s) based on referrals from executive search firms or other Directors and shortlist candidate(s) for interview.
- b. Once shortlisted, three (3) members of the GNRC (one of whom shall be the GNRC chairperson) will interview the potential candidate(s) to assess the suitability in terms of technical expertise, experience and the behavioural and culture fit with the Board in addition to ascertain the candidates' interest, availability and terms of appointment.
- c. Upon completion of interview, the interview results and the interviewers' assessment of the candidate(s) will be tabled at the GNRC for further discussion and deliberation on the suitability of the candidate(s) for recommendation to the Board for appointment.
- d. Once potential Director candidate(s) are shortlisted for recommendation, the Company Secretary will conduct comprehensive reference checks, including checks on financial and character integrity, in line with regulatory requirements on the candidate(s).
- e. Upon completion of reference checks, the GNRC will recommend the proposed candidate(s) to the Board of the Company.
- f. The Board will deliberate on the recommended candidates(s) and if deemed appropriate, shall approve subject to BNM's approval.
- g. Upon approval by the Board, an application for the proposed appointment is submitted to BNM.
- h. Once approval from BNM is obtained, the candidate(s) has to complete the required statutory form.
- i. Upon appointment of the candidate(s), a letter of appointment shall be issued to the candidate(s).



## Re-election and Re-appointment of Directors

The Company's Constitution permits the Board to appoint a person to be a Director of the Company at any time, either to fill a casual vacancy or as an addition to the existing Directors, and in any case, the number of Directors shall not be less than three (3) or more than 12.

A candidate who was appointed as Director of the Company must seek re-election by shareholders at the next Annual General Meeting ('AGM'). The Constitution of the Company further provides the rotation of Directors whereby one third or more of the Directors are to retire at every AGM of the Company and that all Directors must retire at least once in three (3) years and shall be eligible for re-election.

Directors who are due for re-election at the forthcoming AGM and who had given their written consent to be re-appointed, are as set out in the Notice of AGM.

Directors who are due for re-election/re-appointment are also subject to the following policies and procedures:

### Policies

- a. Retirement of Directors by rotation will follow the requirements as stipulated in the Constitution of the Company.
- b. Tenure of Directorship will follow the requirement as stipulated in the Company's Board Charter and BNM Policy Document on Corporate Governance.

## Procedures

- a. The GNRC will assess the performance and contribution of each Director to the Board and Board Committees based on the results of the annual BEE and individual Directors' self and peer assessment.
- b. The GNRC will consider the current Directors in the same manner as other candidates, taking into consideration the Director's performance during his or her term, including consideration of the following factors:
  - Compliance with governing legislation, regulations or guidelines, particularly conflict of interest, confidentiality, "Fit and Proper" criteria and duty of care provisions; and
  - Whether or not an independent Director still qualifies as "independent" under applicable laws and regulations, including provisions of the MMLR of Bursa Securities.
- c. Based on the assessment results, the GNRC will recommend the Directors seeking re-appointment/re-election to the Board, who will then recommend to the shareholders for approval at the AGM.
- d. For Directors seeking re-appointment pursuant to BNM-approved tenure, an application for the proposed re-appointment will be submitted to BNM for approval, upon approval by the Board.

## Succession Planning

The Group has established programmes to identify employees with potential and nurture them through career development opportunities for Senior Management positions. The development programme is closely monitored and managed by the Group Talent Council ('GTC') comprising members of the Senior Management team within the Group. The GTC administers various programmes in accordance with the Board-approved Talent and Succession Management ('TSM') Policy and terms of reference.

During the year, the GNRC is entrusted by the Board to review the succession planning policy and process and the talent pipeline for Senior Management positions. The GNRC guides Management in refining the accelerated development approach to create a robust pool of qualified banking experts and supporting professionals. This includes pairing identified individuals with mentors and executive coaches, creating cross-functional training and exposure, and formal learning and assignments.

In the event that there is no suitable internal candidate within the accelerated development time frame, the Group identifies external candidates.

The GNRC closely monitors management positions and succession pipelines, including top management positions at the Group level and heads of subsidiaries, in particular the Chief Executive Officer and Chief Financial Officer, whose appointments are subject to the approval of BNM.

In addition to appointments, the GNRC reviews several areas including the reasons behind management-level and senior executive resignations, expatriate employee transfer of knowledge, manpower analysis and staffing requirements. These all go towards ensuring that the Group continues to be able to attract, motivate and retain the right talent pool.

The potential successor will be managed and his/her individual development plan will be tracked with structured interventions to build leadership and functional capability.

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.

### Governance of Talent and Succession Management ('TSM')



## REMUNERATION

### Director

The Directors are being paid Directors' fees, Board Committee allowance, meeting allowances, stipend, benefits-in-kind and directors and officers insurance coverage.

The remuneration structure of the Non-Executive Directors of the Company is laid out as follows:

Directors Fees (per annum)	Chairman	Deputy Chairman	Non-Executive Director
	RM210,000	RM210,000	RM200,000

*Note: Directors' Fee is payable after shareholders' approval at the AGM.*

Board Committee Allowance (per annum)	Chairman	Member
Audit and Examination Committee (AEC)	RM25,000	RM20,000
Risk Management Committee (RMC)	RM25,000	RM20,000
Group Nomination & Remuneration Committee (GNRC)	RM25,000	RM20,000
Group Information Technology Committee (GITC)	RM15,000	RM10,000

Meeting Allowance	Board	Board Committee	Other meeting
	RM1,000 per meeting	RM1,000 per meeting	RM1,000 per meeting

Allowance to the Chairman/Stipend (per annum)	
Board	RM1,440,000

Benefits-in-kind
Motor Vehicle, Petrol Allowance, Driver, Medical (on claim basis) and any expenses incurred by the Directors in performing their duties.

Directors' and Officers' Liability Insurance
A combined and shared policy limit of RM300.0 million in the aggregate during the policy period covers the Group's Directors in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Group. The Directors and Officers are required to contribute jointly towards a portion of the premiums of the said policy.

The details on the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries ('subsidiaries') during FY18) are as follows:

Name of Director	Salary and Bonus	Fee (RM'000)		Emoluments <sup>1</sup> (RM'000)		Benefits-in-kind <sup>2</sup> (RM'000)		Total (RM'000)
		AMMB	Subsi	AMMB	Subsi	AMMB	Subsi	
Tan Sri Azman Hashim	-	210	433	1,461	679	35	7	2,825
Graham Kennedy Hodges	-	200	-	74	-	-	-	274
Soo Kim Wai	-	200	-	96	-	-	-	296
Voon Seng Chuan	-	200	150	135	77	-	-	562
Datuk Shireen Ann Zaharah binti Muhiudeen	-	200	-	85	-	-	-	285
Seow Yoo Lin	-	200	-	79	-	-	-	279
Farina binti Farikhullah Khan <i>(Appointed on 8 August 2017)</i>	-	129	145	61	74	-	-	409
Dato' Rohana binti Tan Sri Mahmood <i>(Resigned on 25 January 2018)</i>	-	164	123	88	48	12	-	435
Suzette Margaret Corr <i>(Resigned on 23 January 2018)</i>	-	163	-	38	-	-	-	201
Dato' Seri Ahmad Johan bin Mohammad Raslan <i>(Resigned on 9 December 2017)</i>	-	138	-	40	-	-	-	178

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 a company motor vehicle, driver, petrol allowance and medical claims.

The remuneration of the following directors who sit in other subsidiaries of the Group during FY18 is disclosed under the subsidiaries column of the above table:

**Tan Sri Azman Hashim**

Chairman of AMMB, AmBank (M) Berhad, AmInvestment Bank Berhad and AmGeneral Insurance Berhad  
*(Resigned on 1 January 2018)*

**Voon Seng Chuan**

Director of AMMB and AmBank (M) Berhad

**Farina binti Farikhullah Khan**

Director of AMMB  
*(Appointed on 8 August 2017)* and AmBank Islamic Berhad  
*(Appointed on 14 April 2017)*

**Dato' Rohana binti Tan Sri Mahmood**

Director of AMMB  
*(Resigned on 25 January 2018)* and AmInvestment Bank Berhad  
*(Resigned on 25 January 2018)*

The number of Directors of the Company whose total remuneration during the financial year fall within the following band, is as follows:

Range of remuneration	Number of Director	
	Executive	Non-Executive
RM150,001 – RM200,000	-	1
RM200,001 – RM250,000	-	1
RM250,001 – RM300,000	-	4
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	2
~ RM500,001 – RM550,000	-	1
~ RM1,000,001 and above	-	1

### Senior Management

The number of Senior Management of the Company and its subsidiaries whose total remuneration during the financial year fall within the following band, is as follows:

