

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 2488  
**COMPANY NAME** : Alliance Bank Malaysia Berhad  
**FINANCIAL YEAR** : March 31, 2025

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("the Board") of Alliance Bank Malaysia Berhad ("the Bank" or "Alliance Bank") holds the overall responsibility for promoting sustainable growth and financial soundness of the Bank, as well as for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Bank and its customers, employees and the general public.</p> <p>In discharging its duties and responsibilities, the Board has established a governance structure where Board Committees have been established to support the Board. The delegation of authority is clearly spelt out in the Terms of Reference of the respective Board Committees. As of to-date, the Board has six (6) Board Committees as follows:</p> <ul style="list-style-type: none"><li>• Group Executive Committee ("Group EXCO").</li><li>• Group Audit Committee ("Group AC").</li><li>• Group Nomination &amp; Remuneration Committee ("Group NRC").</li><li>• Group Risk Management Committee ("Group RMC").</li><li>• Group Sustainability Committee ("Group SC").</li><li>• Group Information Technology Committee ("Group ITC").</li></ul> <p>The Board sets strategies, approves budget and business plans, reviews and monitors the performance of the Management. In total, the Board met 15 times during the financial year ended 31 March 2025 ("FY2025") where it approved strategies, budget, corporate scorecard, business and capital plans and significant policies, reviewed and monitored the Bank's business and financial performance.</p> <p>At the annual Board strategy and budget meeting, the Board, together with the Senior Management, reviewed the Bank's strategy and budget in alignment with the Bank's mission, vision, core values and key customer engagement principles.</p>

