



ALLIANCE BANK

Alliance Bank Malaysia Berhad (88103-W)

Minutes of 37th Annual General Meeting (“AGM” or “the Meeting”) of **ALLIANCE BANK MALAYSIA BERHAD** (“Alliance Bank” or “the Bank”) held at the Grand Ballroom, Level 2, InterContinental Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on **Thursday, 25 July 2019 at 11.00 a.m.**

- Directors Present** : Tan Sri Dato’ Ahmad Bin Mohd Don – Chairman
Mr. Kuah Hun Liang
Mr. Lee Ah Boon
Datuk Wan Azhar Wan Ahmad
Mr. Lee Boon Huat
Mr. Ho Hon Cheong
Mr. Thayaparan S. Sangarapillai
Mr. Tan Chian Khong
Ms. Susan Yuen Su Min
- In Attendance** : Mr. Joel Kornreich (Group Chief Executive Officer) (“GCEO”)
Mr. Raymond Wong Lai Loong (Group Chief Financial Officer)
Mr. Lee Wei Yen (Group Company Secretary)
- External Auditors: Messrs PricewaterhouseCoopers PLT
(Mr. Ong Ching Chuan, Partner)
- Poll Administrator: ShareWorks Sdn Bhd
- Independent Scrutineer: BDO Consulting Sdn Bhd
- Shareholders. Proxies and Corporate Representatives** : A total of 2,120 Members holding/representing a total of 947,454,714 shares or 61.20% of the issued share capital of the Bank, registered for the Meeting.
 (“collectively referred to as “Members” hereinafter)
- Chairman** : Tan Sri Chairman took the Chair and called the Meeting to order.
- Welcome Address/ Announcement** : Tan Sri Chairman extended a warm welcome to the Members present and introduced the Directors present to the Members.
- Quorum** : The Group Company Secretary confirmed the presence of the requisite quorum pursuant to Article 68 of the Bank’s Constitution.
- He reported that the Bank has received proxy forms from 1,145 shareholders holding a total of 944,369,742 shares representing 61.00% of the issued share capital of the Bank for the Meeting. Out of these, 390 shareholders with a total of 770,044,848 shares representing 49.74% of the issued share capital of the Bank have appointed Chairman of the Meeting

as their proxy to vote for them at the Meeting. 755 shareholders with a total of 174,324,894 shares representing 11.26% of the issued share capital of the Bank have appointed other proxies to attend this Meeting.

Business Performance Presentation : Mr. Joel Kornreich, GCEO presented to the Members the financial and transformation achievements of the Alliance Bank Group for the financial year ended 31 March 2019, as well as the priorities for the financial year ending 31 March 2020.

Notice of Meeting : On the proposal of Tan Sri Chairman and with consent of the Members present, the Notice convening the AGM having been served on Members was taken as read.

1. Audited Financial Statements for the Financial Year Ended 31 March 2019 (“FY2019”)

The Audited Financial Statements for the FY2019 were laid before the Meeting in accordance with Section 340(1) of the Companies Act, 2016 for discussion. As formal approval of the Members was not required, the matter was not put forward for voting.

Before the question and answer session, the Group Company Secretary read out the questions raised by the Minority Shareholder Watch Group via its letter dated 8 July 2019 and the Bank’s responses thereto (please refer to **Appendix A** attached).

After dealing with questions from the floor (please refer to items 1 to 7 of **Appendix B** attached), and before proceeding to the next item on the agenda, Tan Sri Chairman announced that in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of the AGM would be voted by poll and that BDO Consulting Sdn Bhd (“BDO”) has been appointed as the Independent Scrutineer for the voting by way of electronic polling or E-Polling.

Mr. Lee Chee Chai, the representative from ShareWorks Sdn Bhd, Share Registrar of the Bank, who would act as the Poll Administrator, was invited to brief the Members on the conduct of E-Polling and how to use the Polling Device.

Mr. Dinesh Ganisan from BDO was then invited to give its view on the E-polling procedure and the E-Polling system as the Independent Scrutineer. Mr. Dinesh confirmed to the Members that the E-Polling procedures and system had been tested by BDO and proven reliable.