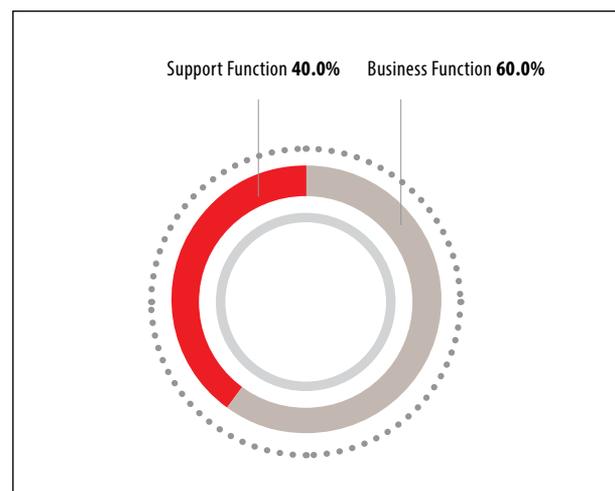
Range of remuneration	Number of Senior Management
Less RM150,000	19
RM150,001 – RM200,000	11
RM200,001 – RM250,000	7
RM250,001 – RM300,000	22
RM300,001 – RM350,000	27
RM350,001 – RM400,000	41
RM400,001 – RM450,000	42
RM450,001 – RM500,000	36
RM500,001 – RM550,000	20
RM550,001 – RM600,000	17
RM600,001 – RM1,000,000	59
RM1,000,001 and above	16
<b>Grand Total</b>	<b>317</b>

### THE GROUP REMUNERATION OBJECTIVES

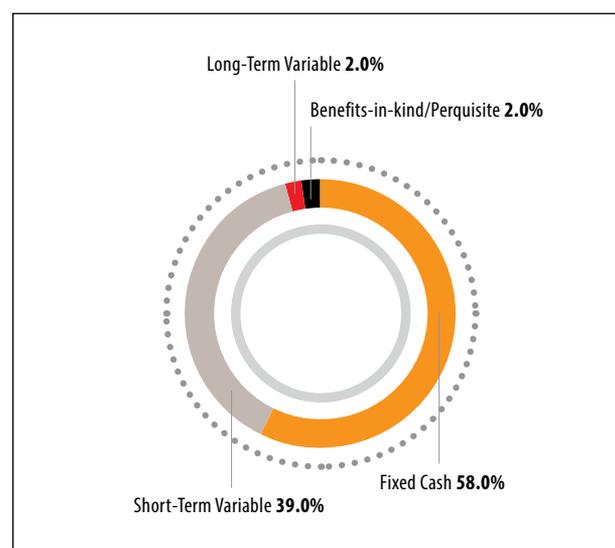
The Group's remuneration practice, which is applicable to all divisions and subsidiaries within the Group, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out by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

When formulating and periodically reviewing and refining the remuneration strategy, consideration is given to aligning 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.

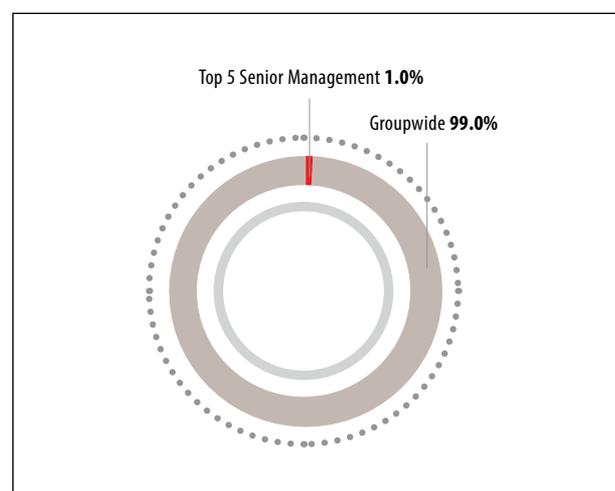
### TOP 5 EMPLOYEE DISTRIBUTION



### TOTAL REMUNERATION COMPOSITION



### TOP 5 TOTAL REMUNERATION VS. REST OF THE GROUP



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

A	B	C
<b>PAY FOR PERFORMANCE MEASURED AGAINST THE BALANCED SCORECARD</b>	<b>PROVIDE MARKET COMPETITIVE PAY</b>	<b>GUARD AGAINST EXCESSIVE RISK-TAKING</b>
<ul style="list-style-type: none"> <li>• Instill and drive meritocracy</li> <li>• Ensure linkages between total compensation and annual, medium- and long-term strategic objectives</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmark total compensation against other peer organisations of similar size and standing in the markets and businesses where we operate</li> <li>• Drive pay-for-performance differentiation with differentiated benchmarking quartile for top performing employees</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Design variable pay payout structure with long-term performance through deferral and allowance for clawback arrangements</li> </ul>

### THE GROUP'S APPROACH TO REMUNERATION

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

Components	What	Why and Linkages to Strategy	How
<b>Fixed Pay</b>	<ul style="list-style-type: none"> <li>a) Base Salary</li> <li>b) Fixed Allowances</li> </ul>	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>
<b>Variable Pay</b>	<ul style="list-style-type: none"> <li>• Short-Term Incentive (Performance Bonus)</li> <li>• Long-Term Incentive (AMMB ESS)</li> </ul>	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> <li>• Deferral remunerations are paid in AMMB shares with the objective of:               <ul style="list-style-type: none"> <li>- Retaining key employees (retention bonus), and</li> <li>- Drive the Group's long-term performance and sustainability (AMMB ESS)</li> </ul> </li> <li>• Administration of both deferral remunerations provides for malus and forfeiture arrangements</li> </ul>

## DETERMINATION OF SHORT-TERM INCENTIVE (PERFORMANCE BONUS) POOL AND INDIVIDUAL AWARD

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

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

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

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

### LONG-TERM INCENTIVE (AMMB ESS)

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

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

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

- Main Award, that vests over a period of three (3) years in equal payouts, contingent on the Group meeting long-term performance targets.
- Retention Award, 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 invested awards will be triggered by material violation, negligent, willful misconduct and fraud as outlined in the ESS By-Laws.

## SUMMARY OF GNRC'S ACTIVITIES

A summary of the activities of the GNRC during FY18 were as follows:

### Board Matters

- 1 BEE for assessment year – assessed individual directors, overall Board and its performance and effectiveness as a whole, and also reviewed the composition of the Board based on the required mix of skills, experience and other qualities of the Board;
- 2 Search for potential Director candidates to fill vacancy in the Board of the Company, AmBank (M) Berhad, AmBank Islamic Berhad, AmInvestment Bank Berhad and other subsidiaries without Nomination and Remuneration Committee. Thereafter, assessed the suitability of new Director candidates based on their professional qualifications, experience, integrity and the skill set required by the respective Board;
- 3 Reviewed and assessed the performance of Directors who seek for re-appointment prior to the expiry of their tenure approved by BNM and re-election at the forthcoming AGM;
- 4 Reviewed the independence of independent directors and their tenure of service; and
- 5 Assessed Directors' training needs to ensure all Directors receive appropriate continuous training.

### Management Matters

- 1 Reviewed and assessed C-Suites Scorecards;
- 2 Recommended annual salary review Budget for Executive Employees;
- 3 Reviewed and recommended the proposed change to Employee Benefits;
- 4 Reviewed and assessed the annual self-declaration of "Fit and Proper" criteria for Directors and key management personnel;
- 5 Reviewed the Group's Talent Pool and C-Suite Succession; and
- 6 Recommended the appointment of key management personnel together with their remuneration.

# AUDIT AND EXAMINATION COMMITTEE REPORT



## PRINCIPLE B

The Audit and Examination Committee ('AEC' or 'the Committee') comprises three (3) members, all of whom are Independent Directors. The AEC is established to provide assistance to the Board with the following primary objectives:

1

Provide independent oversight of the Company's/Group's financial reporting and internal control systems that facilitate appropriate checks and balances within the Company/Group.

2

Serve as an independent party to objectively review the financial information of the Company and of the Group which is presented by Management to the Board and Shareholders.

## COMPOSITION AND MEETING ATTENDANCE

A total of 10 meetings of the Company's AEC were held during FY18, and details of the meeting attendance are set out below:

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
<b>Seow Yoo Lin</b> (Chairman) (Independent Director)	10	10	100
<b>Voon Seng Chuan</b> (Senior Independent Director)	10	9	90
<b>Farina binti Farikhullah Khan</b> (Independent Director) <i>(Appointed as member on 8 August 2017)</i>	5	5	100
<b>Soo Kim Wai</b> (Non-Independent Non-Executive Director) <i>(Resigned as member on 1 October 2017)</i>	6	6	100

Changes to the composition of the AEC during the financial year under review were as follows:

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

A

**Farina binti Farikhullah Khan**

(Independent Director)

appointed as member on 8 August 2017.

R

**Soo Kim Wai**

(Non-Independent Non-Executive Director)

resigned as member on 1 October 2017.

The AEC's detailed roles and responsibilities are set out in its Terms of Reference, which is available on the Company's corporate website at [ambankgroup.com](http://ambankgroup.com).

### ROLES AND RESPONSIBILITIES OF AEC

The Committee's main functions and duties shall include, but are not limited to the following:



The Group Chief Financial Officer ('GCFO') and Group Chief Internal Auditor ('GCIA') and their representatives attended all the AEC meetings to present their respective financial and audit reports. In addition, the Group CEO and respective CEOs of the subsidiaries or their representatives are permanent invitees to the respective AEC meetings and had attended all the meeting held in FY18. As and when necessary, the AEC had also requested the attendance of relevant Management personnel at its meeting to brief the AEC on specific issues arising from the financial and audit reports.

Prior to each AEC meeting, the GCIA held private sessions with the respective AEC Chairmen to highlight key issues of concern that would be raised in the meeting.