	<p>The Board through the Group EXCO provides oversight on the Bank's credit matters, capital structure/restructuring, funding requirements and dividend proposals; and implementation of strategic initiatives and business plans.</p> <p>The Board through the Group AC oversees the Group's financial and reporting processes. The Group AC oversees the integrity of the financial statements, supervises both the internal and external audit processes, and reports its findings to the Board. It also reviews the effectiveness of the policies, procedures and systems in place that are related to, among other areas, operational risks, compliance, sustainability and information technology and systems including cybersecurity and works closely with the Group RMC to assess the effectiveness of the risk management and internal control framework.</p> <p>The Board through Group NRC oversees the selection, performance, remuneration and succession plans of the Directors, Shariah Committee Members, Group Chief Executive Officer ("Group CEO") and members of the Senior Management team such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank.</p> <p>The Group RMC oversees Senior Management's activities in managing enterprise-wide risks across key areas including credit, market, liquidity, operational, compliance, legal, IT, cybersecurity and sustainability, while ensuring adherence to regulatory requirements. This involves establishing a sound risk strategy and maintaining an effective risk management framework that operates as intended. The Group RMC also fosters a cohesive culture of compliance; risk awareness and proactive risk management Group-wide. Its oversight responsibilities encompass reviewing, approving and overseeing risk and compliance strategies, frameworks, policies and methodologies, and other related initiatives.</p> <p>The Board through Group SC provides oversight in the setting of sustainability strategies, priorities, and targets, to ensure that the Group's strategies, goals, and principles pertaining to sustainability are aligned with, promote and encourage the Group's commitment towards sustainability.</p> <p>The Board through Group ITC provides end-to-end oversight for the IT strategy projects and technology-related matters. Among other things, the Group ITC reviews the technology related frameworks including establish and approve the technology risk appetite, ensure and oversee the adequacy of the Group's IT and cybersecurity plans, as well as oversee the effective implementation of a sound and robust technology risk management framework and cybersecurity resilience framework.</p> <p>The Board continues to promote, together with Senior Management, a sound corporate culture within the Bank which is "Tone from the Top"</p>
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	to reinforce ethical, prudent and professional behaviour. The Board adopts a zero-tolerance stance toward any acts of bribery and corruption and has put in place an Anti-Bribery and Corruption Policy that sets out the minimum standards of conduct and guiding principles to address and manage bribery and corruption risk which may arise in the business activities of the Group.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tan Sri Amirsham bin A Aziz ("Tan Sri Amirsham") is the Independent Chairman of the Bank. He was appointed to the Board on 1 October 2024 as an Independent Director and subsequently redesignated as Chairman of the Board on 10 October 2024.</p> <p>Tan Sri Amirsham provides strong leadership in leading the Board and exercises his authority as the Chairman to ensure the effective functioning of the Board with appropriate procedures in place to guide its oversight responsibilities. During Board meetings, he ensures effective time management and keeps discussions on each agenda item focused on the matter at hand. He also ensures that Management provides the Directors with sufficient and appropriate information on a timely manner for sound and well-informed decisions by the Board.</p> <p>Tan Sri Amirsham promotes a culture of openness and transparency. He encourages healthy discussion among Board members and ensures Board members have adequate opportunities to freely express their views, including dissenting views and shows respect for the ideas and opinions given by each Board member.</p> <p>Tan Sri Amirsham takes a long-term view on the Bank for a sustainable growth and development. He works collaboratively and effectively with the other board members and maintains a close professional relationship with the Group CEO and management team by sharing his experience and constructive advice.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	Tan Sri Amirsham is the Chairman while Kellee Kam Chee Khiong (“Kellee Kam”) is the Group CEO of the Bank.	
		The roles of Tan Sri Amirsham as Board Chairman and Kellee Kam as Group CEO are separated, consistent with the principle of good corporate governance to promote accountability and facilitate division of responsibilities between them.	
		Tan Sri Amirsham, in leading the Board, is responsible for the overall effective functioning of the Board. He maintains a close professional relationship with Kellee Kam and his Senior Management team and acts as a mentor as required. He chairs Board meetings as well as general meetings of the Bank and concerns himself with the good order and effectiveness of the Board and its processes.	
Explanation for departure	:	Kellee Kam as Group CEO, in leading Senior Management, bears the primary responsibility over the day-to-day management of the Bank.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Tan Sri Amirsham, as the Independent Chairman of the Bank, is not a member of Group AC nor Group NRC.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is currently supported by the Group Company Secretary, Lee Wei Yen Simon, who has more than 30 years of experience in corporate secretarial practice. He is a Practicing Secretary registered with Suruhanjaya Syarikat Malaysia and is an Associate of The Malaysian Institute of Chartered Secretaries and Administrators. He holds a Master of Business Administration in Finance from Universiti Putra Malaysia and a Master of Advanced Business Practice from University of South Australia.</p> <p>The Group Company Secretary provides counsel to the Board on governance matters and facilitates effective information flows between the Board, Board Committees and Senior Management. He renders effective support to the Chairman of the Board/Chairmen of Board Committees and Directors in the discharge of their roles and responsibilities; and facilitates effective communication of decisions and policies made by the Board/Board Committee to the Management. He also ensures Board procedures; applicable rules and regulations; and relevant laws are followed and complied with.</p> <p>The Group Company Secretary constantly keeps himself abreast with changes in relevant laws; rules and regulations; and industry development through continuously attending trainings and regular interactions with various stakeholders.</p> <p>The Board assesses the fitness and propriety of the Group Company Secretary annually in accordance with the Group's Policy on Fit and Proper. For FY2025, the Board is satisfied with the performance and support rendered by the Group Company Secretary.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board met 15 times during FY2025 to review progress reports on the Bank's business and financial performance, approve budget, strategies, capital and business plans and significant policies as well as to consider business and other proposals which require the Board's approval. All Directors are informed of the scheduled dates of Board meetings before the start of each calendar year. Ad-hoc Board meetings are held to deliberate and consider issues that require the Board's immediate consideration and decision. In addition to its executive sessions with the Group CEO, the Board also has its own executive session as part of every scheduled Board meeting to provide opportunity for Board members to talk freely and openly about topics that deserve special attention.</p> <p>All Directors are supplied with information on a timely manner. The agenda for each Board/Board Committee meeting, together with detailed reports and proposal papers are made available on a secured board portal well in advance of the date of meetings to provide sufficient time for the Board members' prior reading.</p> <p>Minutes of Board and Board Committee meeting are circulated to the Board members on a timely manner for their review to ensure that the minutes accurately record the deliberations and decisions of the Board and Board Committees.</p> <p>Senior Management and advisers are invited to attend Board/Board Committee meetings, where necessary, to provide the Board/Board Committee with detailed explanations and clarifications on proposals tabled to enable the Board/Board Committee to make informed decisions.</p> <p>The Board may also at any time interact directly with, or request further explanation, information, or updates on any aspect of the Bank's operations or business concerns from the Management.</p> <p>The Board may have access to independent advisers when it sees a need. If it became appropriate for a Director to obtain external professional advice, separate from advice obtained on behalf of the Bank, this would be arranged in consultation with the Chairman and the advice so obtained would ordinarily be provided to all Directors.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Board Charter that sets out the mandates, responsibilities and procedures of the Board and Board Committees, including matters reserved for the Board's decision.</p> <p>The Board has established Board Committees to assist and complement its execution of responsibilities. These Board Committees operate within clearly defined roles and responsibilities as set out in the terms of references of each of the committees. The Board Committees review and assess the adequacy of their respective terms of reference every two years, or as and when necessary, in line with evolving corporate governance requirements and practices to ensure its continued relevance. Any proposed changes to the terms of reference of the Board Committees are subject to the approval of the Board.</p> <p>The Board's approach is that major policy decisions are matters for the Board as a whole. The matters reserved for the Board's decision include, among others, key proposals/issues related to strategy management and sustainability, structure and capital, financial reporting and controls, communication with shareholders and on regulatory issues, Board membership and other appointments, remuneration and delegation of authority.</p> <p>The roles of the Chairman, Deputy Chairman, Non-Executive Directors, and Group CEO are clearly identified and set out in the Board Charter.</p> <p>The Board Charter is reviewed by the Board every two years, or as and when necessary, with the last review being made on 29 May 2024.</p> <p>The Board Charter is published on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Bank has a Code of Conduct that sets out the principles and standards of business and ethical conduct required to be observed by the Directors and the employees individually to promote and uphold the highest standard of professionalism and maintain exemplary conduct/behaviour at all times.</p> <p>Core areas of conduct set out in the Code of Conduct include, among others:</p> <ul style="list-style-type: none"><li>(a) Compliance with laws, regulations, internal policies and procedures.</li><li>(b) Avoid conflict of interest.</li><li>(c) Misuse of position.</li><li>(d) Misuse of information and insider trading.</li><li>(e) Reject bribery and corruption.</li><li>(f) Facilitation Payment.</li><li>(g) Respect customer confidentiality and data privacy.</li><li>(h) Stay alert to money laundering, terrorism, and fraud.</li><li>(i) Social Media Ethics and Making Public Statements.</li><li>(j) Competitive Practices.</li><li>(k) Intellectual Property.</li><li>(l) Integrity and accuracy of records and transactions.</li></ul> <p>To underscore the importance of adherence to and observance of the Bank's Code of Conduct, it is mandatory for our employees to refresh their knowledge and understanding of the Code of Conduct by way of e-learning annually.</p> <p>A summarised version of the Code of Conduct is published on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p> <p>The Directors also adhere to Code of Ethics for Company Director established by the Companies Commission of Malaysia and the Bank's Conflicts of Interest Policy for Directors.</p>