2. Payment of Directors’ fees and Board Committees’ fees – Ordinary Resolution 1

On the proposal of Mr. Soh Beng Teong and seconded by Ms. Lee Leong Khee and after dealing with question(s) from the floor (please refer to item 8 of **Appendix B** attached), Tan Sri Chairman put the following motion to the vote by way of E-Polling and declared that, with 99.87% shares voted for and 0.13% shares voted against, the resolution carried:

“THAT the payment of Directors’ fees and Board Committees’ fees amounting to RM2,040,083 in respect of the financial year ended 31 March 2019 be and is hereby approved.”

3. Directors' benefits (other than Directors' fees and Board Committees' fees) – Ordinary Resolution 2

On the proposal of Ms. Lee Leong Khee and seconded by Mr. Muniandy A/L Karishnan and there being no questions from the floor, Tan Sri Chairman put the following motion to the vote by way of E-Polling and declared that, with 99.92% shares voted for and 0.08% voted against, the resolution carried:

“THAT the Directors' benefits (other than Directors' fees and Board Committees' fees) payable up to an amount of RM1,200,000 from 25 July 2019 to the next Annual General Meeting be and is hereby approved.”

4. Re-election of Mr. Kuah Hun Liang who retires by rotation pursuant to Article 87 of the Bank's Constitution – Ordinary Resolution 3

On the proposal of Mr. Teoh Ewe Hai and seconded by Ms. Lo Wai Sam and after dealing with a comment from the floor (please refer to item 9 of **Appendix B** attached), Tan Sri Chairman put the following motion to the vote by way of E-Polling and declared that, with 99.92% shares voted for and 0.08% shares voted against, the resolution carried:

“THAT Mr. Kuah Hun Liang, who retires in accordance with Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank.”

5. Re-election of Mr. Lee Ah Boon who retires by rotation pursuant to Article 87 of the Bank's Constitution – Ordinary Resolution 4

On the proposal of Mr. Muniandy A/L Karishnan and seconded by Mr. Adrian Ooi Lye Beng and there being no questions from the floor, Tan Sri Chairman put the following motion to the vote by way of E-Polling and declared that, with 99.40% shares voted for and 0.60% shares voted against, the resolution carried:

“THAT Mr Lee Ah Boon, who retires in accordance with Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank.”

As the Ordinary Resolution 5 was on the re-election of Tan Sri Dato' Ahmad Bin Mohd Don as a Director of the Bank, Tan Sri Chairman declared his interest and abstained from voting on this resolution. Mr. Kuah Hun Liang was appointed to chair the meeting for tabling the motion.

6. Re-election of Tan Sri Dato' Ahmad Bin Mohd Don who retires by rotation pursuant to Article 87 of the Bank's Constitution – Ordinary Resolution 5

On the proposal of Mr. Chow Choi In and seconded by Mr. Muniandy A/L Karishnan and after dealing with question(s) from the floor (please refer to item 10 of **Appendix B** attached), Mr. Kuah Hun Liang put the following motion to the vote by way of E-Polling and declared that, with 99.75% shares voted for and 0.25% shares voted against, the resolution carried:

“THAT Tan Sri Dato' Ahmad Bin Mohd Don, who retires in accordance with Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank.”

Tan Sri resumed the Chair and thanked Mr. Kuah Hun Liang before proceeding to the next item on the Agenda.

7. Re-election of Ms. Susan Yuen Su Min who retires pursuant to Article 93 of the Bank's Constitution – Ordinary Resolution 6

On the proposal of Mr. Adrian Ooi Lye Beng and seconded by Mr. Muniandy A/L Karishnan and there being no questions from the floor, Tan Sri Chairman put the following motion to the vote by way of E-Polling and declared that, with 99.92% shares voted for and 0.08% shares voted against, the resolution carried:

“That Ms. Susan Yuen Su Min, who retires in accordance with Article 93 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank.”

8. Re-appointment of PricewaterhouseCoopers PLT (“PwC”) as Auditors – Ordinary Resolution 7

On the proposal of Mr. Adrian Ooi Lye Beng and seconded by Ms. Chow Choi In and after dealing with question(s) from the floor (please refer to item 11 of **Appendix B** attached), Tan Sri Chairman put the following motion to the vote by way of E-Polling and declared that, with 99.46% shares voted for and 0.54% shares voted against, the resolution carried:

“THAT PricewaterhouseCoopers PLT be and are hereby re-appointed as Auditors of the Bank for the ensuing year at a remuneration to be fixed by the Directors.”