The AEC also held two (2) private sessions in April 2017 and October 2017 with the external auditors, without the presence of Management and the GCIA to be fully informed about significant matters related to the Group's and Company's audit and financial statements and deliberate on relevant issues, challenge management's assertions on the Group's and Company's financial and obtain feedback for improvements. In addition, the external auditors also attended AEC meetings to present their audit planning memorandum, memorandum of recommendations, the results of their limited review of half-year financial performance of the Group and the results of their review on the annual audited financial statements of the Company and the Group. The AEC ensures that there is co-ordination between internal and external auditors when they carry out the audit activities.

Minutes of all the AEC meetings were tabled to the Board for noting. In addition, the AEC Chairman also conveyed matters of significant concern to the Board as and when such matters were highlighted by the external auditors and internal auditors.

### SUMMARY OF AECS' KEY ACTIVITIES

The AEC had, with the assistance of the respective AECs within the Group, carried out the following activities in discharging their roles and responsibilities throughout FY18.

#### Annual Report

Reviewed and endorsed the Statement of Risk Management and Internal Control for the Board's approval and inclusion in the Annual Report.

Reviewed and endorsed the AEC Report for Board's approval and inclusion in the Annual Report.

#### Financial Reporting

Ensure compliance with salient regulatory requirements set out under the:

- 1 Companies Act 2016
- 2 Financial Services Act 2013
- 3 Islamic Financial Services Act 2013
- 4 Capital Markets and Services Act 2007
- 5 Securities Commission Act 1993
- 6 MMLR of Bursa Securities

Reviewed the quarterly unaudited financial results and annual audited financial statements of the Company and the Group to ensure that the financial reporting and disclosure requirements, particularly relating to changes in accounting policies, as well as significant and unusual events or transactions are in compliance with the accounting standards before recommending the financial statements to the Board for approval.

Reviewed the Group's Basel II Pillar 3 Disclosures before recommending to the Board for approval.

Reviewed and deliberated on high level financial impact analysis on the Group arising from new accounting standards that will significantly impact the Group. For FY18, the Committee had regular updates and discussion on impact due to implementation of Malaysian Financial Reporting Standard ('MFRS') 9.

## Internal Audit

- 1 Reviewed the adequacy and effectiveness of the system of internal controls, reporting and risk management to ensure there was a systematic methodology in identifying, assessing and mitigating risk areas.
- 2 Deliberated and approved Group Internal Audit Department's ('GIAD') Annual Audit Plan ('AAP') for FY18, including its resource needs, to ensure audit emphasis was placed on critical risk areas based on assessments of the risk levels of all the auditable areas.
- 3 Deliberated and approved revisions to GIAD's AAP during the course of the year to ensure it remained relevant, taking into account significant developments within the Group as well as requests from Regulators and Management.
- 4 Deliberated on GIAD's audit reports and recommendations, and Management's responses, and directed Management to implement necessary timely remedial actions. Where necessary, separate presentations by Management were requested to provide justifications for significant audit issues raised.
- 5 Deliberated on internal investigation reports issued by GIAD and directed Management to take necessary remedial actions and consequent management.
- 6 Deliberated on mandatory review reports issued by GIAD for reviews required by Regulators, including ad-hoc requests.
- 7 Deliberated on the status of resolution of previous audit issues and the remedial actions taken by Management, including tracking and monitoring of timeline.
- 8 Reviewed Management's proposals for related party transactions and debts write-off and GIAD's verification reports on the proposals, prior to recommending the proposals to the Board.
- 9 After each AEC meeting, a summary of significant audit reports and key issues deliberated was tabled to the Board for noting and/or further deliberation.
- 10 Reviewed GIAD's progress in completing its planned assignments on a half-yearly basis.
- 11 Reviewed and assessed the GCI's performance, and approved his remuneration package.
- 12 Reviewed and approved GIAD's resource requirements and the GCI's proposal for addressing staff constraints.

## External Audit

Reviewed and discussed the following with the external auditors:

- 1 The Audit Planning Memorandum, scope of work for the year which included areas of emphasis and new areas, such as changes in laws and regulations, accounting standards, Information Technology systems, audit timeline and statutory audit fees; and
- 2 The results of the audits, relevant audit reports and memorandum of recommendations (Management Letters) as well as Management's responses to the issues highlighted.

Reviewed and assessed, the suitability and independence of external auditors in accordance with BNM's Guidelines on External Auditors, and recommended their reappointment and annual audit fees to the Board.

The criterion for appointment and annual assessment of the external auditors' independence and performance was based on the following:

- 1 The professional conduct of external auditors
- 2 The level of knowledge, capabilities and experience of the external auditors
- 3 The quality of previous audit or work done and level of engagement with the AEC and Management
- 4 The adequacy in audit coverage, effective planning and conduct of audit, which were assessed to be adequate
- 5 The timeliness of service deliverables
- 6 The independence and objectivity of external auditors

Reviewed the written assurance provided by external auditors in respect of their independence.

Reviewed and approved the appointment of the external auditors for the provision of non-audit services to the Company and the Group. There is a Group policy for the appointment of the statutory auditor for provision of non-audit services where the criteria and threshold for fees are set out, to ensure the auditors' independence is not impeded. The professionalism, expertise, knowledge and relevant experience of external auditors, and any potential conflict of interest are also considered prior to the appointment.

## Related Party Transactions

Reviewed related party transactions and the adequacy of the Group's procedures in identifying, monitoring, reporting and reviewing related party transactions.

Reviewed quarterly reports on recurrent related party transactions of a revenue and trading nature.

Reviewed and deliberated on the draft Circular to Shareholders on Recurrent Related Party Transactions.

## Internal Audit Function

The Group has an in-house internal audit function which is carried out by GIAD and headed by the GCIA, Encik Shamsul Bahrom Mohamed Ibrahim. GIAD is independent from the activities or operations of other operating units within the Group and the GCIA reports directly to the Company's AEC and the AECs of the respective entities within the Group.

It operates under an audit charter mandated by the AEC which gives it unrestricted access to review all activities within the Group. The internal audit function is conducted on an AmBank Group-wide basis to ensure consistency in the control environment and the application of policies and procedures.

GIAD focuses its efforts in accordance with the AAP approved by the respective AECs, which is prioritised based on a comprehensive risk assessment of all activities undertaken by the Group. This structured risk assessment approach ensures that all risk-rated areas are kept in view to ensure adequate audit coverage at appropriate audit frequency (e.g. higher risk auditable areas in each business units are audited more frequently). The risk-based audit plan is reviewed periodically, taking into account the changes and developments in the business and its operating environment.

Apart from the above, GIAD also performs investigations and ad-hoc reviews where there are improper, illegal and dishonest acts, or as and when requested by Regulators or Management. In addition, GIAD participates actively in major system developments and project committees to advice on risk management and internal control matters.

The GCIA is also a permanent invitee for most Senior Management Committees, which enables GIAD to keep abreast of all the developments within the Group.

Overall, the main objective of the audit reviews is to assess the adequacy and effectiveness of risk management and systems of internal controls (including IT systems and infrastructure), in the activities carried out by the Group, as follows:

- |                     |                            |
|---------------------|----------------------------|
| 1 Retail Banking    | 5 Investment Banking       |
| 2 Islamic Banking   | 6 General Insurance        |
| 3 Wholesale Banking | 7 Funds & Asset Management |
| 4 Business Banking  | 8 Group Support Functions  |

All GIAD reports are submitted to the AECs of the respective entities for review and deliberation. The AECs review and deliberate on the control lapses highlighted by GIAD along with the audit recommendations as well as Management's responses and action plans to rectify these lapses.

All significant issues deliberated at the respective AECs are also reported to the AEC of AMMB Holdings Berhad, for information.

In addition, there is an effective process in place to ensure prompt resolution of audit issues by Management. GIAD tables regular updates to the AECs on all significant audit issues until such audit issues are satisfactorily resolved.

In order to perform its functions effectively, auditors within GIAD are continuously being trained to equip themselves with the requisite knowledge and skills, particularly in areas relating to Islamic banking, credit operations, investment banking, markets, general insurance and regulatory matters.

The total costs incurred to maintain the internal audit function for FY18 amounted to RM16.3 million (FY17: RM14.1 million), comprising mainly personnel cost, travelling and accommodation expenses, and subsistence allowance. GIAD has a budgeted headcount of 105.

## SUMMARY OF GIAD'S KEY ACTIVITIES

GIAD undertook the following activities during FY18:

- 1 Determined and risk assessed all areas of activities within the Group and established the AAP, which set out the audit roadmap for the year and key areas of audit focus and emphasis.
- 2 Completed various audit assignments as set out in the AAP, to provide independent assessment and objective assurance on the adequacy and the effectiveness of risk and management controls over the business operations.  
  