<b>Explanation for departure</b>	:			
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<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Bank's commitment to sustained ethical business practices, the Bank has put in place a Whistle-Blower Policy designed to provide a platform for employees to report instances of unethical behaviour, abuse, actual or suspected fraud, harassment, discrimination, misappropriation of assets, bribery or other misconduct or illegal activities within Alliance Bank.</p> <p>The Whistle-Blower Policy also serves as an avenue for employees to raise concerns in relation to specific issues that are in the interest of integrity and justice.</p> <p>Employees who utilise the whistle-blower platform are ensured of anonymity (if applicable) and are protected against work-related retaliation to a certain extent when the concerns are raised in good faith.</p> <p>In addition to the internal reporting channels, employees can also direct their whistle-blower complaints to external regulators and/or law enforcement agencies such as Bank Negara Malaysia ("BNM"), Securities Commission Malaysia and Malaysian Anti-Corruption Commission.</p> <p>The Chairman of the Group AC, who is an Independent Director, is the designated person responsible for the effective implementation of the Whistle-Blower Policy. The Group AC also has regular oversight of the whistle-blower complaints and investigation carried out.</p> <p>Together with the Chairman of the Group AC, the Chairman of the Board is also involved in the whistle-blower processes. The Bank Board and the Board of the principal subsidiary are informed of any relevant whistle-blower investigation/findings.</p> <p>The Bank is also committed to ensuring that third parties are provided with an avenue to raise complaints as whistle-blowers. To this end, a whistle-blower channel for third parties has been made available for public viewing and information through the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a> under "Whistleblowing Statement".</p>



<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the key responsibilities of the Board is to promote sustainability by integrating appropriate environmental, social and governance ("ESG") considerations, including climate-related risks in the Bank's business strategies.</p> <p>The Group SC supports the Board in overseeing the development of sustainability strategies, goals, and principles to ensure they align with, promote and reinforce the Group's commitment to sustainability.</p> <p>At Management level, the Sustainability Steering Committee ("SSC") drives the Bank's sustainability efforts and climate agenda in alignment with its sustainability strategies. The SSC comprises Senior Management staff and is chaired by the Group CEO. The SSC conducts an annual review and update of the Bank's material sustainability matters and manages them through the implementation of these strategies. Our progress against these material sustainability matters is disclosed in the 2025 Annual Report Sustainability Statement.</p> <p>The SSC is supported by the Group Sustainability division and cross-functional teams driving various initiatives to protect and grow the Bank's portfolio and achieve net zero by 2050. The various initiatives are designed to contribute to the following 3 topline goals:</p> <ul style="list-style-type: none"><li>• Topline Goal 1: Grow RM15 billion in sustainable banking business by FY2027.</li><li>• Topline Goal 2: Help customers adopt sustainable lifestyles and business practices.</li><li>• Topline Goal 3: Reduce the Bank's Greenhouse Gas (GHG) emission footprint.</li></ul>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Bank's sustainability purpose is to help business owners adopt ESG practices in a way that creates value for the business, the community and environment in which they operate. We aim to create a meaningful impact on sustainability in collaboration with our people and our community.</p> <p>Our topline goals by financial year ending 31 March 2027 are to achieve RM15 billion in sustainable banking business, assist our customers to transition towards sustainable business practices and reduce the Bank's Greenhouse Gas (GHG) emissions.</p> <p>Our sustainability strategies, initiative, targets, and progress are updated to the following stakeholders per the respective modalities and frequencies:</p> <ul style="list-style-type: none"><li>• Shareholders → Annual General Meeting, Corporate Website (24/7 availability), Annual Sustainability Statement.</li><li>• Investor/analyst community → Analysts briefing (quarterly), ESG briefing (ad-hoc), Corporate Website (24/7 availability), and via responses to specific information requests (ad-hoc).</li><li>• Regulators → Briefings (ad-hoc), regulatory reporting (ongoing).</li><li>• Public → Corporate Website (24/7 availability), various mediums based on sustainability communications plan (according to plan timeline).</li></ul> <p>Internally, we utilise various communication channels to promote understanding and awareness on the Bank's sustainability strategies, initiatives and targets across our internal and external stakeholders, such as Group CEO interviews and media briefings, panel speaking engagements and presentations at conferences, Quarterly Business Updates, Staff Communications, knowledge sharing sessions, and a Sustainability Microsite.</p> <p>To complement the communication efforts, and to drive active participation in our sustainability agenda, the Bank has organised employee trainings and engagement initiatives. This includes activities such as staff quizzes, across functional Sustainability Challenges, volunteering opportunities for sustainability-related initiatives, and sustainability staff immersion programmes. Further, the Bank has a</p>

	dedicated sustainability training programme for key staff segments and has developed a refreshed sustainability e-learning module, which is available to all employees to build understanding of sustainability and climate-related risk, as well as how it relates to the Bank and the broader economy. For more information, please refer to page 62 of the 2025 Annual Report Sustainability Statement section.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Bank organised tailored in-house training programmes throughout FY2025 to enhance the Board's understanding of sustainability issues critical to its business strategy and operations.</p> <p>As part of these efforts, the Bank facilitated targeted sessions for the Board, Senior Management, and other key staff groups to highlight the emerging trends in the sustainability landscape and examine the relevance of ESG principles to the banking sector.</p> <p>In relation to external training, the following sustainability related programmes were attended by Board members during FY2025:</p> <ul style="list-style-type: none"><li>• ICDM (Institute of Corporate Directors Malaysia): Mandatory Accreditation Programme Part II: Leading for Impact.</li><li>• ASB (Asia School of Business): Carbon Markets: What Directors Need to Know.</li><li>• Ernst &amp; Young: Board Agenda Series –Unlocking the Strategic Value of Finance Transformation for Better Governance.</li><li>• SID (Singapore Institute of Directors): PSP 3 – Navigating towards International Sustainability Standards Board (ISSB) Compliance.</li><li>• The 11<sup>th</sup> Hong Leong Group Annual Sustainability Forum: Forward Faster towards Business Sustainability.</li><li>• Asian World Centre: Board Dynamics &amp; Governance Transformation Executive Roundtable Masterclass 2024.</li><li>• Corporate Governance Institute UK: Custodian of Governance: The Role of the Company Secretary.</li><li>• SIDC (Securities Industry Development Corporation): Sustainability Conference 2024.</li><li>• Future of Sustainable Business?</li><li>• FIDE (Financial Institutions Directors' Education) FORUM: CGM Masterclass: Latest Developments in Climate-Aligned Executive Compensation.</li><li>• ICDM: Steering the Path to Net Zero.</li><li>• Khazanah Megatrends Forum 2024: Pursuit of Potatoes: Paving Paths from the Probable to the Possible.</li></ul> <p>The Group SC provides regular updates to the Board on material sustainability and climate-related developments affecting the Bank's</p>