9. Proposed Amendments to the Constitution of the Bank – Special Resolution 1

On the proposal of Mr. Adrian Ooi Lye Beng and seconded by Ms. Chow Choi In and after dealing with question(s) from the floor (please refer to item 12 of **Appendix B** attached), Tan Sri Chairman put the following motion to the vote by way of E-Polling and declared that, with 99.92% shares voted for and 0.08% shares voted against, the resolution carried:

“That the Constitution of the Bank be altered and/or modified, in the form and manner as set out in Appendix I to the Notice of the 37th Annual General Meeting (“Proposed Amendments”) AND THAT the Board of Directors of the Bank be and is hereby authorised to do all acts and things and take all such steps as may be deemed necessary to give full effect to the Proposed Amendments.”

- 10.** The last item on the agenda was to transact any other business for which due notice shall have been given. Tan Sri Chairman informed the Meeting that the Bank did not receive any notice to transact any other business.

Conclusion

There being no other business to consider, Tan Sri Chairman declared the Meeting closed at 1.00 p.m. and thanked the Members for their presence.

The Meeting ended with a vote of thanks to the Chair.

CONFIRMED AS A CORRECT RECORD

TAN SRI DATO' AHMAD BIN MOHD DON

CHAIRMAN



ALLIANCE BANK
Alliance Bank Malaysia Berhad (88103-W)

**37TH ANNUAL GENERAL MEETING (“AGM”)
THURSDAY, 25 JULY 2019 AT 11.00 A.M.**

**QUESTIONS FROM THE MINORITY SHAREHOLDER WATCH GROUP
AND THE BANK’S RESPONSES**

Strategy/Financials

- 1. In line with your BNM validated status as an emergent Value-Based Intermediation (VBI) practitioner, Alliance Islamic Bank Berhad (AIS) launched two impact investment funds in FY2019. These comprised two BIMB-Arabesque Shariah ESG equity funds, namely BIMB-Arabesque iGlobal Dividend Fund 1 and the BIMB-Arabesque Malaysia Syariah ESG Equity Fund. (page 35, Annual Report)***

What is the progress of these funds? Is there any intention to launch any new funds in FY2020?

- Both funds have registered good year-to-date performance:
 - BIMB iGlobal Dividend Fund (“BiGDF”): Rated as LEADER in the LIPPERLEADER Fund ratings for its consistent returns and total returns in the Equity Global-Islamic category for 3 years period (Source: The Edge Malaysia, 8 July 2019)
 - BIMB Malaysia Syariah ESG Fund (“BMSEF”): Its Lipper Ranking is 3rd quartile of Shariah Malaysia Equity Funds (The Edge Malaysia 8 July 2019).
 - Since the distribution of these funds in August 2018, the total sales were over RM25.5 million as at 31 March 2019.
 - The Group continues to review new products onboarding with the focus to ensure that AIS’ unit trust product offering is complete and able to cater for our client’s different investment appetites. The selection of new products will be based on our emphasis to grow the unit trust business.
- 2. In your transformation strategy to digitalise the banking operations, you have achieved digital banking penetration rate of 64% compared to 41% three years ago. (page 14, Annual Report)***

What is the Bank’s target for this year? Which are the areas within the Group that you will focus on for the next 2 years and what is the estimated capital budget?