Reports concluding results of the audits conducted along with detailed audit observations, audit recommendations to improve and enhance the existing system of internal controls and work procedures/processes, and management responses were prepared and issued to the auditees concerned, Senior Management and the respective AECs.
- 3 Conducted ad-hoc assignments and special reviews as directed by the AECs, requested by Management or Regulators. Results of reviews undertaken were presented to the respective AECs for deliberation.
- 4 Conducted compliance reviews mandated by the Regulators to assess the level of compliance by the business units. Non-compliances were duly highlighted to Management for prompt rectification.
- 5 Conducted investigations into activities and matters as directed by the AECs or requested by Management including whistleblower cases. The outcomes from the investigations were presented to the AEC concerned for deliberation.
- 6 Monitored, and validated the resolution of previous audit issues and reported on the status of key outstanding audit issues to the Management Committee and to the AEC concerned.
- 7 Provided independent and objective reviews on the adequacy and effectiveness of internal controls established to mitigate the risk exposures in the implementation of new projects undertaken by the business.
- 8 Participated in various Business Continuity Management exercises to gauge and assess the readiness of businesses/systems to resume operations within agreed timelines in the event of a disruption or disaster.
- 9 Attended meetings held by Group Management Committee, Group Management Risk Committee, Group Information Technology Committee and Group Management Governance and Compliance Committee as an invitee to provide independent feedback on the risk management, control and governance aspects.

# RISK MANAGEMENT COMMITTEE REPORT



**Datuk Shireen Ann Zaharah binti Muhiudeen**  
Chairman

The Risk Management Committee ('RMC' or 'the Committee') comprises three (3) members, a majority of whom are Independent Directors and is chaired by an Independent Director. The Committee oversees the adequacy of risk management within the Group.

## COMPOSITION AND MEETING ATTENDANCE

A total of nine (9) meetings of the Company's RMC were held during FY18, and details of the meeting attendance are set out below:

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
<b>Datuk Shireen Ann Zaharah binti Muhiudeen</b> (Chairman) (Independent Director)	9	9	100
<b>Graham Kennedy Hodges</b> (Non-Independent Non-Executive Director)	9	9	100
<b>Voon Seng Chuan</b> (Senior Independent Director)	9	9	100

## ROLES AND RESPONSIBILITIES OF RMC

The responsibilities of the Committee include the review and evaluation of:

Senior Management's activities in managing risk

High-level risk exposures and risk portfolio composition

Cyber Security risk

The overall effectiveness of the control and risk management infrastructure (together with GIAD) and reporting to the Board

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

# GROUP INFORMATION TECHNOLOGY COMMITTEE REPORT

The Group Information Technology Committee ('GITC' or 'the Committee') is established as a committee of the Board at the holding company level. The Committee comprises three (3) members, all of whom are Non-Executive Directors and is chaired by the Senior Independent Director. The Committee is responsible for providing governance for Information Technology ('IT') and to ensure that the overall strategic IT direction is aligned with the Group's business objectives and strategy.



**Mr. Voon Seng Chuan**  
Chairman

Changes to the composition of the GITC during the financial year under review were as follows:

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



**Soo Kim Wai**  
(Non-Independent Non-Executive Director)  
appointed as member on 9 December 2017.



**Dato' Seri Ahmad Johan bin Mohammad Raslan**  
(Non-Independent Non-Executive Director)  
ceased as member following his resignation as Director on 9 December 2017.

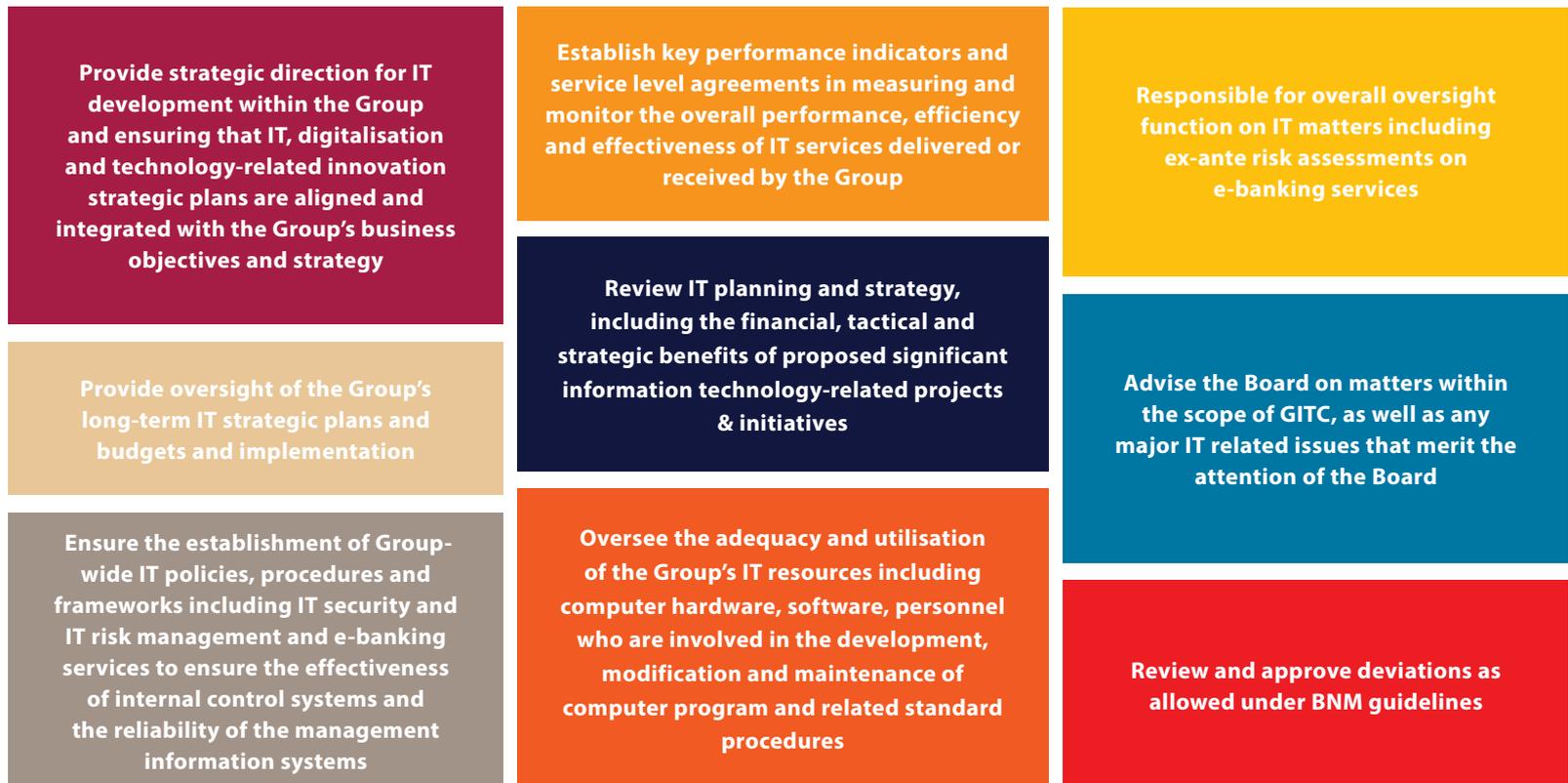
## COMPOSITION AND MEETING ATTENDANCE

A total of seven (7) meetings of the Company's GITC were held during FY18, and details of the meeting attendance are set out below:

Name of Committee Members	Number of Meetings		
	Held During Tenure in Office	Attended	%
<b>Voon Seng Chuan</b> (Chairman) (Senior Independent Director)	7	7	100
<b>Seow Yoo Lin</b> (Independent Director)	7	7	100
<b>Soo Kim Wai</b> (Non-Independent Non-Executive Director) (Appointed as member on 9 December 2017)	2	2	100
<b>Dato' Seri Ahmad Johan bin Mohammad Raslan</b> (Non-Independent Non-Executive Director) (Resigned as member on 9 December 2017)	5	4	80

## ROLES AND RESPONSIBILITIES OF GITC

The key responsibilities of the Committee include, among others, the following functions:



# SHARIAH COMMITTEE REPORT

The Shariah Committee of AmBank Islamic Berhad ('the Bank') has been established for purpose of advising the Bank and the Bank's Board of Directors in ensuring that the Bank's businesses, affairs and activities comply with Shariah principles. The requirement of establishing Shariah Committee has been set by the Islamic Financial Services Act 2013 ('IFSA') and Bank Negara Malaysia ('BNM')'s Shariah Governance Framework ('BNM SGF') in order to ensure all of the Islamic Financial Institutions' operations and business activities are in accordance with Shariah.

AmlInvestment Bank Berhad ('AmlInvestment Bank'), as part of the banking group leverages on the Shariah Committee of the Bank for advice and guidance on Shariah in relation to Islamic capital markets. AmlInvestment Bank may also engage the services of independent external Shariah adviser(s) as approved by Securities Commission Malaysia when necessary and will be on ad-hoc basis.

## SHARIAH COMMITTEE MEMBERS

Shariah Committee comprises five distinguished Shariah scholars, who have the necessary Shariah qualification required by BNM. All the members have vast knowledge and experience in Islamic banking and finance spanning from eight to more than twelve years' experience and are also members of the Association of Shariah Advisers in Islamic Finance (ASAS).