	<p>strategy and operations, while actively embedding ESG principles into core business strategies and operational decisions.</p> <p>The Group RMC collaborates with the Group SC to support the Board in the assessment and management of sustainability and climate-related risk and ensures alignment between risk management framework and the Bank's sustainability objectives.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><u>At Board level</u></p> <p>In the Board Effectiveness Assessment exercise for FY2025 carried out by the Group NRC, the Board and Group SC were assessed, among others, on the following in relation to sustainability:</p> <ul style="list-style-type: none"><li>• Whether the Board takes into account sustainability considerations when exercising its duties including among others the development and implementation of the Bank's strategies, business plans, major plans of action and risk management.</li><li>• Whether the Bank's sustainability strategies, priorities, and targets as well as performance against these targets are communicated to its internal and external stakeholders.</li><li>• Whether the Board has performed well in addressing the Bank's material sustainability risks and opportunities.</li><li>• Whether the Board takes into consideration the risks and opportunities arising from climate change in assessing and approving the Bank's strategies and business plan.</li><li>• Whether the Board receives timely updates in managing climate-related risks and implementing the strategies to build climate resilience.</li><li>• Whether the Board takes into consideration the inputs on setting and assessment of performance and incentive targets for relevant sustainability areas.</li><li>• Whether the Board takes into consideration the issues relating to sustainability arising from independent audits and assurance report as well as any matters pertaining to sustainability highlighted by regulators or consultants.</li><li>• Whether the Board takes into consideration the sustainability report for annual report and other public documents related to the Group's reporting on sustainability to ensure that the Group's</li></ul>



	<p>sustainability story is effectively communicated to investors and other stakeholders.</p> <p><u>At Senior Management level</u></p> <p>For FY2025, the balanced scorecard of Senior Management includes ESG-related KPIs on sustainable financing and investments, helping customers adopt sustainable business practices, Greenhouse Gas (GHG) emissions reduction, and enhancing sustainable practices within internal policies and processes, where appropriate.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>To ensure dedicated focus on the stewardship of the Bank's sustainability agenda, the Bank has a Board-level Group SC that is supported by a Management-level SSC.</p> <p>The Group SC comprises three (3) Independent Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The SSC is chaired by the Group CEO and comprises Senior Management members. The SSC keeps the Board apprised through regular updates on progress of sustainability initiatives in relation to the Bank's sustainability strategies, priorities, and targets. It is also responsible for steering, coordinating, and implementing the Bank's sustainability strategies, policies and procedures.</p> <p>The Chief Sustainability Officer is the designated person within Management who drives the development and implementation of Group Sustainability efforts. These efforts include:</p> <ol style="list-style-type: none"><li>1. The execution of the Group Sustainability Strategy Framework.</li><li>2. The implementation of sustainability initiatives, including:<ul style="list-style-type: none"><li>• Scale up sustainable financing programmes for consumers and businesses.</li><li>• Sustainability Impact Program for SMEs.</li><li>• Enhancing sustainability-related customer engagement and proposition.</li><li>• Enhancing management of sustainability and climate-related risks.</li><li>• Implementation of the Bank's Greenhouse Gas (GHG) Emissions Reduction Strategy.</li><li>• Enhancement of supplier ESG assessment.</li><li>• Sustainability capability building for Board, Senior Management members targeted subject matter experts, and the general staff.</li><li>• Enhanced sustainability disclosures.</li></ul></li></ol>

	<ul style="list-style-type: none"><li>• Increasing sustainability media communications and brand presence.</li></ul>
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### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group NRC is responsible for assessing the appointment of new Directors, re-appointment of existing Directors and annual re-election of Directors.</p> <p>The Group NRC is guided by the Group Board Succession Plan and the Board Gender Diversity Policy in identifying potential candidates for nomination as Directors. The Group Board Succession Plan comprises the guiding principles for effective succession planning as well as the procedures for ensuring a smooth transition in the Board's succession process as existing Directors leave the Board and new ones come on board.</p> <p>Group NRC takes into account the strategic directions of the Group and the Board Gender Diversity Policy when evaluating candidates to fill any Board vacancy. In assessing candidates for new Board appointments, the Group NRC considers the diversity of skills, knowledge, and experience, as well as the gender of the candidates.</p> <p>The Group NRC also assesses all Directors' performance and contribution to the Board annually to ensure that they continue to be fit and proper.</p> <p>The Bank has adopted a policy which limits the tenure of its Independent Directors to nine years, and Non-Independent Non-Executive Directors to 12 years. As at the date of this Report, none of the Bank's Independent Directors and Non-Independent Non-Executive Directors have served for a cumulative period of more than nine years and 12 years in the Group, respectively.</p> <p>The Group NRC ensures that the composition of the Board is refreshed periodically to bring in new skills and perspective to the Boardroom.</p> <p>The following were changes to the Board during FY2025:</p> <p>(a) Dr. John Lee Hin Hock was appointed as an Independent Director on 1 April 2024.</p> <p>(b) Lee Boon Huat retired from the Board w.e.f. 7 April 2024 after having served the Bank for a maximum period of nine years as an</p>