- The excerpt from page 14 of the Annual Report is referring to the digital banking penetration data based on the “McKinsey Asia Personal Financial Services Survey 2017”, instead of our internal data.
 - In FY 2019, the Group has continued to focus on the following digitization initiatives:
 - a) Registered more than 52,000 mobile banking users (with 70% active users) within 1 year
 - b) Piloted CASA digital account opening in October 2018. Turnaround time has reduced from 45 minutes to as little as 15 minutes
 - c) Rolled out digital local employee on-boarding, which is a fully paperless process for Alliance@Work in August 2018
 - For FY2020, the Group plans to spend around RM50 million to focus on the following digitization initiatives:
 - a) **Mobile BizSmart:** To enable SMEs to make fast decision for payments and approve time sensitive transactions at convenience
 - b) **Same day Business account opening and BizSmart activation**
 - c) **Branch-in-a-tablet:** Products and services requests by customer to be fulfilled via the tablet in the branch.
3. ***As Small & Medium Enterprises and consumer loans are your key segments, what is your current market share in these business segments and how do you differentiate yourself from the other banks in the industry? What are your targets in FY2020?***
- In FY2019, SME loan balances grew by 11% to RM8.7 billion (compared to less than 1% growth for SME industry). Our current market share is 3.6%.
 - Our target for FY2020 is to grow 10% to RM9.5 billion loan balances.
 - Our strategy is “To Be the Most Important Relationship for the Financial Success of Business Owners” by helping them meet their business and personal needs as well as their stakeholders (e.g. employees, business partners, customers). We are differentiating ourselves by accelerating our business via differentiated propositions and enhanced internal capabilities:
 - a) **SME Banking differentiation (Alliance Way)** – increase focus on relevant advice to our customers and providing fast, simple, and responsive digital solutions
 - Financing terms (pricing, quantum) – scorecard lending, enhanced programs
 - Process – same day digital Business CASA & BizSmart activation

- Speed – mobile BizSmart to enable SMEs to make fast decision for payments and approve time sensitive transactions at convenience
- Advice – industry sector benchmarking
- Digital – financial health calculators, cash flow analyzer, digital loans

b) **Consumer banking cross-sell:**

- To be the preferred bank for Business Owners, providing relevant wealth management and personal banking solutions

c) **Alliance@Work** – helping with SME business' Human Resource administration and extending benefits to their employees such as:

- Payroll & employee CASA / loans
- Value-added business tools (through partners)
- Mobile foreign remittance

d) We are also **forming alliances / partnerships** to:

- Expand our reach with improved leads generation via financial aggregators and ecosystem partners
- Offer relevant non-banking solutions that address the needs of our customers via open Application programming interface (API)/ Fintech partners

4. ***On page 18 of the Performance Highlights in the Annual Report, “Other Operating Income” (OPI) has deteriorated by RM63.6 million or (19%) from RM328.6 million in FY2018 to RM265 million in FY2019. What are the measures taken to improve the OPI?***

- Lower other operating income was mainly due to:
 - a) Higher Structured Investment net interest expense arising from the adoption of MFRS 101 “Presentation of Financial Statements”, whereby such expense is a deduction to **non**-interest income instead of **net** interest income.
 - b) Lower treasury and investment income from lower foreign exchange trading gain and one-off realised gain from financial investment in 4QFY2018.
 - c) Lower wealth management fee income (particularly share trading and structured investment) amid the challenging external environment and lower credit card fee income due to regulatory changes.

- We have launched several initiatives to increase the client based fee income:
 - a) **Exclusive General Insurance partnership with Zurich signed on May 2019** will generate additional fee income over the next 15 years and enable the Group to expand the sales of general insurance products.
 - b) **Launching of Wealth Academy for relationship managers** which will help them to provide better advisory services to our clients.
 - c) **Intensifying our cross-selling efforts for wealth management products.**

5. ***The Stockbroking and Corporate Advisory Services (SBAS) recorded higher loss before tax by RM32.5 million compared to FYE2018 due to lower brokerage income and goodwill impairment arising from lower projected cash flows from the reassessment of expected future business performance in the light of current trading and economic conditions. (page 109, Annual Report)***

How would you address the lower business income in the SBAS segment?

- Given global and domestic economic uncertainties and sentiment, we expect the stockbroking business to remain subdued. Nevertheless, we continue to strengthen our stockbroking business through:
 - a) **Streamlining to improve productivity and cost efficiencies**
 - b) **Enhancing our digital retail stockbroking offerings to improve product offering** (e.g. trading and settlement of foreign equities in foreign currencies)
 - c) **Enhancing customer experience and engagement** including new account acquisition via digital channels and seamless straight through digital on boarding and account activation.
- In the current environment, we see better prospects for our corporate finance advisory business and will continue to work tirelessly on turning our expanding pipeline of potential opportunities into revenue generating mandated deals to execute.