The Shariah Committee members are:



## FUNCTIONS AND DUTIES OF THE SHARIAH COMMITTEE

The Shariah Committee is responsible and accountable for all its decisions, views and opinions relating to Shariah matters. The main functions and duties of Shariah Committee shall include, but are not limited to the following:

- i. to advise the Board and the Bank on Shariah matters in order to ensure that the business operations of the Bank comply with Shariah principles at all times;
- ii. to review and endorse the Shariah policies and procedures of the Bank and to ensure that the contents do not contain any elements which are not in line with Shariah principles;
- iii. to review and approve relevant documentations in relation to the Bank's products to ensure that the products are in compliance with Shariah principles;
- iv. to perform oversight on the works carried out by the Shariah Research and Advisory, and Shariah Review functions in order to ensure compliance with Shariah matters which form part of their duties in providing their assessment of Shariah compliance and assurance information in the Annual Report;
- v. to assess the work carried out by Group Internal Audit relating to the Shariah Audit function, and the Shariah Risk Management function in order to ensure compliance with Shariah matters which form part of their duties in providing their assessment of Shariah compliance and assurance information in the Annual Report;
- vi. to provide assistance to related parties of the Bank such as its legal counsel, auditor or consultant on Shariah matters upon request;
- vii. to provide advice and guidance on management of zakat fund, charity and other social programme or activities; and
- viii. to oversee strategies and initiatives implemented by key organs carrying out the Shariah functions including the Shariah Research and Advisory, Shariah Review, Shariah Audit and Shariah Risk Management functions.

## SHARIAH OVERSIGHT COMMITTEE

The Shariah Committee members also sit in Shariah Oversight Committee, a sub-committee to the Shariah Committee. The Shariah Oversight Committee was established to assist the Shariah Committee in discharging its responsibilities relating to the oversight from Shariah perspectives of the Shariah Review function. In addition, the Shariah Oversight Committee is to assess the work carried out by Group Internal Audit relating to the Shariah Audit function and Shariah Risk Management function in order to ensure compliance with Shariah matters.

The main functions and duties of Shariah Oversight Committee shall include, but are not limited to the following:

- i. to determine and confirm actual and potential Shariah non-compliance incidents and endorse corresponding rectifications plans;
- ii. to recommend alternative ways to rectify issues identified through Shariah Audit, Shariah Review and Shariah Risk Management activities and other sources;
- iii. to provide advice on the recognition of income pursuant to Shariah non-compliance incidents and its disposal; and
- iv. to recommend possible implementation methods to improve the Bank's Shariah business activities in line with applicable statutes and guidelines/policies/circulars issued by relevant regulatory bodies.

## MEETINGS AND ENGAGEMENT WITH BOARD OF DIRECTORS

A total of eight Shariah Committee meetings were held during the financial year ended 31 March 2018, which were mainly to discuss and deliberate on product proposals, issues and documentation. Shariah Oversight Committee also convened seven times to discuss on works carried out by Shariah Audit, Shariah Review and Shariah Risk Management and any reported Shariah related incidences.

The attendance of the Shariah Committee members at the meetings of the Shariah Committee and Shariah Oversight Committee is set out below:

Name of Shariah Committee Member	Shariah Committee		Shariah Oversight Committee	
	Held	Attended	Held	Attended
Assistant Professor Dr. Tajul Aris Ahmad Bustami	8	8	7	7
Professor Dr. Amir Husin Mohd Nor	8	7	7	7
Associate Professor Datin Dr. Noor Naemah Abdul Rahman	8	7	7	6
Associate Professor Dr. Adnan Yusoff	8	6	7	6
Dr. Asmak Ab Rahman	8	6	7	6

As part of the initiative for Shariah Committee to have active engagements with the Bank's Board of Directors, the following were planned and implemented:

- i. Two (2) sessions between Shariah Committee and member(s) of the Board; and
- ii. Board member(s) attending meetings of Shariah Committee and Shariah Oversight Committee.

## MAIN ACTIVITIES

Throughout the financial year, the Shariah Committee discussed and deliberated on various Shariah principles and the contracts relating to the products proposed by the Bank. The Shariah Committee also reviewed numerous legal documentation and Shariah policies and guidelines introduced by the Bank.

In addition, Shariah advisory services were also provided on many other aspects to the Bank, such as providing advice on issues arising from Islamic banking operations, zakat distribution and so on, in order to ensure compliance with applicable Shariah principles.

The Shariah Committee also noted and reviewed the following and was satisfied that each of the following had been done effectively during the financial year 31 March 2018, in compliance with Shariah:

1	2	3	4
All contracts, transactions and dealings entered into by the Bank and legal documents used by the Bank;	The allocation of profits and charging of losses relating to investment accounts;	All earnings that may have been realised from sources or by means prohibited by Shariah for purpose of disposal to charitable causes or in accordance with method approved by the Shariah Oversight Committee; and	The calculation and distribution of zakat.

Through Shariah Oversight Committee, the Shariah Committee discussed and deliberated on Shariah review and Shariah audit plans as well Shariah review and Shariah audit reports prepared by Shariah Review and Group Internal Audit teams respectively.

In matters relating to AmlInvestment Bank, the Shariah Committee has reviewed a number of Sukuk structures and legal documentation for Sukuk issuance.

### PERFORMANCE ASSESSMENT

Shariah Committee's performance assessment is conducted annually by the Board. The evaluation process will focus on competency, knowledge, contribution and overall effectiveness of the Shariah Committee members.

The assessment will also identify any relevant development areas or any relevant exposure needed by the Shariah Committee members for the Bank to provide.

### CONTINUOUS TRAINING PROGRAMMES

As part of Shariah Committee's continuous development, the Bank has structured dedicated training programmes, conducted by respective internal trainers, for the Shariah Committee. The following training programmes were planned and implemented during the financial year:

- i. 28 April 2017 – Risk Management in Islamic Banks.
- ii. 27 October 2017 – AML/CFT Training Refresher.
- iii. 22 November 2017 – Islamic Interbank Money Market.

Besides the planned internal training programmes, the Shariah Committee members also attended various conferences and seminars as follows:

<p>i. Shari'ah Workshop on Operational Challenges in Islamic Banking Practices, organised by International Shari'ah Research Academy for Islamic Finance (ISRA) held on 6 April 2017 at Sasana Kijang, BNM.</p>	<p>v. Muzakarah Kuala Lumpur Islamic Forum 2017, organised by Centre for Research and Training (CERT) held on 5 October 2017 at Hotel Istana, Kuala Lumpur.</p>
<p>ii. 11<sup>th</sup> Muzakarah Cendekiawan Syariah Nusantara 2017, organised by International Shari'ah Research Academy for Islamic Finance (ISRA) held from 16-17 May 2017 at Putrajaya Marriott Hotel.</p>	<p>vi. Towards Comprehensive Understanding of Waqf and Its Potential Applications in Contemporary Islamic Finance, organised by Association of Shariah Advisors for Islamic Finance Malaysia (ASAS) held on 30 January 2018 at Sasana Kijang, BNM.</p>
<p>iii. Muzakarah Ahli Majlis Penasihat Syariah Institusi Kewangan di Malaysia Kali Ke-13, organised by Jabatan Kemajuan Islam Malaysia (JAKIM) held on 20 July 2017 at Mahkamah Syariah Wilayah Putrajaya.</p>	<p>vii. Liqa Asas: Value Based Intermediation (VBI), organised by Association of Shariah Advisors for Islamic Finance Malaysia (ASAS) held on 6 March 2018 at Lanai Kijang, BNM.</p>
<p>iv. Kuala Lumpur Islamic Finance Forum 2017 (KLIFF), organised by Center for Research and Training (CERT) held from 3-4 October 2017 at Hotel Istana, Kuala Lumpur.</p>	

## SHARIAH GOVERNANCE

The Bank adopted the Shariah Governance Framework ("SGF") issued by BNM by having four (4) key Shariah functions. The Shariah Research and Advisory (including Shariah Legal), Shariah Risk Management and Shariah Review functions act as the second line of defence whilst the Shariah Audit function, which is part of the Group Internal Audit Department, acts as the third line of defence. By having this practice in place, the Bank is able to identify, monitor and mitigate any possible Shariah breaches. Shariah Governance structure of the Bank comprises the following:

i. Board of Directors Accountable and responsible for the overall oversight on the Shariah governance and Shariah compliance including the assessment, appointment and remuneration of the Shariah Committee members. The Board performs its oversight through various committees such as the Audit and Examination Committee of Directors (AEC), Risk Management Committee (RMC) and the Shariah Committee.

ii. Shariah Committee Responsible and accountable on matters related to Shariah. This includes advising the Board and Management on Shariah matters and endorsing and validating Islamic banking, finance and capital market products and services, Shariah policies and the relevant documentation in relation to the Bank's Islamic finance and Islamic capital markets operations and business activities. Shariah Committee also provides advice and guidance on the management of zakat fund, charity and other social programmes or activities.

iii. Shariah Oversight Committee A sub-committee to the Shariah Committee, performs an oversight function on Islamic banking, finance and capital market products and services from Shariah perspective. Shariah Oversight Committee provides guidance and advice on matters pertaining to Shariah non-compliant incidences as well as treatment of Shariah non-compliant income (if any).

iv. Management/CEO Responsible to make reference to Shariah Committee or the external independent Shariah advisor and/or the Shariah Oversight Committee on Shariah matters and to take necessary measures for implementation. The Management/Chief Executive Officer of AmBank Islamic ("CEO") is also responsible in setting the infrastructure and providing the environment and adequate resources to support the Shariah governance structure. This includes putting in place adequate systems and controls in order to ensure compliance with Shariah and to mitigate Shariah non-compliance risk.

v. Shariah Research & Advisory Accountable to the Shariah Committee and is responsible for providing day-to-day Shariah advisory on Islamic banking and finance, including Shariah legal aspects, conducting Shariah research, formulating Shariah policies and acting as Secretariat to the Shariah Committee and the Shariah Oversight Committee.