	<p>Independent Director.</p> <p>(c) Datuk Wan Azhar bin Wan Ahmad retired from the Board of Alliance Bank w.e.f. 7 April 2024 after having served the Bank for a maximum period of nine years as an Independent Director.</p> <p>(d) Stephen Oong Kee Leong was appointed as an Independent Director on 1 September 2024.</p> <p>(e) Tan Sri Dato' Ahmad bin Mohd Don, the former Independent Chairman of the Board, passed away on 17 September 2024.</p> <p>(f) Tan Sri Amirsham was appointed as an Independent Director on 1 October 2024 and was subsequently redesignated as Chairman of the Board on 10 October 2024.</p> <p>(g) Lily Rozita Binti Mohamad Khairi was appointed as an Independent Director on 15 November 2024.</p> <p>(h) Mazidah Binti Abdul Malik retired from the Board w.e.f. 18 January 2025 after having served Alliance Bank Group for a maximum period of nine years as an Independent Director.</p> <p>The Group NRC also reviews and evaluates the tenure, performance and contribution of each Director, including those retiring at the Annual General Meeting ("AGM") prior to making any recommendations to the Board and shareholders for their re-election.</p> <p>At the forthcoming 43<sup>rd</sup> AGM of the Bank to be held on 30 July 2025, the following Directors are subject to retirement in accordance with Article 87 of the Bank's Constitution:</p> <p>(1) Wong Yuen Weng Ernest (2) Tan Chian Khong</p> <p>Mr. Wong Yuen Weng Ernest, being eligible, has offered himself for re-election at the forthcoming AGM.</p> <p>Tan Chian Khong, who would have served the Alliance Bank Group for the maximum of nine years as an Independent Director by 31 July 2025, will not be seeking re-election at the forthcoming AGM. Accordingly, he will retire from the Board upon the conclusion of the forthcoming AGM on 30 July 2025.</p> <p>In addition, the following directors who retire pursuant to Article 93 of the Bank's Constitution and being eligible have offered themselves for re-election at the forthcoming 43<sup>rd</sup> AGM:</p> <p>(1) Stephen Oong Kee Leong (Appointed on 1 September 2024) (2) Tan Sri Amirsham (Appointed on 1 October 2024) (3) Lily Rozita Binti Mohamad Khairi (Appointed on 15 November 2024)</p> <p>The Group NRC, having reviewed the performance and contribution of each of the aforesaid Directors, taking into account the results of the Annual Board Effectiveness Assessment for the financial year ended 31 March 2025, was satisfied with the effectiveness of each of the</p>
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	aforesaid Directors in supporting the Board in carrying out its ultimate responsibility of maximisation of shareholder value and safeguarding stakeholder interest.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board currently has 10 members composing entirely of Non-Executive Directors, eight of whom are Independent Directors.</p> <p>The presence of a majority of Independent Directors on the Board provides the necessary check and balance to ensure that the interests of all stakeholders and the general public are given due consideration in the Board's decision-making process.</p> <p>The Independent Directors are not involved in the day-to-day management of the Bank nor participate in any of the Bank's business dealings to remain free of any conflict of interest or potential conflict of interest in undertaking their roles and responsibilities as Independent Directors effectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The Board has adopted a policy which limits the tenure of its Independent Directors to nine years.  The Board Charter mandates that no Independent Director may serve beyond a nine-year term.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group NRC supports the Board in carrying out its functions in the following matters concerning Directors, Shariah Committee, Senior Management and Company Secretary:</p> <ul style="list-style-type: none"><li>(a) Appointment and removals;</li><li>(b) Composition of the Board;</li><li>(c) Performance evaluation and development; and</li><li>(d) Fit and proper assessments.</li></ul> <p>It takes into account the strategic directions of the Group when evaluating candidates to fill any Board vacancy. In assessing candidates for new Board appointments, the Group NRC considers diversity of skills, knowledge, experience and gender of the candidates. To ensure a candidate has the character, experience, integrity and competency to effectively discharge his/her role as a Director, the Group NRC assesses the candidates on the following criteria:</p> <ul style="list-style-type: none"><li>(a) Is not disqualified under section 59(1) of the Financial Services Act 2013;</li><li>(b) Is in compliance with the fit and proper requirements in accordance with the Group's Policy on Fit and Proper of the Bank;</li><li>(c) Does not have any competing time commitments that impair his/her ability to discharge his/her duties effectively;</li><li>(d) Is not an active politician;</li><li>(e) Is not an officer of a firm appointed as the external auditor of the Bank who is directly involved in the engagement or a partner of the firm until at least three years after:<ul style="list-style-type: none"><li>(i) he/she ceases to be an officer or partner of that firm; or</li><li>(ii) the firm last served as an auditor of the Bank and its subsidiaries; and</li></ul></li><li>(f) Is preferably at a minimum holds a degree qualification and/or other equivalent qualification(s) and with at least five years in senior managerial position.</li></ul>