Corporate Governance

1. ***We refer to the Corporate Governance Report (page 22) on the following departure:***

Practice 4.5 – The Board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets.

You have not disclosed the timeframe to adopt Practice 4.5 as required under Malaysian Code on Corporate Governance (“MCCG”).

Please take note.

- The Board, through the Group Nomination and Remuneration Committee, has taken steps to ensure that women candidates are given priority consideration in the selection and recruitment process for directors towards achieving the gender diversity target of 30% women participation. While it is important to promote board gender diversity, the Bank’s selection criteria based on an effective blend of competencies, skills, experience and knowledge to strengthen the Board remains a priority.
- A woman director was appointed to the Board in October 2018 during the financial year ended 31 March 2019. We endeavour to meet the gender diversity target of 30% women participation by 31 December 2020.

- End -



ALLIANCE BANK

Alliance Bank Malaysia Berhad (88103-W)

37TH ANNUAL GENERAL MEETING (“AGM”)
THURSDAY, 25 JULY 2019 AT 11.00 A.M.

KEY MATTERS DISCUSSED AT THE AGM

Audited Financial Statements for the Financial Year Ended 31 March 2019

1. **Is the Bank’s financial results for the financial year ended 31 March 2019 affected by the trade war between the United States and China?**

Answered by Joel Kornreich, Group Chief Executive Officer (“GCEO”):

The trade war between the United States and China has had an effect on the Malaysia economy which has caused it to slow down over the course of the financial year ended 31 March 2019. Due to the trade war as well as other factors, the local market and businesses/segments have faced challenges which the Bank is aware of and is prepared for via its robust early warning system. The Bank will do its best to help its clients weather the challenges where possible.

2. **What is the cause in the deterioration of Other Operating Income by RM63.6 million or (19%) from RM328.6 million in FY2018 to RM265 million in FY2019?**

Answered by Joel Kornreich, GCEO:

The lower Other Operating Income was mainly due to:

- a) Higher Structured Investment net interest expense arising from the adoption of MFRS 101 “Presentation of Financial Statements”, whereby such expense is a deduction to non-interest income instead of **net** interest income.
- b) Lower Treasury and Investment Income from lower foreign exchange trading gain and one-off realised gain from financial investment in the fourth Quarter of FY2018.
- c) Lower Wealth Management Fee Income (particularly Share Trading and Structured Investment) amid the challenging external environment and lower credit card fee income due to regulatory changes.

3. **The Stockbroking and Corporate Advisory Services (SBAS) recorded higher Loss Before Tax by RM32.5 million compared to the previous financial year.**
- i. **What is the main reason for the loss?**
 - ii. **On Page 274-275 of the 2019 Annual Report, the SBAS segment assets increased by RM297 million. What is the reason for the increase?**

Answered by Joel Kornreich, GCEO:

- (i) SBAS segment recorded higher Loss Before Tax by RM32.5 million compared to the previous financial year due to lower Brokerage Income and a one-time goodwill impairment arising from lower projected cash flows from the assessment of expected future business performance in light of current trading and economic conditions.

Given the global and domestic economic uncertainties and sentiment, we expect the stockbroking business to remain subdued. Nevertheless, we continue to strengthen our stockbroking business through:

- a) Streamlining to improve productivity and cost efficiencies
 - b) Enhancing our digital retail stockbroking offerings to improve product offering (e.g. trading and settlement of foreign equities in foreign currencies)
 - c) Enhancing customer experience and engagement including new account acquisition via digital channels and seamless straight through digital on boarding and account activation
- (ii) The increase in the segment assets of SBAS is due to increase in lending, booked with Alliance Investment Bank Berhad.

4. **Arising from a news article in The Star newspaper that the Bank is paring down its stake in Alliance Investment Bank Berhad, what is the current status and the reason for this? If there is a disposal, where will the proceeds be invested in?**

Answered by Joel Kornreich, GCEO:

The Bank continues to seek to optimize returns for the Bank and the shareholders. We are not able to comment on merger & acquisition activities. However, the Bank's core strategies are targeted towards SME and Consumer Banking and that is where our focus and investments will be.

