



# ALLIANCE FINANCIAL GROUP

Alliance Financial Group Berhad (6627-X)

## Private & Confidential

Minutes of the **50<sup>th</sup> Annual General Meeting** (“AGM” or “the Meeting”) of **ALLIANCE FINANCIAL GROUP BERHAD** held at Ballroom 1, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on **Tuesday, 19 July 2016** at **2:00 p.m.**

- Directors Present** : Datuk Oh Chong Peng (Chairman)  
Mr. Stephen Geh Sim Whye  
Mr. Kung Beng Hong  
Mr. Ou Shian Waei  
Mr. Lee Ah Boon
- Members and Proxies Present** : As per Attendance List
- Invited Guests** : As per Attendance List
- In Attendance** : Mr. Joel Komreich (Chief Executive Officer)  
Mr. Raymond Wong Lai Loong (Group Chief Financial Officer)  
Mr. Lee Wei Yen (Group Company Secretary)
- Chairman** : Datuk Oh Chong Peng took the Chair and called the Meeting to order at 2:00 p.m.
- Welcome Address/ Announcement** : Datuk Chairman extended a warm welcome to the members/proxies (“the Members”) present and introduced the Directors present to the Members.
- Quorum** : The Group Company Secretary confirmed the presence of a quorum.
- Business Performance Presentation** : Mr. Joel Komreich, Chief Executive Officer of Alliance Financial Group Berhad presented to the Meeting the financial highlights of the Group for the financial year ended 31 March 2016, and the key strategic priorities and target for financial year ending 31 March 2017.
- Notice of Meeting** : On the proposal of Datuk Chairman and with consent of the Members present, the Notice convening the AGM having been duly served on members, was taken as read.

Datuk Chairman informed the Meeting that pursuant to the newly added Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which was effective 1 July 2016, any resolution set out in the notice of any general meeting or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is to be voted by poll.

In compliance with this new requirement for poll voting, and pursuant to Article 67 of the Company's Articles of Association, Datuk Chairman demanded that the voting of all the seven (7) Ordinary Resolutions as set out in the Notice of AGM of the Company dated 24 June 2016 be voted by way of a poll.

To facilitate the polling process at the AGM, Datuk Chairman announced the appointment of Messrs. BDO, as the Independent Scrutineer for the poll voting.

Datuk Chairman proposed, and the Members present consented that each resolution be tabled for questions and answers before the casting of votes for all the seven (7) Ordinary Resolutions be taken at the same time. The Meeting will then be adjourned for the Members to cast their votes and to allow the Scrutineer and the poll facilitators to carry out the vote count, and upon the results being made available, the Meeting be re-convened.

**1. Audited Financial Statements for the Financial Year Ended 31 March 2016**

The Audited Financial Statements for the financial year ended 31 March 2016 were laid at the Meeting in accordance with Section 169 of the Companies Act, 1965.

Mr. Lee Wei Yen, Group Company Secretary presented to the Members on the Company's answers to the questions raised by Minority Shareholder Watchdog Group in its letter dated 14 July 2016 in relation to the 2016 Annual Report.

After dealing with questions from the floor (please refer to Appendix I attached), the Meeting proceeded to the next item on the Agenda.

**2. Payment of Directors' Fees**

On the proposal of Mr. William Woon Peng Wah and seconded by Mr. Phang Ah Kow, the following motion was tabled and will be voted by way of a poll:

"THAT the payment of Directors' fees amounting to RM543,000 in respect of the financial year ended 31 March 2016 be and is hereby approved."

**3. Re-election of Mr. Ou Shian Waei who retires by rotation pursuant to Article 82 of the Company's Articles of Association.**

On the proposal of Ms. Lye Sook Lin and seconded by Mr. Phang Ah Kow, the following motion was tabled and will be voted by way of a poll:

"THAT Mr. Ou Shian Waei, who retires in accordance with Article 82 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."

**4. Re-appointment of Messrs. PricewaterhouseCoopers as Auditors**

On the proposal of Mr. William Woon Peng Wah and seconded by Ms. Wong Lay See, the following motion was tabled and will be voted by way of a poll:

"THAT Messrs. PricewaterhouseCoopers be and are hereby re-appointed as Auditors of the Company for the ensuing year at a remuneration to be fixed by the Directors."

## **Special Business – Ordinary Resolutions**

### **5. Re-appointment of Directors pursuant to Section 129 of the Companies Act, 1965**

#### **5.1 Re-appointment of Mr. Kung Beng Hong as a Director pursuant to Section 129 of the Companies Act, 1965**

On the proposal of Mr. Phang Ah Kow and seconded by Mr. William Woon Peng Wah, the following motion was tabled and will be voted by way of a poll:

“THAT Mr. Kung Beng Hong, a Director who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.”