	<p>The Group NRC is also guided by the Group Board Succession Plan and the Board Gender Diversity Policy in identifying potential candidates for nomination as Directors.</p> <p>To ensure that Directors have the time to focus and be effective Board members, the number of listed Boards that a Director of the Bank can sit on is limited to five.</p> <p>Despite the above, the Directors are expected to know the extent of their commitments and they must be prepared to devote sufficient time to the affairs of the Bank.</p> <p>Directors' time commitment to devote the required time to serve the Board, including a Directors' other board positions, is one of the criteria for their re-appointment to the Board.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group NRC is guided by the Group Board Succession Plan and the Board Gender Diversity Policy in identifying potential candidates for nomination as Director.</p> <p>In accordance with the Group Board Succession Plan, other than relying on referrals of potential board candidates from existing Directors, the Group NRC also procures suitably qualified candidates for board appointments from external independent sources such as the Directors Register maintained by the Financial Institutions Directors' Education (FIDE) FORUM and/or other leadership development and consulting organisations.</p> <p>During FY2025, the Board has appointed:</p> <p>(a) Dr. John Lee Hin Hock as an Independent Director on 1 April 2024.</p> <p>(b) Stephen Oong Kee Leong as an Independent Director on 1 September 2024.</p> <p>(c) Tan Sri Amirsham as an Independent Director on 1 October 2024, who was subsequently redesignated as Chairman of the Board on 10 October 2024.</p> <p>(d) Lily Rozita Binti Mohamad Khairi as an Independent Director on 15 November 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Shareholders are kept informed of the changes to the Board through the Bank's announcements to Bursa Malaysia. The Directors' details are also made available on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p> <p>The following Directors are subject to retirement/re-election in accordance with the Bank's Constitution at the 43<sup>rd</sup> AGM of the Bank on 30 July 2025 and being eligible, have offered themselves for re-election at the 43<sup>rd</sup> AGM of the Bank:</p> <ul style="list-style-type: none"><li>(1) Wong Yuen Weng Ernest</li><li>(2) Stephen Oong Kee Leong</li><li>(3) Tan Sri Amirsham</li><li>(4) Lily Rozita Binti Mohamad Khairi</li></ul> <p>Tan Chian Khong, who is also subject to retirement, is not seeking re-election at the 43<sup>rd</sup> AGM of the Bank on 30 July 2025 as he would have served the ABMB Group for the maximum of nine years as an Independent Director by 31 July 2025. Accordingly, he will not be seeking re-election and will retire upon the conclusion of the 43<sup>rd</sup> AGM of the Bank on 30 July 2025.</p> <p>The Board, on the recommendation of Group NRC, was satisfied with the effectiveness of each of the aforesaid Directors who are seeking re-election, and supports their respective re-election at the forthcoming 43<sup>rd</sup> AGM of the Bank.</p> <p>The details of the aforesaid Directors standing for re-election at the forthcoming 43<sup>rd</sup> AGM are included in the Statement accompanying Notice of 43<sup>rd</sup> AGM.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group NRC is chaired by Susan Yuen Su Min, who is an Independent Director of the Bank.</p> <p>As chair of the Group NRC, her role includes the following:</p> <ul style="list-style-type: none"><li>• Leading the succession planning and appointment/re-appointment of Directors, and overseeing the development of a diverse pipeline for Board and Management succession, including the future Chairman and CEO; and</li><li>• Leading the annual review of board effectiveness, ensuring that the performance of each individual Director and Chairman of the Board are independently assessed.</li></ul>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has three women Directors out of a total of 10 Directors, making up 30% women on the Board.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Board Gender Diversity Policy that calls for women candidates to be given priority consideration in the selection and recruitment process of identifying suitable candidates for the Board. This is to ensure that the Bank's gender diversity target of having women representing 30% on the Board is achieved.</p> <p>While it is important to promote Board gender diversity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, remains a priority.</p> <p>In respect of employees, the Bank is committed to equipping its people with the right skills, knowledge, and tools to perform their roles effectively. We advocate open and transparent communication and promote a strong culture of appreciation at the workplace. To maintain a highly productive workplace, we encourage a healthy work-life balance and foster continuous learning in our employees.</p> <p>A diverse workforce equipped with different skill sets and experiences is important to help achieve the Bank's business goals. Diversity and equal opportunities in a workforce promote creativity and stronger relationships among employees.</p> <p>We promote mutual respect for our employees and applicants alike. We hire and promote based on merit and assess all candidates fairly. Employees are evaluated based on behavioural and professional criteria for career progression. A diverse committee of Senior Management decides on promotions and monetary compensation. We adopt a stance of Equal Opportunity Employer, and recruitment is conducted in a fair and just manner regardless of nationality, race, religion, gender, age, sexual orientation, and disability.</p> <p>In pursuit of diverse and equal gender participation, over 62% of our workforce are women, of which 53% of the managerial positions are held by women (have direct reports) while 19% of Senior Management are women.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has implemented an Annual Board Effectiveness Assessment process, carried out by the Group NRC, to assess the effectiveness of the Board as a whole, the Committees of the Board, and the contributions of each individual Director. The Board, through the Group NRC, will also engage an external independent consultant to assist in and lend objectivity to the Annual Board Effectiveness Assessment once every three years.</p> <p>The Board last engaged an external independent consultant, KPMG Management &amp; Risk Consulting Sdn Bhd to conduct the Board Effectiveness Evaluation exercise for FY2022.</p> <p>In FY2025, the Board was due to engage an external independent consultant to facilitate the Board evaluation exercise. However, in view that there are four new Directors on the Board appointed during FY2025, including the Board Chairman, the engagement of an external independent consultant for the Annual Board Effectiveness Assessment exercise has been deferred to FY2026.</p> <p>The FY2025 Annual Board Effectiveness Assessment was carried out internally via the completion of the comprehensive Self and Peer Assessment Questionnaires by Directors.</p> <p>Below is the Annual Board Effectiveness Assessment process in respect of FY2025:</p> <p><b>Step 1: Completion of Comprehensive Questionnaire</b></p> <p>I. Assessment of the Board by Board Members</p>

