



ALLIANCE BANK

Alliance Bank Malaysia Berhad 198201008390 (88103-W)

Minutes of 41st Annual General Meeting (“AGM” of “the Meeting”) of **ALLIANCE BANK MALAYSIA BERHAD** (“Alliance Bank” or “the Bank”) held as a virtual meeting at the broadcast venue at the Junior Ballroom, Level 2, InterContinental Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 26 July 2023 at 10.00 a.m.

Directors present : Tan Sri Dato’ Ahmad bin Mohd Don – Chairman
Mr. Lee Boon Huat
Mr. Wong Yuen Weng Ernest
Mr. Lee Ah Boon
Datuk Wan Azhar bin Wan Ahmad
Mr. Tan Chian Khong
Ms. Susan Yuen Su Min
Mr. Lum Piew
Ms. Cheryl Khor Hui Peng
Puan Mazidah binti Abdul Malik

In Attendance : Mr. Lee Wei Yen (Group Company Secretary)

Representatives from Messrs. PricewaterhouseCoopers PLT
Mr. Ong Ching Chuan
Encik Mohamed Zharif Agil

Shareholders, Proxies and Corporate Representatives : 457 Members holding a total of 859,521,909 shares representing 55.52% of the total share capital, attended the Meeting via the Vote 2U platform online meeting as per the Attendance List.
 (“collectively referred to as “Members” hereinafter)

Chairman : Tan Sri Dato’ Ahmad bin Mohd Don took the Chair and called the Meeting to order at 10.00 a.m.

1. Welcome by Chairman

Tan Sri Chairman extended a warm welcome to the Members for attending the Bank’s 41st AGM, a virtual meeting which was broadcasted live from the broadcast venue through the Vote2U online meeting platform at <https://alliancebank.vote2u.app/>.

Tan Sri Chairman then introduced to the Members, Directors of ABMB who were present at the broadcast venue, together with the Group Chief Executive Officer, Group Chief Financial Officer and Group Company Secretary.

Tan Sri Chairman also introduced to the Members, representatives from the External Auditors, Messrs. PricewaterhouseCoopers PLT, Mr. Ong Ching Chuan and Encik Mohamed Zharif Agil.

2. Quorum and Summary of Proxies Received

Tan Sri Chairman then called upon the Group Company Secretary to confirm the presence of a quorum and to provide the Meeting with a summary of the proxies received.

The Group Company Secretary confirmed the presence of the requisite quorum.

He reported that the Bank had received registration of 307 appointed proxies holding a total of 859,511,263 shares representing 55.5% of the total share capital of the Bank for the Meeting.

Out of these, 253 registrations with a total of 251,782,327 shares representing 16.3% of the total share capital of the Bank had appointed Chairman of the Meeting as their proxy to vote for them at the Meeting. 54 registrations with a total of 607,728,936 million shares representing 39.2% of the total share capital of the Bank had appointed other proxies to attend this Meeting.

As the requisite quorum was present, Tan Sri Chairman declared the Meeting duly convened and proceeded to call the Meeting to order.

Before proceeding further, Tan Sri Chairman said he would like to address two questions that have been received repeatedly from Members regarding door gifts and whether next year's AGM will be a physical meeting.

He explained that as stated in the Administrative Details for the AGM which was circulated to the shareholders on 26 June 2023 together with the 2023 Annual Report, there will be no e-voucher, gift or food voucher for shareholders and proxies who participate at this AGM. The Bank strongly encouraged shareholders to attend the AGM for a greater shareholders' understanding of the Bank's business and performance and will continue to reward the shareholders by way of dividend payments.

Regarding the question on whether next year's AGM will be held physically, the Board will consider it favourably if circumstances permit.

3. Business Performance Presentation

Tan Sri Chairman then invited Mr. Kellee Kam, Group Chief Executive Officer (GCEO) to present to Members the business update and performance of the Group for the financial year ended 31 March 2023 ("FY2023").