Shariah Research & Advisory consists of four (4) functions: Shariah Secretariat and Coordination; Shariah Policy and Research; Shariah Advisory; and Shariah Legal.

vi. Shariah Risk Management Accountable to the Risk Management Committee. Shariah Risk Management is a function to systematically identify, measure, monitor and control of Shariah non-compliance risks to mitigate any possible non-compliance events.

Shariah Risk Management is executed through three (3) lines of defence in managing Shariah risk. The three (3) lines of defence are: First – Business Units and Functional Lines; Second – Shariah Risk Management, Shariah Review, Shariah Research & Advisory; and Third – Shariah Audit.

vii. Shariah Review Accountable to the Shariah Oversight Committee. The objective of the Shariah review function is to provide reasonable self-assurance for the Bank in its daily activities and operations thus to add value and improve the degree of Shariah awareness and compliance.

viii. Shariah Audit Accountable to the Audit and Examination Committee of Directors. A designated team within the Group Internal Audit Department is responsible to conduct independent assessments on the level of Shariah compliance of Islamic banking business and operations. The Shariah audit covers all activities particularly the operational components of the Bank (including functions outsourced to AmBank Group or AmInvestment Bank) that are subjected to the risk of Shariah non-compliance, including but not limited to products, operational processes, the technology supporting the operations, the people involved in key areas of risk, documentation and contracts, policies and procedures and other activities that require the adherence to Shariah principles.

# GROUP RISK MANAGEMENT

AmBank Group embraces risk management as an integral part of the Group's business, operations and decision-making processes. Against the backdrop of a challenging economic environment where financial markets have become more volatile, it is critical for the Group to have a robust and effective risk management system to ensure continuous profitability and to achieve sustainable growth in shareholder value.

Risk Strategy	Risk Governance
<p>Our overall risk strategy is centered around the following initiatives:</p> <ul style="list-style-type: none"> <li>Enhancing risk governance.</li> <li>Upgrading risk infrastructure.</li> <li>Developing more comprehensive risk appetite strategy, execution and monitoring framework.</li> <li>Improving funding and liquidity risk management.</li> <li>Improving underlying asset quality and enhancing portfolio diversification.</li> <li>Materially lowering loan loss provisions.</li> <li>Developing robust risk/reward pricing models.</li> <li>Positioning AmBank Group for IRB status under Basel II.</li> </ul>	<p>Our risk governance and culture is driven across the Group through the "Three Lines of Defence" framework, with the motto "Risk is Everyone's Responsibility". Supporting this framework are policies and procedures to enforce our core standards.</p>
Our Priorities in FY19	Key Highlights in FY18
<p>Group Risk will continue to support the Group's business strategies while continuing to be vigilant:</p> <ul style="list-style-type: none"> <li>Rollout of AmBank Group Credit Pathway.</li> <li>Enhance monitoring and early warning tools for more effective credit management and portfolio asset quality monitoring.</li> <li>Enhance control on approval limit to commensurate with the nature of product (i.e. approval limit per application by product and exposure limit for system approval).</li> <li>Automation of credit underwriting for Retail SME – PG portfolio.</li> <li>Enhance liquidity risk management practices in line with regulatory and market developments.</li> <li>Further enhancing cyber security domains such as Cyber Incident Response and Crisis Management, Data Loss Prevention, Threat and Vulnerability Management, and Network Protection.</li> </ul>	<p>The key highlights of progress made in FY17 were as follows:</p> <ul style="list-style-type: none"> <li>Set up of Business Credit Risk function, supporting the new Business Banking division of the Bank.</li> <li>Continued refinement of credit processes for SMEs.</li> <li>Reviewed and consolidated of Credit Underwriting Policy for Retail Banking.</li> <li>Enhanced monitoring and management of classified account.</li> <li>Revised on the approval criteria for consumer products (i.e. scoring cut-off).</li> <li>The FRS9 project has been successfully completed and the Bank is fully FRS9 ready.</li> <li>Introduced new liquidity risk indicators and assessed Bank's readiness for implementation of BNM's Net Stable Funding Ratio.</li> <li>Embarked on a three (3) year Cyber Security Maturity Improvement Program to strengthen cybersecurity and our ability to protect and manage sensitive data.</li> </ul>

# GROUP COMPLIANCE

The AmBank Group is in its second year of the Compliance Culture transformation journey. The key focus of the transformation programme is tone from the top that emphasizes the role and criticality of all staff to uphold the enhanced AmBank Group Code of Conduct in all business dealings.

The AmBank Group's enhanced Code of Conduct launched in December 2017, seeks to ensure a transparent and ethical business conduct, self-regulation, and "doing what is right" are embedded in the DNA of all staff, with the Group's reputation to be placed above all else.

As regulators continue to raise the bar on regulatory compliance, the AmBank Group Compliance Programme continues to focus on strengthening its preventive and detective measures in key areas of risk for the Group. One of the many enhancements made include the process to assess potential reputational risk of on-boarding and maintaining relationships, independent of the business impact.

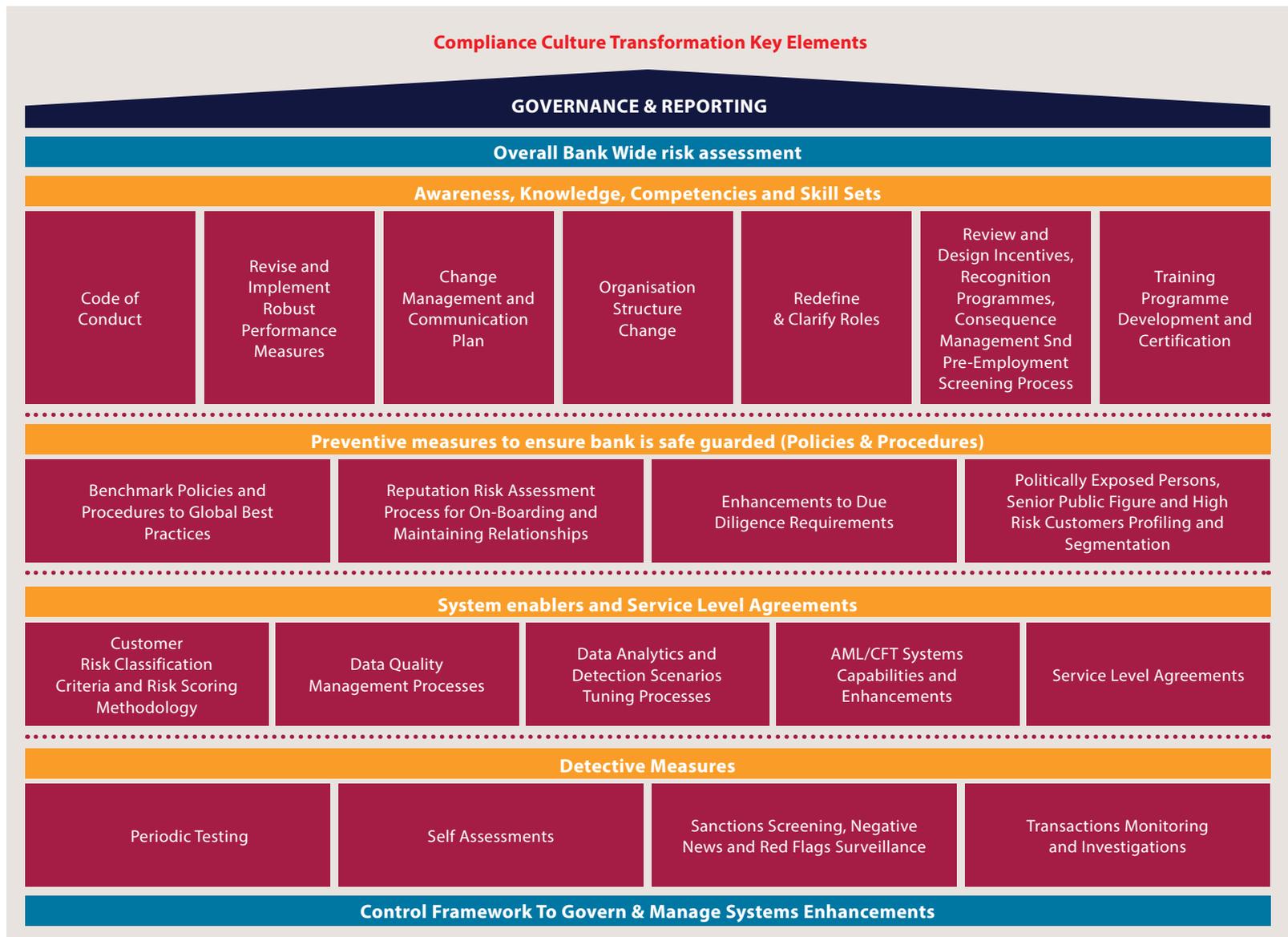
Our compliance-training programme, which includes the required regulatory external certification, is structured to develop subject matter expertise amongst our staff and promote career development. We review our training programme

bi-annually to ensure our programmes remain current and all requirements of the changing regulatory landscape and industry practices are incorporated.

Another key element of the transformation journey this year was investments in technology for the AML/CFT transactions monitoring system, Know Your Customer risk rating module and data quality management. Processes and systems were redesigned and enhanced in line with global best practices to improve the ability to mitigate AML/CFT and on-boarding risks.