	<p>Each Director evaluates the performance of the Board as a whole by way of a Self-Assessment Questionnaire by Individual Board Members.</p> <p>The assessments are made against pre-established criteria in the following areas:</p> <ul style="list-style-type: none"> <li>(a) Board Composition/Structure;</li> <li>(b) Board Process;</li> <li>(c) Board Governance;</li> <li>(d) Major Responsibilities of the Board; and</li> <li>(e) Sustainability</li> </ul> <p>II. Individual Director Self-Assessment</p> <p>For individual Directors' assessments, Self-Assessment Forms by Individual Directors are completed individually by each Director.</p> <p>III. Peer Assessment of Individual Directors</p> <p>The performance and effectiveness of each Individual Director is also assessed by their fellow Board members based on similar criteria of the Individual Directors' Self-Assessment.</p> <p>IV. Assessment of the Board Committees</p> <p>Each Member of the Board Committees completes the Self-Assessment Form in respect of the Board Committees in which he/she is a member. The effectiveness of the Board Committees is assessed against pre-established criteria in the following areas:</p> <ul style="list-style-type: none"> <li>(a) Committee Governance; and</li> <li>(b) Accountability and Responsibilities.</li> </ul> <p><b>Step 2: Reporting and Discussion by the Group NRC and the Board</b></p> <p>The results of Annual Board Effectiveness Assessment for the Board as a whole, Board Committees and the contribution of each Individual Director are compiled for deliberation by the Group NRC, respective Board Committees and the Board for improvement, where necessary.</p> <p>For FY2025, the Board was satisfied with the results of the Annual Board Effectiveness Assessment and agreed that the current Board size is appropriate and commensurate with the complexity, the size, the scope and operation of the Bank, and that the Board is constituted of individuals of calibre and diverse experience which collectively have the necessary skills and qualifications to effectively manage the Bank and discharge the responsibilities of the Board. The suggestions given by Board members in the FY2025 Annual Board Effectiveness Assessment were mainly on process improvement, such as the submission timing of discussion papers and the extend of discussions</p>
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	<p>on sustainability matters at Board meetings.</p> <p><u>Fitness and Propriety Assessment</u></p> <p>The Board, through the Group NRC, also assesses the fitness and propriety of each of the Directors in accordance with the Group's Policy on Fit and Proper in conjunction with the Annual Board Effectiveness Assessment exercise. All Directors are required to complete a Fit &amp; Proper Declaration annually. The Fit &amp; Proper Declarations by the Directors are verified against independent sources.</p> <p>For FY2025, the Board was satisfied that each of the Directors had met the required standards of fitness and propriety.</p> <p><u>Independence of Independent Directors</u></p> <p>As part of the Annual Board Effectiveness Assessment, the Board, through the Group NRC, also assessed the independence of each Independent Director to determine if each Independent Director is independent in character and judgement, and free from associations or circumstances that may impair the exercise of his/her independent judgement.</p> <p>For the annual assessment of the Directors' independence, the Board was satisfied that each of the following Independent Directors is independent in character and judgement, and free from associations or circumstances that may impair the exercise of his/her independent judgment:</p> <ul style="list-style-type: none"> <li>(a) Tan Sri Amirsham</li> <li>(b) Tan Chian Khong</li> <li>(c) Susan Yuen Su Min</li> <li>(d) Lum Piew</li> <li>(e) Cheryl Khor Hui Peng</li> <li>(f) Dr. John Lee Hin Hock</li> <li>(g) Stephen Oong Kee Leong</li> <li>(h) Lily Rozita Binti Mohamad Khairi</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Directors' Remuneration</b></p> <p>The Board has in place a Group Remuneration Policy for Non-Executive Directors with the objective to set an appropriate level of remuneration that is fair and reasonable in line with the market, which reflects the duties and responsibilities and time required to be spent by the respective Non-Executive Directors for them to make a meaningful and effective contribution to the affairs of the Bank. It is also to attract and retain Directors needed to steer the Bank towards achieving its goals effectively. The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole and that it is linked to their roles and responsibilities.</p> <p>All Non-Executive Directors are paid fixed annual director/Board committee fees and sitting allowance for each meeting attended. In addition, Non-Executive Directors also receive other benefits including outpatient medical reimbursement, Group Hospitalisation &amp; Surgical coverage, and Directors &amp; Officers Liability Insurance coverage, provided that such Director has not acted negligently, fraudulently or dishonestly, or is in breach of his/her duty of trust.</p> <p><b>Senior Management</b></p> <p>The Bank has established a Group Remuneration Policy that governs the design and management of remuneration for employees. The Group Remuneration Policy is elaborated in Section B of this Corporate Governance Report.</p> <p>The Group Remuneration Policy is reviewed and endorsed by the Group NRC and approved by the Board on a periodic basis and whenever material changes are required. The Group Remuneration Policy review included input from the Risk and Control functions.</p>

	<p>The Group NRC and Board also approve the Bank’s risk adjusted performance bonus pool, utilisation of the provision for annual salary increments and any long-term incentives.</p> <p>The Group Remuneration Policy for Non-Executive Directors is available on the Bank’s corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the objectives of the Group NRC established by the Board is to support the Board in actively overseeing the design and implementation of the Bank's remuneration system; and to periodically review Directors' remuneration to ensure it remains appropriate to each Director's contribution, level of expertise, commitment and responsibilities undertaken.</p> <p>The Group NRC also reviews, and recommends/approves matters related to remuneration of members of Senior Management and Other Material Risk Takers of the Bank Group.</p> <p>The Terms of Reference of the Group NRC are disclosed on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remuneration payable to the Directors of the Bank for FY2025 are set out below on a named basis:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1.	Tan Sri Amirsham bin A Aziz (Appointed on 1 October 2024, redesignated as Chairman of the Board on 10 October 2024)	Independent Director	173	28	-	-	37	-	238	173	28	-	-	37	-	238
2.	Wong Yuen Weng Ernest	Non-Executive Non-Independent Director	235	105	-	-	-	-	340	235	105	-	-	-	-	340
3.	Tan Chian Khong	Independent Director	235	97	-	-	-	-	332	235	97	-	-	-	-	332
4.	Susan Yuen Su Min	Independent Director	250	92	-	-	-	-	342	250	92	-	-	-	-	342
5.	Lum Piew	Independent Director	235	110	-	-	-	-	345	235	110	-	-	-	-	345
6.	Cheryl Khor Hui Peng	Independent Director	255	120	-	-	-	-	375	255	120	-	-	-	-	375
7.	Chia Yew Hock Wilson	Non-Executive Non-Independent Director	290	152	-	-	-	-	442	290	152	-	-	-	-	442
8.	Dr. John Lee Hin Hock (Appointed on 1 April 2024)	Independent Director	235	98	-	-	-	-	333	335	125	-	-	-	-	460
9.	Stephen Oong Kee Leong (Appointed on 1 September 2024)	Independent Director	128	48	-	-	-	-	176	137	47	-	-	-	-	184
10.	Lily Rozita Binti Mohamad Khairi	Independent Director	74	25	-	-	-	-	99	74	25	-	-	-	-	99

	(Appointed on 15 November 2024)															
9.	Lee Boon Huat (Retired w.e.f. 7 April 2024)	Independent Director	-	13	-	-	-	-	13	-	13	-	-	-	-	13
10.	Datuk Wan Azhar bin Wan Ahmad (Retired w.e.f. 7 April 2024)	Independent Director	4	18	-	-	-	-	22	204	58	-	-	-	-	262
11.	Tan Sri Dato' Ahmad bin Mohd Don (Passed away on 17 September 2024)	Former Chairman, Independent Director	149	15	-	-	115	-	279	149	15	-	-	115	-	279
12.	Mazidah Binti Abdul Malik (Retired w.e.f. 18 January 2025)	Independent Director	175	90	-	-	-	-	265	175	90	-	-	-	-	265