GCEO proceeded to present the business update and performance of the Bank Group for FY2023:

- i. FY2023 Financial Highlights**
 - **Revenue & Profitability**
 - **Effective Risk Management**
 - **Balance Sheet**
 - **Shareholder Value**
- ii. FY2023 Achievements**
 - **Strategic Priorities**
 - **Sustainability**
 - **Awards**

iii. Going Forward & Sustainability

- **ACCELER8 2027**
- **Measures of Success**
- **Key Updates**
- **Concluding Remarks**

(Full details of the presentation slides can be viewed from the Bank's corporate website under the Corporate Governance section).

4. **Notice of Annual General Meeting**

Upon completion of the presentation by the GCEO, Tan Sri Chairman proceeded with the Meeting and declared that the Notice of the AGM, having been duly served on Members, be taken as read.

Tan Sri Chairman further declared that in compliance with the Main Market Listing Requirements of Bursa Malaysia, all resolutions set out in the Notice of the AGM will be voted by poll. The poll shall be conducted electronically through online remote voting on the Vote2U e-voting platform. The Bank has appointed BDO Consulting Sdn Bhd as the Independent Scrutineer to verify the poll results and that the poll shall be conducted after all items on the agenda are tabled and deliberated.

The Meeting will be conducted as follows:

- Firstly, all items on the agenda as set out in the Notice of the AGM will be read. Thereafter, the questions from shareholders and proxies received prior to this AGM and also during the AGM via real time submission will be addressed.
- The Bank has appointed Mr. Jason Fong of Aegis Communication Sdn Bhd as the Independent Moderator to facilitate the question and answer session. The questions received will be moderated to avoid repetition.
- After dealing with the questions, all the 7 Ordinary Resolutions as set out in the Notice of AGM will be opened for voting via the Vote2U online voting platform.

However, Members may cast their votes before the voting session begins as the online remote voting is accessible from the commencement of the Meeting until the end of the voting session.

- Shareholders were reminded that as this AGM was restricted to the Bank's shareholders and their proxies who had registered to participate at this Meeting, any visual or audio recording of the AGM was strictly prohibited unless the Bank's written consent is obtained prior to the Meeting.

While the Bank tried its best to ensure a smooth live streaming of the proceedings, the quality of the broadcast is very much dependent on Members' individual internet bandwidth connection.

Tan Sri Chairman then proceeded to call upon the Group Company Secretary to read out all the agenda items as set out in the Notice of the AGM, followed by the questions that the Bank received from the Minority Shareholders Watch Group and the Bank's responses before moving on to address the questions received from the Members prior to, and also at the AGM.

5. Agenda Items for the AGM

5.1 Audited Financial Statements for the Financial Year Ended 31 March 2023 and Reports from the Directors and Auditors thereon

To receive the Audited Financial Statements for the financial year ended 31 March 2023 and Reports from the Directors and Auditors.

This agenda item was laid before the Meeting in accordance with Section 340(1) of the Companies Act, 2016 which does not require a formal approval from the shareholders. As such, it was meant for discussion purpose and not put forward for voting.

5.2 Ordinary Resolution 1

- Re-election of Mr. Lee Boon Huat as a Director pursuant to Article 87 of the Bank's Constitution

"THAT Mr. Lee Boon Huat, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

5.3 Ordinary Resolution 2

- Re-election of Mr. Lum Piew as a Director pursuant to Article 87 of the Bank's Constitution

"THAT Mr. Lum Piew, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

5.4 Ordinary Resolution 3

- Re-election of Mr. Tan Chian Khong as a Director pursuant to Article 87 of the Bank's Constitution

"THAT Mr. Tan Chian Khong, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

5.5 Ordinary Resolution 4

- Re-election of Puan Mazidah binti Abdul Malik as a Director pursuant to Article 93 of the Bank's Constitution

"THAT Puan Mazidah binti Abdul Malik, who retires pursuant to Article 93 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

5.6 Ordinary Resolution 5

- Payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 41st AGM until the next AGM of the Bank

"THAT the payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 41st AGM until the next AGM of the Bank based on the current fee structure below be and is hereby approved."