People are at the heart of the Compliance Culture transformation agenda; we continue to build bench strength within the organisation to ensure a robust succession plan is in place and the drivers of change within the transformation programme is sustained.

2019 will see us escalate efforts and develop new programmes to elevate the group into the next phase of the transformation journey. Of key priority is the twin initiative of developing innovative technology solutions to increase effectiveness and efficiency of our processes and People related programmes to ensure continued momentum in developing the AmBank Group Culture.



## PRINCIPLE C



### INVESTOR RELATIONS

The investor relations landscape has evolved over the years and now forms an integral part of AmBank Group's corporate governance initiatives. 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.

Shareholders engagement has taken a centre stage in recent years as shareholders are exerting more influence than ever on how boards and management teams operate. Additionally, the investment community is increasingly emphasising on long-term sustainability and value creation of the investee companies, on top of delivering satisfactory financial performance. We believe that effective shareholders engagement and investor relations can lead to improved strategy and policies formulation, more sustainable business practices, and promote greater transparency and accountability.

Our communications with the investment community is governed by our investor relations policy to ensure consistency, clarity, fairness and timeliness of information disseminated. We subscribe to the philosophy that good investor relations practices strengthen investors' confidence in us and allows them to make informed investment decisions.

We have a dedicated Investor Relations team ("IR team") to support our Group CEO and Group CFO in their investor engagement activities, focusing on achieving effective two-way communications and fostering relationships with the investment community in order to better understand their expectations and requirements.

Our commitment to excellence in investor relations was acknowledged at the Alpha Southeast Asia's 7<sup>th</sup> Best Corporate-Institutional Investor Awards 2017 where AmBank Group won the Most Improved Investor Relations and was placed Top 3 in Most Organised Investor Relations, Strongest Adherence to Corporate Governance and Most Consistent Dividend Policy in Malaysia. Our efforts also received recognition globally as AmBank Group was named the "Best Investor Relations Banking Group Malaysia 2017" by the Global Banking & Finance Review based in the United Kingdom.

Our IR team actively engages with our stakeholders throughout the year by employing a myriad of communication channels:

#### Annual General Meeting

AmBank Group's 26<sup>th</sup> AGM was held on 31 July 2017 in Kuala Lumpur, Malaysia. Tan Sri Azman Hashim, Chairman of the Board, took the chair and called the 26<sup>th</sup> AGM to order. Dato' Sulaiman, our Group CEO, gave a presentation to the shareholders covering the Group's strategic aspirations, business and financial highlights for FY17, market outlook and performance guidance for FY18/19.

After the presentation, Dato' Sulaiman responded to the enquiries from the Minority Shareholder Watchdog Group. During the "Question and Answer" session of the AGM, our shareholders were invited to post their questions and provide their feedback to the Board. Our Chairman of the Board, was instrumental in facilitating constructive discussions between the shareholders, the Board and the Senior Management of AmBank Group.

The AGM represents an avenue for our shareholders to seek clarifications and gain insights into the operations and financial performance of the Group. Our external auditors, Messrs. Ernst & Young, were also in attendance to answer shareholders' queries.

All the resolutions that were proposed for tabling at the 26<sup>th</sup> AGM were duly passed. We have made available the minutes of the AGM on our corporate website.

#### Analyst Briefings and Media Conferences

The IR team organises live analyst briefings and media conferences for our half year and full year results announcements. The live analyst briefings are held simultaneously with teleconferencing and live webcast facilities to cater for the wide geographical spread of the investment community and our stakeholders.

For the Group's first quarter results announcement, the analyst briefing was conducted via teleconference and live webcast services. During the Group's third quarter result announcement, the analyst briefing was conducted via teleconference only.

Our results announcements for FY18 were held on the following dates:

Date	Results Announcement	Mode of Communication					
		Media Briefing	Analyst Briefing		Publication on IR Website		
			Tele-conference	Webcast	Investor Presentation	Financial Statements	Media Release
24 Aug 17	Q1FY18		√	√	√	√	√
28 Nov 17	H1FY18		√*	√	√	√	√
28 Feb 18	9MFY18		√		√	√	√
31 May 18	FY18	√	√*	√	√	√	√

\* Includes live briefing

### Investor and Analysts Meetings

We conduct regular meetings with investors, analysts, fund managers and other stakeholders through a combination of face-to-face meetings, breakfast briefings and teleconference calls. Our discussions generally revolve around the Group's financial and business performance, strategic direction and also macroeconomic outlook.

In FY18, we had held four (4) "breakfast chats" with the equity analysts post our quarterly results announcements. The initiative was well-received by the analysts as it enabled them to have in-depth discussions with our Group CEO and Group CFO. We also invited our Group CRO and MD of Business Banking to one of the sessions to provide the analysts with greater insights on the Group's risk management framework, asset quality and developments of our Business Banking division.

Post the 14<sup>th</sup> Malaysian general election, we held a teleconference with the analysts, fund managers and other stakeholders to share our views vis-à-vis the new government's manifesto and economic policy agenda. This dedicated call was timely and well received by our stakeholders.

Below is a summary of meetings held:

	FY18		FY17	
	Meetings	Attendees	Meetings	Attendees
Meetings	31	126	28	156
Teleconferences	8	73	2	2
Breakfast Briefings	4	51	1	14

### Conferences and Non-Deal Roadshows

Conferences and non-deal roadshows ("NDR") organised by research houses and equity brokers present excellent opportunities for our management representatives to meet existing shareholders and prospective investors. During these sessions, investors are able to have deeper discussions with the management on business outlook, strategy roadmap, competitive landscape, regulatory changes and other pressing matters, in addition to queries on financial performance.

In FY18, we participated in the "UBS Malaysia Corporate Day" and NDR organised by UBS in Hong Kong and Singapore.

### Corporate Website

The Investor Relations section is available on the Company's corporate website at [ambankgroup.com](http://ambankgroup.com), is an accessible repository containing corporate governance and investor-related information on AmBank Group such as corporate profile, Board of Directors, annual reports, quarterly financial results, presentations, news releases, credit ratings, AGM/Extraordinary General Meeting, etc. as well as our investor relations calendar.

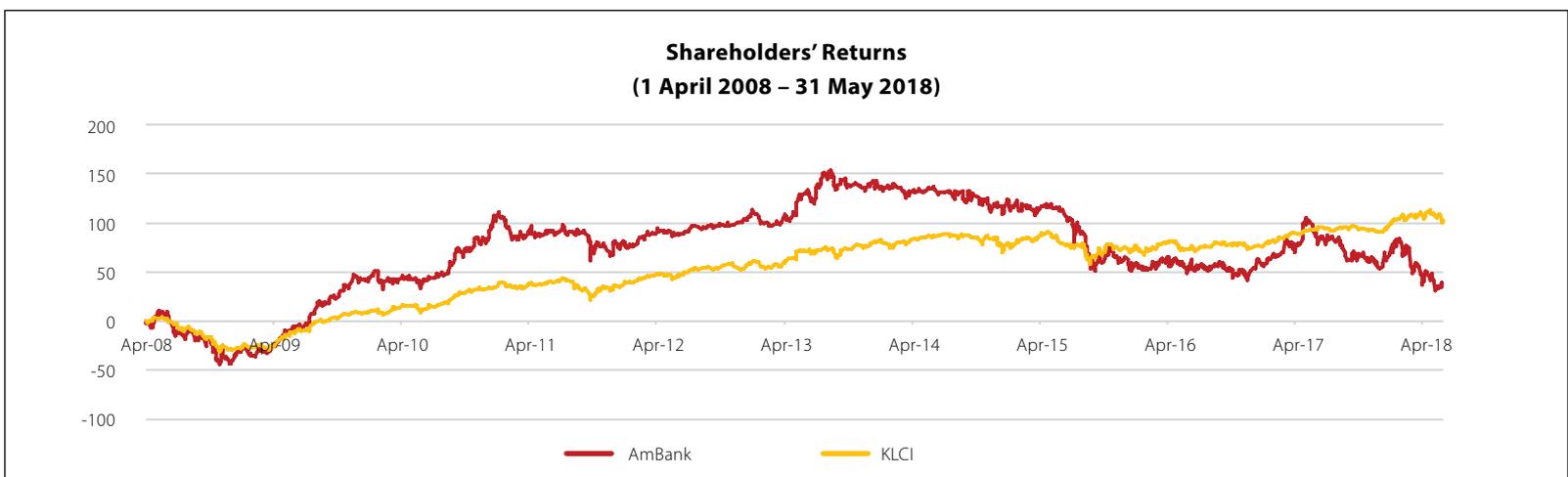
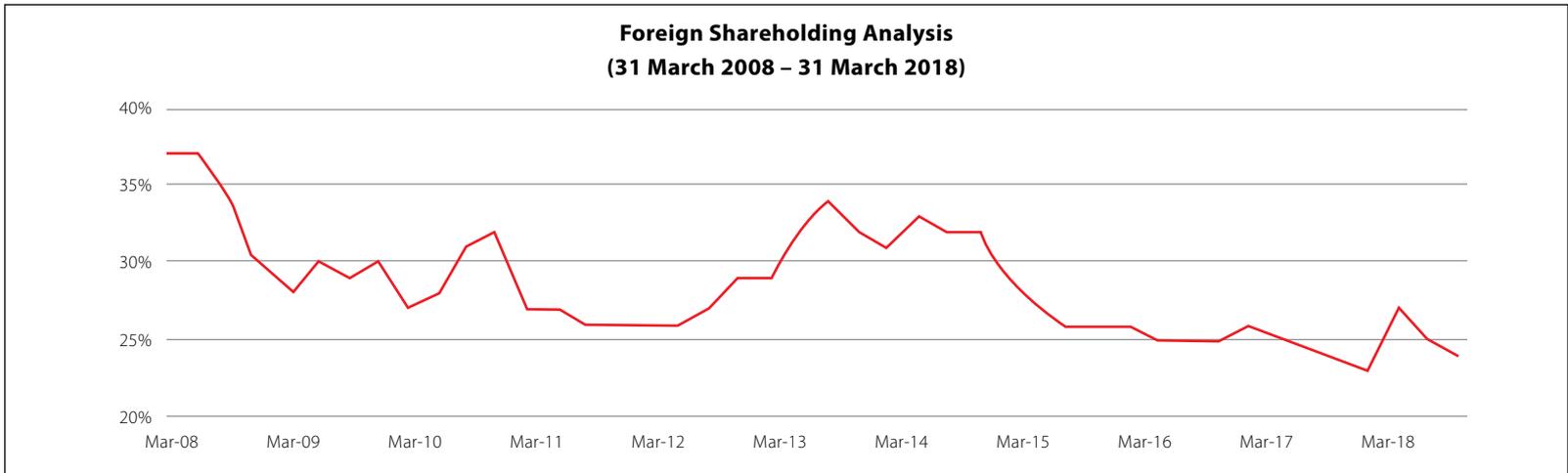
All financial results, material press releases, notices of dividends and other ad-hoc announcements are also available on the Bursa Securities' website.