As the next two (2) resolutions were on Datuk Oh Chong Peng's re-appointment and retention as an Independent Director of the Company, Datuk Chairman declared his interest and abstained from deliberation, Mr. Ou Shian Waei was appointed to chair the meeting for tabling of the motions.

#### **5.2 Re-appointment of Datuk Oh Chong Peng as a Director pursuant to Section 129 of the Companies Act, 1965**

On the proposal of Ms. Ng Guat Ling and seconded by Mr. Adrian Ooi Lye Beng, the following motion was tabled and will be voted by way of a poll:

“THAT Datuk Oh Chong Peng, a Director who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.”

### **6. Retention of Independent Directors**

#### **6.1 Retention of Datuk Oh Chong Peng as an Independent Director of the Company**

On the proposal of Ms. Wong Lay See and seconded by Mr. Phang Ah Kow, the following motion was tabled and will be voted by way of a poll:

“THAT Datuk Oh Chong Peng who has served as an Independent Director of the Company for a cumulative term of more than 9 years be and is hereby retained as an Independent Director of the Company.”

Datuk Chairman resumed the Chair and thanked Mr. Ou Shian Waei before proceeding to the next item on the Agenda.

#### **6.2 Retention of Mr. Stephen Geh Sim Whye as an Independent Director of the Company**

On the proposal of Mr. William Woon Peng Wah and seconded by Mr. Adrian Ooi Lye Beng, the following motion was tabled and will be voted by way of a poll:

“THAT Mr. Stephen Geh Sim Whye who has served as an Independent Director of the Company for a cumulative term of more than 9 years be and is hereby retained as an Independent Director of the Company.”

As the Company did not receive any notice to transact other business for which notice shall have been given, Datuk Chairman put all the seven (7) motions to the vote by way of poll voting.

The Group Company Secretary then briefed the Members on the procedures to fill up the polling slip.

Datuk Chairman declared the Meeting adjourned at 3:30 p.m. for the polling process.

Datuk Chairman declared the Meeting was re-convened at 4:00 p.m. and invited the Scrutineer, Mr. Law Kian Huat of Messrs. BDO to read out the results of the poll as follows:

Resolution	FOR		AGAINST	
	Number of Votes	%	Number of Votes	%
<b>Ordinary Resolution 1</b> That the payment of Directors' fees amounting to RM543,000.00 in respect of the financial year ended 31 March 2016 be and is hereby approved.	923,291,393	100.00	-	-
<b>Ordinary Resolution 2</b> That Mr. Ou Shian Waei, who retires in accordance with Article 82 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company.	923,089,193	99.98	202,200	0.02
<b>Ordinary Resolution 3</b> That Messrs PricewaterhouseCoopers be and are hereby re-appointed as Auditors of the Company for the ensuing year at a remuneration to be fixed by the Directors.	923,285,293	100.00	6,100	0.00
<b>Ordinary Resolution 4</b> That Mr. Kung Beng Hong, a Director who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.	913,129,731	98.90	10,161,662	1.10
<b>Ordinary Resolution 5</b> That Datuk Oh Chong Peng, a Director who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.	918,386,534	99.67	3,019,059	0.33
<b>Ordinary Resolution 6</b> That Datuk Oh Chong Peng who has served as an Independent Director of the Company for a cumulative term of more than 9 years be and is hereby retained as an Independent Director of the Company.	923,044,393	99.97	246,900	0.03
<b>Ordinary Resolution 7</b> That Mr. Stephen Geh Sim Whye who has served as an Independent Director of the Company for a cumulative term of more than 9 years be and is hereby retained as an Independent Director of the Company.	675,677,553	73.18	247,613,840	26.82

Datuk Chairman declared that all the seven (7) Ordinary Resolutions as set out in the Notice of AGM of the Company dated 24 June 2016 were duly passed.

**Conclusion**

Datuk Chairman declared the Meeting closed at 4:30 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**

**DATUK OH CHONG PENG  
CHAIRMAN**



# ALLIANCE FINANCIAL GROUP

Alliance Financial Group Berhad (6627-X)

50<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”)  
TUESDAY, 19 JULY 2016 AT 2:00 P.M.