<u>Annual Directors' Fees</u>	
Non-Executive Chairman	RM320,000
Non-Executive Director	RM150,000
<u>Annual Board Committees' Fees</u>	
Chairman	RM50,000
Member	RM35,000

5.7 Ordinary Resolution 6

- **Payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 41st AGM until the next AGM of the Bank**

"THAT the payment of Directors' benefits (other than Directors' fees and Board Committees' fees) of up to RM1,800,000 for the period from the 41st AGM until the next AGM of the Bank be and is hereby approved."

5.8 Ordinary Resolution 7

- **Reappointment of PricewaterhouseCoopers PLT as Auditors of the Bank and granting authority to the Directors to fix their remuneration**

"THAT PricewaterhouseCoopers PLT be and are hereby re-appointed as Auditors of the Bank and that the Directors be authorized to fix their remuneration."

6. Minority Shareholders Watch Group Questions and Answers

Operational and Financials Matters

Q1: On 15 February 2023, Alliance Bank unveiled the five-year ACCELER8 roadmap with eight key growth pillars identified to guide the Bank's growth through FY2027.

- (a) What are the financial and non-financial targets the Bank has set to achieve by FY2027 under the ACCELER8 roadmap? What are the challenges to achieving these, if any?**

Financial targets:

- Top quartile ROE amongst peers
- Loans growth above industry
- Target Cost to income ratio: ~45%
- Maintain dividend payout ratio

Non-financial targets:

- Best-in-class customer Net Promoter Score (NPS) & turnaround time
- Top employer of choice
- Solid ESG progress

A key challenge we anticipate is the competition for talent from peer banks and the new digital bank entrants. We have therefore been proactively refreshing our employee value proposition and re-energising our workforce to build a high-performance culture, where our talent can truly thrive while developing future-ready skills. Additionally, we expect additional investments to fund our digitalization journey over the next 3 to 5 years in order to be market leading in our key propositions for target segments.

- b) Which are the major levers among the eight growth pillars for Alliance Bank to meet the FY2027 headline targets? What is the growth potential offered by these major levers?**

All the eight growth pillars are important but with differing timing to realize the impact to the Bank; enabling us to broaden growth and capture greater market share in key segments.

Short Term Impact:

- Continue our SME loan growth velocity through sales capacity expansion, productivity improvements and digital acquisition
- Driving our transaction banking business (e.g. FX, Trade)
- Expand consumer lending (e.g. mortgages)

Medium Term Impact:

- Local high net worth / family office financing
- Regional champion for selected corridors (Northern, Sarawak)
- Synergies in corporate & capital markets

Long Term Impact:

- Cross-selling to Young professionals /High earners, not rich yet (HENRY) segment
- Expansion into key business verticals such as the renewable energy, education, healthcare sectors
- Partnerships for new products / new distribution channels

- c) **The ACCELER8 has infused new growth pillars, e.g. targeting young professionals and supporting businesses throughout their lifecycle, to drive its next growth phase.**

However, other pillars, e.g. expanding the SME segment, digital banking, accelerating the Islamic banking business, and increasing ESG adoption with more sustainability-focused and ESG-compliant products, are largely in line with strategies pursued by most local banks.

What would make the Bank stand out from the rest?

We have **3 key differentiators** that we are enhancing to set us apart from our peers:

- *Speed* – Best-in-class operational metrics (turnaround time) and speed to market
- *Service* – Service excellence for our customers
- *Personalisation* – Personalised solutions for our clients, supported by deep domain knowledge

We also adopt a unique 3As Approach – “Advocacy”, “Advice” and “Answers” when engaging with our clients. For example, when it comes to ESG, we focus firstly on driving advocacy on how sustainable business practices can be a competitive advantage for our clients. We then work with strategic partners to provide pragmatic advice and diagnostics to help our clients chart their action plans. And finally, we provide the answers in the form of both banking and non-banking solutions to help them on their ESG journey.