Investors and stakeholders can reach out to the AmBank Group IR team via email at [ir@ambankgroup.com](mailto:ir@ambankgroup.com) should they require further information or assistance on investor-related matters.

### ANALYST COVERAGE

AmBank Group is presently covered by analysts from the following local and foreign research houses:

No.	Research House
1	Affin Hwang Capital
2	AllianceDBS Research
3	CIMB Investment Bank Berhad
4	Citi Investment Research
5	Hong Leong Investment Bank
6	HSBC Ltd (Singapore)
7	JP Morgan Securities
8	KAF - Seagroatt & Campbell Securities
9	Kenanga Investment Bank
10	Macquarie Capital Securities
11	Maybank Investment Bank
12	MIDF Amanah Investment Bank
13	Nomura Securities Malaysia
14	Public Investment Bank
15	RHB Research Institute
16	TA Securities
17	UBS Securities Malaysia
18	UOB Kay Hian



## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board is required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the Group and its state of affairs, results and cash flows, at the end of the financial year. Following discussions with the statutory external auditors, the Directors consider that the appropriate accounting policies have been consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records which are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act 2016.

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**The Board of Directors ('Board') is responsible for the Group's risk management and internal control system and for reviewing its adequacy and integrity. The Board has instituted an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This process is regularly reviewed by the Board and accords with the guidance on internal control, Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.**

In establishing and reviewing the risk management and internal control system, the Directors have considered the materiality of relevant risks, the likelihood of losses being incurred and the cost of control. Accordingly, the purpose of the risk management and internal control system is to manage and minimise rather than eliminate the risk of failure to achieve the policies and objectives of the Group and to provide reasonable but not absolute assurance against risk of material misstatement or losses.

Management assists the Board in the implementation of the Board's policies on risk management and internal control by identifying and evaluating the risks faced by the Group for consideration by the Board and designs, operates and monitors the system of risk management and internal control to mitigate and control the risks.

## CONCLUSION

For the year under review, the Board has received the reports of the Audit and Examination Committee and Risk Management Committee ('RMC'). An annual assessment of the effectiveness of risk and internal control processes has been conducted and the Board has also received the assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard shareholders' investments, the interests of customers, regulators and employees, and the Group's assets.

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

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

- The Board has formed a RMC to assist in the oversight of the overall risk management structure. At Senior Management level, a number of management-level risk committees have been established to assist the Board to holistically manage the risks and businesses of the Group. These committees, namely the Group Management Committee, Group Management Risk Committee, Group Asset and Liability Committee, Group Management Governance and Compliance Committee, Credit and Commitments Committee, and Watchlist and Classification Committee address all classes of risk within Board delegated mandates: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance risk, regulatory compliance risk, reputational risk, product risk and business and IT project risk.

- Risk management principles, policies, practices, methodologies and procedures are made available to appropriate staff in the Group. These are regularly updated to ensure they remain relevant and in compliance with regulatory requirements. The policies, methodologies and procedures are enhanced whenever required to meet the changes in operating environment and/or for continuous improvement in risk management.
- The organisation structure is designed to clearly define the accountability, reporting lines and approving authorities to build an appropriate system of checks and balances, corresponding to the business and operations activities' needs. This includes the empowerment and setting of authority limits for proper segregation of duties.
- The Audit and Examination Committees ("AECs") of the Company and its major subsidiaries assist the Board to evaluate the adequacy and effectiveness of the Group's internal controls systems. The AECs review the Group's financial statements and reports issued by Group Internal Audit, the external auditors and regulatory authorities and follow-up on corrective actions taken to address issues raised in the reports.
- The Shariah Committee is responsible and accountable on matters related to Shariah. This includes advising the Board and Management on Shariah matters and endorsing and validating products and services, Shariah policies and the relevant documentation in relation to Islamic Banking operations. The Shariah Committee also provides advice and guidance on management of zakat fund, charity and other social programmes or activities.
- The Shariah Committee members also sit in Shariah Oversight Committee, a sub-committee to the Shariah Committee. The Shariah Oversight Committee is established 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 Management function in order to ensure compliance with Shariah.
- 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 and reports issued.

- The Group's focus is on achieving sustainable and profitable growth within its risk management framework. Annual business plans and budgets are prepared by the Group's business divisions and submitted to the Board for approval. Actual performances are reviewed against the budget with explanation of major variances on a monthly basis, 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, this 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 provides a clear direction in conducting business, interacting with community, government and business partners as well as general workplace behaviour. The Code of

Ethics above is subset of the Code of Conduct. The Code of Conduct was established by the Board. The Board takes a leadership role in shaping and driving the governance of, and compliance with, policies and practices via the Group Management Committee, 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 to promote the safety and soundness of the Group by minimising financial, reputational and operational risks arising from regulatory non-compliance. The Group believes in and embraces a stronger compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board and Senior Management lead by example. The Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risk as well as sensitive towards heightened regulatory surveillance and enforcement.
- Training is provided to employees of the Group on relevant legal and regulatory requirements governing its activities and guidance on implementation of internal controls to manage compliance risk.

#### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Bursa Securities' MMLR Paragraph 15.23, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. This does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

# ADDITIONAL DISCLOSURES

(Pursuant to MMLR of Bursa Securities)

## 1. MATERIAL CONTRACTS

There was no material contract (not being a contract entered into in the ordinary course of business) entered into by the Group, which involved directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

## 2. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During FY18, the following issuances were made by the Group:

a) RM675.0 million Subordinated Notes under the RM10.0 billion Subordinated Notes Programme by AMMB Holdings Berhad as follows:	b) RM1,095.0 million Subordinated Notes under the RM4.0 billion Subordinated Notes Programme by AmBank (M) Berhad as follows:	c) RM150.0 million Subordinated Sukuk Murabahah under the RM3.0 billion Subordinated Sukuk Murabahah Programme by AmBank Islamic Berhad as follows:
<p>(i) Tranche 3, RM325.0 million Subordinated Notes issued on 23 February 2018; and</p> <p>(ii) Tranche 4, RM350.0 million Subordinated Notes issued on 14 March 2018.</p> <p>The proceeds raised have been utilised for investment in capital instruments of AmBank (M) Berhad and AmBank Islamic Berhad.</p>	<p>(i) Tranche 3, RM570.0 million Subordinated Notes issued on 16 October 2017;</p> <p>(ii) Tranche 4, RM175.0 million Subordinated Notes issued on 23 February 2018; and</p> <p>(iii) Tranche 5, RM350.0 million Subordinated Notes issued on 14 March 2018.</p>	<p>(i) Tranche 6, RM150.0 million Subordinated Sukuk issued on 23 February 2018; and</p> <p>The proceeds raised by AmBank (M) Berhad and AmBank Islamic Berhad have been utilised for working capital and general banking purposes.</p>

## 3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to paragraph 10.09(2)(b), Part E, Chapter 10 of the MMLR of Bursa Securities, the details of the recurrent related party transactions conducted with the Related Parties and their subsidiaries and associated companies, where applicable during FY18 pursuant to the Shareholders' Mandate, are set out in the table below:

Related Parties	Nature of Transaction	Actual Value (RM'000)	Relationship with the Company
Amcorp Group Berhad	Provision of travelling arrangement	3,895	Companies in which a Director and major shareholder were deemed to have an interest
Australia and New Zealand Banking Group Limited ('ANZ')	Provision of technical services and business collaboration	-	
Modular Group	Provision of electronic card technologies and services	2,187	