5. **Based on the Financial Statements for financial year ended 31 March 2019, Alliance Bank has performed relatively well in comparison with its peers, especially in terms of Cost to Income ratio. What are the plans in financial year ending 31 March 2020 to further improve its financial performance?**

Answered by Tan Sri Dato' Ahmad Bin Mohd Don, Chairman of Alliance Bank Board:

The Bank has performed well this financial year in this respect and we hope to further improve every year. We acknowledge that there are headwinds as well and we constantly strive to be prepared as much as possible for the challenges to come.

6. **Over 40% of the Bank's loans are classified as High Risk-Adjusted Return ("RAR") loans and this is increasing every financial year. What loans are considered High RAR? What are the reasons for focusing on High RAR loans and is there higher risk in an economic downturn scenario?**

Answered by Joel Kornreich, GCEO:

High RAR loans are, for example, SME loans, Personal Financing and Alliance One Account loans as these loans have better profit margins compared to lower RAR loans like shop house financing and hire purchase loans.

High RAR loans have been evaluated throughout the loans' life cycle and are priced accordingly. While High RAR loans may have more risk during an economic downturn scenario, these loans have been evaluated and will yield better returns through the economic cycle.

7. **As mentioned by the GCEO earlier, Personal Financing is classified as a High RAR loan. Why is Alliance Bank focused on unsecured personal financing while other banks are reducing their exposure in this segment?**

Answered by Joel Kornreich, GCEO:

Through tightening the origination of the loans, vigilant portfolio monitoring and new methods of collection, the Bank has been able to moderate the delinquency levels of these unsecured loans. As yet, there is no major concern with this type of loans.

Payment of Directors' fees and Board Committees' fees – Ordinary Resolution 1

8. **What is the rationale for the proposed increase in Directors' fees and Board Committees' fees?**

Answered by Lee Wei Yen, Group Company Secretary:

The increase in Directors' fees and Board Committees' fees was based on an independent review which was carried out to determine if the remuneration of Non-Executive Directors of the Bank continues to be in line with the industry taking into consideration the complexities of the Bank's business and operations. The details of the proposed revision to the remuneration of Non-Executive Directors are set out on page 352 of the 2019 Annual Report.

Re-election of Mr. Kuah Hun Liang who retires by rotation pursuant to Article 87 of the Bank's Constitution – Ordinary Resolution 3

9. Mr. Quah Ban Aik, the representative from the Minority Shareholder Watch Group, pointed out in the Bank's Corporate Governance Statement on page 62 of the 2019 Annual Report that the Bank Board has reviewed and revised its Board Charter to:
- (i) limit the tenure of independent directors to a maximum cumulative term of 9 years and removal of the option for an independent director to continue serving on the Board as a non-independent director upon completion of the 9 years term.
 - (ii) introduce a new policy by limiting the tenure of non-independent non-executive directors to a maximum cumulative term of 12 years.

He commended the Board on their efforts to enhance the Bank's Corporate Governance as this is a step in the right direction.

Re-election of Tan Sri Dato' Ahmad Bin Mohd Don who retires by rotation pursuant to Article 87 of the Bank's Constitution – Ordinary Resolution 5

10. Tan Sri Dato' Ahmad Bin Mohd Don is holding directorships in a few other public listed companies. Given the complexities of the Bank's business and operations, will he be able to devote sufficient time as Chairman of the Bank?

Answered by Tan Sri Dato' Ahmad Bin Mohd Don, Chairman of Alliance Bank Board:

I am currently also the Chairman on the Board of Sunway REIT Management Sdn Bhd and a Director of United Malacca Berhad. I always ensure that sufficient amount of time is allocated to effectively perform my role as Chairman of the Bank.

Re-appointment of PricewaterhouseCoopers PLT ("PwC") as Auditors – Ordinary Resolution 7

11. How much is the PwC's total audit fees for financial year ended 31 March 2019?

Answered by Joel Kornreich, GCEO:

The total audit fees for financial year ended 31 March 2019 paid/payable to PwC was approximately RM2.07 million which includes statutory audit fees of RM1.35 million and audit related fees of RM726,000. The PwC audit teams are rotated every 5 years in accordance with regulatory requirements.

- End -