- d) **The second growth pillar under ACCELER8 is to groom Alliance Bank to become the preferred banker of choice for businesses at every stage of their lifecycles, from startups to SMEs to large and listed corporations (page 27 of IAR2023).**

What is the trend of customer retention rates for consumer banking, SME & Commercial Banking and Corporate & Transaction Banking over the years? How successful was Alliance Bank in retaining customers as businesses grew from SMEs to corporations? What are the areas in which the Bank could do better in retaining customers?

Over the past few years, our customer retention rate has been ranging from 91% to 97% depending on the segment.

In order to be the preferred bank for businesses at every life-stage, we have tailored our propositions and engagement approaches for the different stages. Starting with small SMEs, and growing with them until they become larger Corporates:

- For micro & small SMEs, we provide fast and convenient digital financing through a simplified paperless loan evaluation process. We then have a hybrid *Relationship Manager - Digital* model when these SMEs have slightly more complex financing requirements.
- For the more established SMEs, we have dedicated Relationship Managers to serve all the banking needs. We have a structured annual process to review these client relationships to determine if they should be upgraded to the Commercial or Corporate segments as their needs become more sophisticated.
- For Corporate customers, an area of improvement is in servicing their needs in the capital market space (Debt Capital Markets, Equity Capital Markets and corporate advisory) as they become more sophisticated. To that end, we have implemented a client coverage model for key clients coupled with a disciplined account planning approach to support clients across all their banking needs.

e) The Bank identified the HENRY segment (High Earners, Not Rich Yet) as another growth area.

What are the demographics of HENRYs? What is the market potential of HENRYs and the strategies to capture this segment? How different are the financing needs of HENRYs compared to retail customers and high-net-worth individuals (HNWI)?

There are over 2.1 million young professionals in Malaysia who belong to the High earners, not rich yet ("HENRY") segment. They are currently earning above-average income and will grow in affluence over time.

However, HENRYs often do not have established credit histories / track-records. We are therefore targeting the HENRY segment using differentiated underwriting policies and incorporating alternate scoring models (e.g. through our CTOS partnership) to more effectively assess their credit worthiness.

In addition, we are focused on providing innovative solutions to address the needs of this segment, such as our newly launched Virtual Credit Card with dynamic card number.

Q2: For FY2023, Alliance Bank posted a 66bps increase in gross impaired loans (GIL) ratio to 2.51% from 1.86% in the previous year.

The size of credit-impaired loans, advances and financing (LAF) increased by 44.47% year-on-year (y-o-y) to RM1.23 billion from RM853.27 million in FY2022 (page 226, Note 10 (vii) – Loans, advances and financing, IAR2023), mainly driven by LAFs extended to manufacturing, construction, wholesale, retail trade, restaurants and hotels, and household sectors.

a) What were the causes for the significant increase in credit impaired LAFs during FY2023? Were the LAFs impaired due to the expiry of the

COVID-19 loan moratorium? What is the recoverability or reversal of these impaired LAFs?

The significant increase in credit impaired loans, advances and financing (LAF) were largely due to:

- Impairment of one large Corporate account in the construction sector; and
- For impairments in the Consumer & SME segment, the post-effects from end of financial assistance, coupled with some pressures on customers' debt servicing caused by OPR hikes and inflation.

The recoverability of the impaired LAF is in the range of between 50% to 55% and this is primarily supported by tangible collaterals. Any shortfall is being fully provisioned.

b) What are the GIL ratio and its past comparative figures for consumer banking, SME & Commercial Banking and Corporate & Transaction Banking, respectively?

The GIL ratios at end of FY2023 are 2.98% for Consumer, 1.73% for SME, 2.59% for Commercial and 2.16% for Corporate.

Please refer to the table below for the past comparatives below:

GIL ratio (%)	FY2021	FY2022	FY2023
Consumer	3.28%	2.35%	2.98%
SME	1.17%	1.14%	1.73%
Commercial	2.08%	1.89%	2.59%
Corporate	0.82%	1.23%	2.16%
Alliance Bank Group	2.34%	1.85%	2.51%

Q3: As of FY2023, deposits from CASA declined by 9.7% y-o-y to RM21.29 billion from RM23.58 billion in the year before (page 31 of IAR2023). This resulted in a sharp decline in the CASA ratio to 41.9% from a record high of 48.9% at the end of FY2022.

