

Australia and New Zealand Banking Group Limited

**Response to Questions in Writing following 5 October 2016 House of
Representatives Economics Committee Hearing**

Question asked by

Mr Bandt

Question

To Shayne Elliott's knowledge, why did AmBank pay the Malaysian central bank a 53.7m ringgit (\$17.6m) fine?

Answer

This penalty related to action pursuant to Malaysian legislation (section 234 of the Financial Services Act 2013 and section 245 of the Islamic Financial Services Act 2013) regarding non-compliance by AmBank involving weaknesses in its reporting systems and processes as well as inadequate skills on the part of some AmBank staff.

Further details are set out in the **supplied** copies of public announcements lodged by AmBank with Bursa Malaysia dated 23 November 2015 and 27 November 2015.

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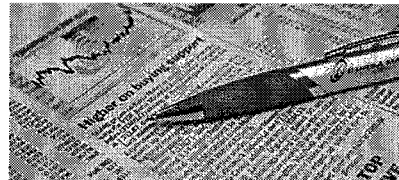
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Company Announcements

OTHERS AmBank Group to Improve Processes and Accept Penalty by BNM

AMMB HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	AmBank Group to Improve Processes and Accept Penalty by BNM

AMMB Holdings Berhad (AmBank Group) wishes to announce that, as a Group, it has agreed to pay a penalty of RM 53.7 million to Bank Negara Malaysia (BNM).

The penalty pertains to action pursuant to section 234 of the Financial Services Act 2013 and section 245 of the Islamic Financial Services Act 2013 with respect to non-compliance with certain regulations by AmBank (M) Berhad and AmBank Islamic Berhad, respectively.

AmBank Group commenced its own review and has been co-operating with BNM with regard to this matter, including providing information to BNM. This review has led to the strengthening of our governance structure and is ongoing.

The penalty has no material impact on AmBank Group's earnings for the Financial Year 2016.

AmBank Group takes its compliance responsibility very seriously and has agreed with BNM a four-year programme of work towards achieving market best practices. Moving forward, we have agreed with BNM that we will set aside an average of RM25 million per annum for four years for investment in systems, infrastructure and training. This series of measures will further enhance the robustness of our processes, reporting, improve our governance structure as well as safeguard against such circumstances recurring in the future and ensure that AmBank Group is well placed for future growth.

Dated this 23rd November 2015.

[Back](#)

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<p>18 Oct 2016 Changes in Sub. S-hldr's int. (29B) - EMPLOYEES PROVIDENT FUND BOARD</p>
<p>29 Sep 2016 Changes in Sub. S-hldr's int. (29B) - EMPLOYEES PROVIDENT FUND BOARD</p>
<p>28 Sep 2016 Changes in Sub. S-hldr's int. (29B) - EMPLOYEES PROVIDENT FUND BOARD</p>
<p>27 Sep 2016 Changes in Sub. S-hldr's int. (29B) - EMPLOYEES PROVIDENT FUND BOARD</p>
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Company Announcements

AmBank Group to Improve Processes and Accept Penalty by BNM

AMMB HOLDINGS BERHAD

Type Reply to Query
Reply to Bursa Malaysia's Query Letter - Reference ID IQL-24112015-00002
Subject AmBank Group to Improve Processes and Accept Penalty by BNM
Description Reply to Letter dated 24 November 2015 from Bursa Malaysia Securities Berhad
Query Letter Contents We refer to your Company's announcement dated 23 November 2015 in respect of the aforesaid matter.
 In this connection, kindly furnish Bursa Securities with the following additional information for public release:-
 1) Details of the non-compliance leading to action taken pursuant to section 234 of the Financial Services Act 2013 and section 245 of the Islamic Financial Services Act 2013; and
 2) Remedial actions taken to address the non-compliance including strengthening of the governance structure.
 Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.
 Yours faithfully,

<p>INDERJIT SINGH KWAN Senior Executive Vice President President, Issuers Listing Division, Regulation Division, Regulation</p>	<p>KHOO KAY Senior Vice Listing</p>
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Cc: Market Surveillance Dept., Securities Commission (via fax)

We refer to the letter dated 24 November 2015 from Bursa Malaysia Securities Berhad on the above matter. Enclosed is the additional information required in response to the aforesaid letter.

This announcement is dated 27 November 2015.

Please refer attachment below.

<p>Attachments</p> <p style="text-align: center;">Reply to Bursa Letter.docx 13.8 KB</p>

Announcement Info	
Company Name	AMMB HOLDINGS BERHAD
Stock Name	AMBANK
Date Announced	27 Nov 2015
Category	General Announcement for PLC
Reference Number	GA1-24112015-00079

[Back](#)

Related Announcements
<p>18 Oct 2016 Changes in Sub. S-hldr's Int. (29B) - EMPLOYEES PROVIDENT FUND BOARD</p>
<p>29 Sep 2016 Changes in Sub. S-hldr's Int. (29B) - EMPLOYEES PROVIDENT FUND BOARD</p>
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**AMMB HOLDINGS BERHAD
REPLY TO THE LETTER FROM BURSA MALAYSIA SECURITIES BERHAD
DATED 24 NOVEMBER 2015**

Our reply on the additional information required in response to the letter from Bursa Malaysia Securities Berhad dated 24 November 2015, as follows -

1. **Details of the non-compliance leading to action taken pursuant to section 234 of the Financial Services Act 2013 and section 245 of the Islamic Financial Services Act 2013.**

Bank Negara Malaysia ('BNM')'s action for the non-compliance came about because of weaknesses in our reporting systems and processes in place at the time, as well as inadequate skills on the part of some of our staff. The non-compliance did not result in financial losses either to AmBank Group, save for the penalty, or to its customers. BNM has not placed any restrictions on the business operations of AmBank Group.

2. **Remedial actions taken to address the non-compliance including strengthening of the governance structure.**

In relation to regulatory compliance and reporting, AmBank Group has strengthened its organisational structure in the area of Compliance in order to improve its systems and processes. To strengthen the Compliance function, AmBank Group has recruited a number of senior and experienced officers. For all of its staff, AmBank Group has increased and enhanced training and awareness programmes and, at the same time, senior management and the respective boards have heightened the oversight and improved the check and balance processes.

This announcement is dated 27 November 2015.