## KEY MATTERS DISCUSSED AT THE AGM

1. Financial Technology (“Fintech”) will be a great challenge to the banking industry. How are you going to move the Bank forward in facing the challenges of Fintech?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**We take Fintech seriously as mentioned in my presentation earlier. Before the end of the current financial year, we will be rolling out innovative and disruptive value propositions. As we are doing this development internally, we do not want to publicize it until we have something to show.**

2. What was the total sum of impairment loss from all segments within the Group for the year under review and what are the prospects of recovery?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**On impairment or credit cost, the total credit cost for the financial year ended 31 March 2016 (“FY2016”) was RM40.6 million. In terms of recovery, we could not give forward numbers, however the net credit costs that we have provided for guidance for the coming year is between 25 and 30 bps. The recoveries in FY2016 were RM27 million and we do not expect the recovery for the current financial year to be higher than FY2016.**

3. Was there any mutual separation scheme (“MSS”) implemented during the year under review?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**There were no instances of MSS for FY2016. Currently, there are no plans for any MSS or VSS.**

4. What was the senior staff turnover during the year under review?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**There were 5 senior staff who have left the Group (due to reasons such as expiry of contract, early retirement and joining other financial institutions).**

**The following new senior management staff have joined us during FY2016:**

- i. Raymond Wong Lai Loong as Group Chief Financial Officer;
- ii. Kong Kim Yihe as Group Chief Operating Officer;
- iii. Suparman Kusuma, Head of Group Consumer Banking;
- iv. Jeff Tham Kok Kuen, Head of Group Corporate & Commercial Banking; and
- v. Manuel Bulens, Group Chief Administrative Officer.

5. How much are we exposed to the automotive industry and how bad was it affected because of the downturn in the economy?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**Our exposure to the automotive industry was less than 3.5% of the total loans portfolio and there was no significant impact to us.**

6. Islamic Banking has been gaining popularity over the years. What was the total revenue in value and in percentage terms for this segment in FY2016?

**Answered by Puan Foziakhatoon Binti Amanulla Khan, Chief Executive Officer of AIS**

**The revenue of Islamic Banking for FY2016 was RM244.1 million and that was 8.5% higher than the previous financial year. It represents 22.4% of the Group's total revenue in FY2016. We are targeting for higher revenue in FY2017 and we are hopeful to achieve the target.**

7. Current Account and Savings Account ("CASA") deposits are beneficial to the Bank and all banks are fighting for such deposits. What have you done for this during the year under review?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**For CASA, we continue to engage with our customers actively. We did not advertise much as we manage our CASA book through the relationship with our customers.**

8. In view of the Overnight Policy Rate ("OPR") cut announced by Bank Negara Malaysia ("BNM") recently, what was the impact of the OPR cut to the Bank and how would the global events affect the Bank?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**We fully intend to reflect the guidance from BNM into our loan pricing. This is currently under the process and we could not give any more details at this stage and will make an announcement soon.**

**The global events are somewhat related to the OPR cut recently. We have seen the growth worldwide being muted on increased downside risks in light of possible repercussions from the recent EU referendum in the United Kingdom. However, as we are a local bank, we have little exposure outside of the country and we have ensured that we reduce our foreign exposure to the less sensitive area to these changes and disruptions. In generally, we are focused on the domestic market, although also affected by the global forces, we see our Group to remain stable.**

9. The Cost-to-Income ratio has been in the increasing trend and for FY2016, it was the highest among the last 5 financial years. What is the future plan of the Group to reduce the Cost-to-Income ratio?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**We acknowledge this, but we anticipate that the Cost-to-Income ratio will not deteriorate further. We intend to have a balance between streamlining and investing in the future, which includes investing in financial technology.**

10. Most of the banks have transferred the listing status from the holding entity to its banking entity. Does the Group have any plan for the transfer of listing status to the Bank?

**Answered by Datuk Chairman:**

**We have submitted a proposal for the transfer of listing status from Alliance Financial Group Berhad ("AFG") to the Bank about 4 years ago and it was held in abeyance. Today the circumstances have changed, and we are now seriously looking into the plan again.**

11. On page 211 of AFG's 2016 Annual Report, the segment information shows the losses in Investment Banking sector. What is the Group's plan to recover the losses of Investment Banking?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**We are making progress in our investment banking business, but it has yet to be translated into numbers for FY2016 because it is still on-going. We are continuously making progress in Investment Banking business by creating linkages between Corporate Banking and Investment Banking in addition to enhancing the Share Margin Financing segment in the Investment Banking business.**

12. There was an increase in Allowance for Losses on Loans of Business Banking for FY2016 as compared to the previous financial year, what is the highlight of the future trend in Business Banking's credit costs on loans?

**Answered by Mr. Joel Kornreich, Chief Executive Officer:**

**The overall Business Banking net credit losses in FY2016 were lower as compared to the previous financial year. We do not foresee to have any significant deterioration in credit losses and we are comfortable that the net credit cost will be within the range of 20 to 30 bps, despite the challenging environment for Business Banking in FY2017.**

- End -