- a) Generally, local banks anticipate that deposit competition will remain intense, thus driving up the cost of funds. As such, the net interest margin (NIM) will potentially remain flat or contract.**

What is the management guidance for NIM in FY2023? Does the Group expect NIM compression or expansion?

In FY2023, our management guidance for net interest margin (NIM) was between 2.55% to 2.60%. We recorded a NIM of 2.64% for FY2023 due to the positive impact of OPR hikes.

Our management guidance for FY2024 is in the range of between 2.50% to 2.55%. We expect a NIM compression in FY2024 mainly due to the higher funding cost, resulting from intensified deposit competition since the end of 2022, and the migration from CASA deposits to Fixed Deposits.

- b) How likely will CASA ratio moderate to around 35 – 37% as in pre-pandemic times? If so, how will this impact the funding costs in the future?**

Based on recent months' data, we observed that the CASA deposits levels have stabilized. Hence, we expect our CASA ratio to remain at the top-end of the industry. We also expect that our funding costs will increase in FY2024 due to change in deposits composition and deposits competition as mentioned earlier.

- c) How does the Bank preserve CASA deposits which saw an acute decline year-on-year as depositors are naturally drawn to higher-yielding instruments?**

In order to preserve CASA deposits, the Bank will continue to drive CASA acquisition through our segments, Consumer and SME. We are also implementing tactical strategies for example offerings through SavePlus.

Sustainability Matters

- Q4: The Bank set a target to reduce the proportion of C5 to less than 20% of its portfolio by FY2025 (FY2023: 35%) (page 56 of IAR2023).**

As per BNM's Climate Change and Principle-based Taxonomy, C5 are businesses and transactions that do not display any commitment or are not serious in their commitment to remediate any harm caused nor undertake any initiative to transition to more sustainable practices.

Please elaborate on the actionable plans and transition measures provided by the Group to assist C5 clients and transactions in the transition to more sustainable practices.

How prevalent is the situation of terminating client relationships (by percentage) as they fail to demonstrate serious commitments to remediate the harm they caused?

Helping our customers adopt sustainable business practices is integral to the Bank's sustainability strategy through our Sustainability Assistance Program (SAP) offered to customers aimed to create awareness, advisory and promotion of sustainability to transition, particularly for business identified as having "little to no inclination to embed ESG measures into their business strategies" (i.e. categorised as C5). The SAP is offered alongside our strategic partners such as Bursa Malaysia, MGTC¹ & UNGCMYB² to provide advisory and tools to enable the transition of our customers through our green solutions and financing.

The Bank's approach to the ESG Risk Appetite Statement (RAS) and treatment of C5 customers is based on inclusivity, as the Bank will only exit customers who are involved in illegal and statutorily prohibited activities. This is in line with our sustainability strategy in support of a just and orderly transition towards a low carbon economy.

We have also taken steps to deepen our understanding on key insights and challenges of ESG adoption among SME customers through our ESG survey conducted. A key finding from our ESG survey shows that among SMEs whom are non-ESG adopters, about 60% are open to adopting ESG in the near future, with close to half likely to do so within the next 1-2 years. Through SAP, we are supportive to assist our customers embark on their journeys to adopt more sustainable business practices

7. **Questions and Answers Session with Members**

Upon completion of the reading of agenda items, and the questions and answers for MSWG, Tan Sri Chairman proceeded to the questions and answers session with Members by inviting the Independent Moderator to read out the questions received from shareholders.

(The list of questions raised by the Shareholders and the Bank's responses are set out in Annexure 1).

Upon addressing all the questions read by the Independent Moderator, Tan Sri Chairman announced the closure of the questions and answers session and thanked Members for participating in the Meeting. He informed that for any question that the Bank might not have been able to address during the questions and answers session, the Bank would email its responses to the respective shareholders or proxies at the earliest practicable time after the AGM and post on the Bank's corporate website.

(Post Meeting Note - The list of questions from Shareholders and the Bank's responses via email post AGM are set out in Annexure 2).

8. **Polling and Close of Polling**

Tan Sri Chairman then announced the commencement of the online remote voting session at 11.20 a.m. and invited Members to proceed with casting their votes with the session closing in 5 minutes at 11.25 a.m. A video presentation on the steps in the vote casting process was played during this time.

At 11.25 a.m., Tan Sri Chairman declared that the online remote voting session closed and that the votes will be counted and verified by the Independent Scrutineers.

Tan Sri Chairman then adjourned the Meeting to facilitate the polling verification process.

9. **Announcement of Poll Results**

Tan Sri Chairman resumed the Meeting at 11.50 a.m. for announcement of the poll results. Based on the poll results below which had been verified by the Independent Scrutineers, Tan Sri Chairman declared that all Ordinary Resolutions from 1 to 7 carried.

	For		Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	698,822,582	99.96	285,798	0.04
Ordinary Resolution 2	859,059,223	99.98	151,798	0.02
Ordinary Resolution 3	811,952,216	95.23	40,636,904	4.77
Ordinary Resolution 4	859,041,821	99.98	151,799	0.02
Ordinary Resolution 5	859,102,168	99.99	68,443	0.01
Ordinary Resolution 6	859,037,914	99.99	123,598	0.01
Ordinary Resolution 7	851,576,939	99.11	7,634,182	0.89

Ordinary Resolution 1

- **Re-election of Mr. Lee Boon Huat as a Director pursuant to Article 87 of the Bank's Constitution**

RESOLVED THAT Mr. Lee Boon Huat, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank.

Ordinary Resolution 2

- **Re-election of Mr. Lum Piew as a Director pursuant to Article 87 of the Bank's Constitution**

RESOLVED THAT Mr. Lum Piew, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank.

Ordinary Resolution 3

- **Re-election of Mr. Tan Chian Khong as a Director pursuant to Article 87 of the Bank's Constitution**

RESOLVED THAT Mr. Tan Chian Khong, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank.

Ordinary Resolution 4

- **Re-election of Puan Mazidah binti Abdul Malik who retires pursuant to Article 93 of the Bank's Constitution**

RESOLVED THAT Puan Mazidah binti Abdul Malik, who retires pursuant to Article 93 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank.

Ordinary Resolution 5

- **Payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 41st AGM until the next AGM of the Bank**

RESOLVED THAT the payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 41st AGM until the next AGM of the Bank based on the current fee structure below, be and is hereby approved.

Ordinary Resolution 6

- **Payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 41st AGM until the next AGM of the Bank**

RESOLVED THAT the payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 41st AGM until the next AGM of the Bank, be and is hereby approved.

<u>Annual Directors' Fees</u>	
Non-Executive Chairman	RM320,000
Non-Executive Director	RM150,000
<u>Annual Board Committees' Fees</u>	
Chairman	RM50,000
Member	RM35,000

Ordinary Resolution 7

- Re-appointment of PricewaterhouseCoopers PLT as Auditors

RESOLVED THAT PricewaterhouseCoopers PLT be and are hereby re-appointed as Auditors of the Bank and that the Directors be authorised to fix their remuneration.

10. Close of Meeting

Tan Sri Chairman declared that the Bank has not received any notice to transact other business at this AGM.

There being no other business to transact, Tan Sri Chairman thanked shareholders, proxies and corporate representatives for participating in this virtual meeting and declared the Meeting closed at 11.55 a.m.

CONFIRMED AS A CORRECT RECORD

(Signed)

AHMAD BIN MOHD DON
CHAIRMAN

Date: 28 August 2023

List of Questions Raised by Shareholders and the Bank's Responses

Q1: What is the value of loan book under Payment Relief Assistance and from which sector?

(GCEO) A: The Bank's loans under relief amounted to RM6.55 billion (or 14.2% of our loan book) as of 13 July 2022, and the Bank's loans under relief had been reduced to RM1.25 billion currently (2.5% of our loan book). The reduction was mainly due to most of the Bank's customers under Payment Relief Assistance have graduated and resumed normal repayment. 70% of the loans under relief (or RM868.0 million) were from Consumer Banking (mostly mortgages), 14% (or RM183.0 million) from SME Banking and the remaining 16% (or RM194.0 million) from Commercial and Corporate Banking.

Q2: How much deposits, loans, investment value, etc. has been placed by the 89,000 New-To-Bank (NTB) customers?

(GCEO) A: The 89,000 NTB customers (accumulated up to end-FY2023) had contributed RM2.0 billion in deposits, RM3.7 billion in loans and RM15 million in assets under management (AUM).

Q3: Cost-to-Income Ratio (CIR) had ticked upward to 45.9% from a constant 44.1% in the past 2 years but is still below the pre pandemic level. What is the guidance for FY2024?

(GCEO) A: The Bank's FY2024 guidance is to maintain CIR at below 48%. The Bank's operating expenses are expected to increase as we continue with investment in Information Technology (IT) and people for the ACCELER8 initiatives. As part of the Bank's ACCELER8 Strategy, we are expanding our sales capacity and reach in different regions such as the Northern Corridor and East Malaysia. We have also recently signed Collective Agreements for the union employees and are expecting some impact from wage inflation, which will be reflected in financial statements for FY2024.

Q4: How many Visa Virtual Credit Card customers and value of credit card billings to-date?

(GCEO) A: Since the launch of the virtual credit card in April 2023, the Bank's has activated more than 6,000 new virtual credit card users with an average spend of more than RM2,000 per card per month. We expect take-up rate for the virtual credit card will accelerate further.

Q5: The breakdown of the RM151.0 million loan loss provision and FY2024 outlook for loan loss provision?

(GCEO) A: The Bank's net credit cost of approximately RM152 million or 31.9 basis points in FY2023, comprises additional provisions (net of overlays consumed) of RM272.3 million. This was primarily from the impairment of one Corporate account, as well as business as usual impairments in Consumer Banking and SME Banking which increase within expectations, driven by the lifting of moratorium and increase in Overnight Policy Rate (OPR).

However, the loss provision was positively offset by a large recovery of RM17.5 million from a share margin financing account, as well as net release of management overlays of RM102.5 million due to successful customer graduation from the pandemic-related assistance programs. We are providing a cautious guidance of between 30 to 35 basis points for FY2024.

Q6: How much does the company spend on this virtual AGM?

(Group Company Secretary) A: The cost of organising today's virtual AGM is about RM40,000, inclusive food and beverages.

Q7: What is the impact to the Bank's monthly electricity bills in view of the government had reduced electricity subsidy in the early year.

(GCEO) A: The recent announced targeted electricity subsidy scheme on Imbalance-Cost-Pass-Through (ICPT) rates has no impact to the Bank's monthly electricity bills.

Q8: Is the Bank still practising hybrid and fully remote working arrangement?

(GCEO) A: The Bank's employees are offered a hybrid working option with a maximum of 2 days weekly working from home and 3 days weekly working in the office. Currently, the majority of our employees are fully working in the office.

Q9: Deposits from customers increased substantially by an amount of RM2.7 billion in FY2023 compared to decrease of RM302.1 million in FY2022. Is the Bank still getting total net deposits from customers in FY2024?

(GCEO) A: Yes, the Bank is still getting deposits from the customers. We are confident that this will continue and our CASA ratio remains one of the highest in the industry.

Q10: What is the contribution from Alliance Investment Bank Berhad (AIBB) in FY2023 in terms of revenue and profit before tax?

(GCEO) A: In FY2023, AIBB contributed 1.6% to both the Group's revenue and profit.

Q11: What is the rationale for the share capital reduction exercise by AIBB in FY2023 and does the RM150 million returned to ABMB is in the form of cash flow?

(GCEO) A: AIBB's share capital reduction exercise was arising following the completion of disposal of the stockbroking business to Phillip Capital Sdn Bhd on 30 July 2022. AIBB's capital markets business has been moved to Alliance Islamic Bank Berhad (AIS) effectively 1 April 2022.

The RM150 million was returned to ABMB in the form of cash flow to continue supporting the core businesses of the Bank.

Q12: Under the Interest Expense (Note 30 - page 260), there was a substantial increase in the items categorised as "Others" amounted to RM33.6 million (FY2022: RM7.9 million)

(1) What are the main items classified as "Others" in the Interest Expense?

(2) The reason(s) for the substantial increase in FY2023?

(GCFO) A: The "Others" category under Interest Expense includes Dual Currency Investments (DCI) deposits and Repurchase Agreement (Repo). The increase in the Interest Expense was largely due to DCI deposits of about RM26.0 million.

Q13: The capital commitments of the Group for FY2023 increased substantially to RM116.6 million (FY2022: RM48.7 million).

(1) What are the major capital expenditures (CAPEX) items budgeted for FY2023?

(2) Reason(s) for the substantial increase in the amount budgeted for FY2023?

(GCEO) A: The approved CAPEX for FY2023 was largely for Information Technology (IT) investments and branch expansion. The reason for the increase in the amount budgeted for FY2023 was mentioned in the answer to Q3 above.

Q14: Has the Bank's Remuneration Committee made a benchmarking analysis on the directors' fees with other similar cap banks in Malaysia?

(Chairman of Group Nomination & Remuneration) A: Yes, the Bank has conducted a benchmarking on Directors' fees and we had also engaged an independent consultant to assist with this exercise.

Q15: Proposed to the Board that the Directors' fees to be paid by shares.

(Group Company Secretary) A: We take note of the proposal and will examine the viability of such proposal.

Q16: May I know how is the response to the new online opening of Fixed Deposit (FD) account campaign which ended in June 2023?

(GCEO) A: Under the online opening of FD account campaign we offered an e-FD rate of 4.2% for 12 months. The main objectives of the e-FD campaign were to obtain deposits and for customers to familiarise with the Bank's online on-boarding process.

As of June 2023, there were over 5,000 new opening of e-FD accounts, exceeding our target of 4,200 accounts. To date, we have received over RM50.0 million in the form of e-FD from this campaign.

Q17: In the answer to MSWG's Question No. 1(a), ABMB replied that there will be additional investments for the digitisation of the banking business. What is the amount budgeted for this additional investment for the ACCELER8 2027 Strategy initiatives?

(GCEO) A: As part of the technology roadmap supporting ACCELER8 initiatives, the Bank's budgeted IT CAPEX is about RM180 million for the next 4 years. This covers a new retail loan originating system, wealth management system as well as additional capabilities in customer analytics and channels.

List of Additional Questions from the Shareholders and the Bank's Responses via Email Post AGM

Q1: Please update on our local banks performance as the implementation of Artificial intelligence (A.I.) may take over many duties at the counters.

A: It is unlikely that we will see A.I. replacing counter staff, hence we do not expect any material impact on performance. We plan to utilise A.I. appropriately for other solutions such as credit analytics.

Q2: May I know what is the company's future outlook?

A: The outlook for the Bank is disclosed in our Performance Review on page 39 of our Annual Report 2023, and our Directors' Report on page 165 of our Annual Report 2023.

Q3: Can the board be able to pay more dividend for the coming year?

A: For FY2023, we maintained a dividend payout ratio of 50%, similar to FY2022. We are committed to rewarding our shareholders. At the same time, we will continue to maintain the right balance between capital conservation (to support our future business expansion) and dividend distribution.

Q4: What're the contributions made by the directors during the past one year?

A: Please refer to the disclosure in the "What the Board Did in FY2023" section of our Corporate Governance Overview Statement, from pages 131 to 135 of our Annual Report 2023. The directors have also attended more board and board committee meetings held in FY2023, as there has been more involvement for the Board during the new GCEO's transition as well as in the formulation of our refreshed strategy.