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the opinion that the disclosure of the top five senior management's remuneration on a named basis would not be to the Bank's advantage in view of the competitive market for talents in the financial industry.</p> <p>As an alternative to the recommended disclosures, the remuneration of key management personnel i.e. the Group CEO and CEO of subsidiary are disclosed on a named basis in the Audited Financial Statements of the Bank for FY2025. Senior Management's remuneration is disclosed on a group basis in Section B of this Corporate Governance Report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will closely observe the market practice on such disclosures for future consideration.
<b>Timeframe</b>	:	Others

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of Group AC is not the Chairman of the Bank Board.  Tan Chian Khong is the Chairman of Group AC while Tan Sri Amirsham is the Chairman of the Board, who is not a member of the Group AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Terms of Reference of the Group AC sets out, among others, that any former key audit partner of the External Auditors shall observe a cooling-off period of at least three years before being appointed as a member of the Group AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group AC is guided by the Bank's External Auditors Suitability &amp; Independence Assessment Policy in its assessment on the suitability, objectivity, performance, and independence of the External Auditors. This policy has been drawn up with reference to BNM Policy Document on External Auditor.</p> <p>In accordance with the aforesaid policies, the Group AC reviews and assesses the External Auditors' performance, independence and objectivity on an annual basis, based on the following factors:</p> <ul style="list-style-type: none"><li>(a) Qualification criteria;</li><li>(b) Level of knowledge, capabilities, experience and quality of previous work;</li><li>(c) Level of engagement with the Board and Group AC;</li><li>(d) Ability to provide constructive observations, implications and recommendations in areas which require improvements;</li><li>(e) Appropriateness of audit approach and the effectiveness of audit planning;</li><li>(f) Ability to perform the audit work within the agreed duration given;</li><li>(g) Non-audit related services rendered by external auditors do not impede independence;</li><li>(h) Ability to demonstrate unbiased stance when interpreting the standards/policies adopted by the Group; and</li><li>(i) Compliance with the Group's internal policy on rotation of audit partners every five years.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Group AC comprises entirely Independent Directors.</p> <p>The members of the Group AC are as follows:</p> <ol style="list-style-type: none"><li>1. Tan Chian Khong - Chairman/Independent Director</li><li>2. Cheryl Khor Hui Peng – Member/Independent Director</li><li>3. Stephen Oong Kee Leong – Member/Independent Director <i>(Appointed as a member w.e.f. 1 September 2024)</i></li><li>4. Lily Rozita Binti Mohamad Khairi – Member/Independent Director <i>(Appointed as a member w.e.f. 1 January 2025)</i></li><li>5. Mazidah Binti Abdul Malik – Member/Independent Director <i>(Ceased as a member following her retirement from the Alliance Bank Board w.e.f. 18 January 2025 after having served the Alliance Bank Group for a maximum period of nine years as an Independent Director)</i></li></ol>

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group AC is led by Tan Chian Khong, who was appointed as Chairman of the Group AC on 19 August 2020. He is a Fellow of the Institute of Singapore Chartered Accountants and of CPA Australia and a Member of the American Institute of Certified Public Accountants with 35 years of experience in the audit industry.</p> <p>Collectively, all the Group AC members have experience and skills in the areas of banking, finance, economic, accounting and law which have equipped them with the capability to discharge their functions as set out in the Terms of Reference of the Group AC.</p> <p>The Group AC members have attended continuous professional development programmes to keep themselves abreast of relevant developments in the financial services industry during FY2025.</p> <p>For the details of trainings attended by the Group AC members, please refer to Section B of this Corporate Governance Report.</p> <p>The Group AC also receives regular updates from Management and External Auditors on new/revised financial reporting standards as well as development in law and regulations affecting the financial services industry.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its overall responsibility for the Alliance Bank Group's system of risk management and internal controls, and for reviewing its adequacy and integrity. The system is designed to manage the Alliance Bank Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Alliance Bank Group's activities. It can therefore only provide a reasonable but not absolute assurance of effectiveness against material misstatement of financial/management information; or against financial losses and fraud. The preparation of this statement has been guided by the "Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers" issued by Industry led Task Force.</p> <p>The Board regularly receives, and reviews reports on internal controls; and is of the view that the system of internal controls that has been instituted throughout the Alliance Bank Group is sound and adequate to safeguard the shareholders' investments and the Alliance Bank Group's assets.</p> <p>The Board approves the Alliance Bank Group's risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Alliance Bank Group's risk profile. The Alliance Bank Group has instituted an on-going process for identifying, evaluating and managing the significant risks faced by the Alliance Bank Group. This process includes updating the system when there are changes to the business environment or regulatory guidelines. The process has been in place during the year under review and up to the date of approval of this statement; and is regularly reviewed by the Board. The role of Management is to implement the Board approved frameworks and policies on risks and controls, to identify and evaluate the risks faced, and to design, operate and monitor a suitable system of internal controls to manage these risks.</p> <p>The Board has expanded the Group AC's responsibilities to include oversight of internal controls, including the identification of risk areas and the communication of critical risk issues to the Board. The GAC is supported by an independent Group Internal Audit function, which</p>



	<p>reports directly to it. The internal auditors carry out their duties with impartiality, competence, and due professional care.</p> <p>To ensure that a sound system of internal control is in place, the Board has established primary processes in reviewing the adequacy and integrity of the system of internal controls, including compliance with applicable laws and regulations. The primary processes include:</p> <ul style="list-style-type: none"> <li>• Regular and comprehensive management reports are made available to the Board on a monthly basis, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans;</li> <li>• Clearly defined delegation of responsibilities to committees of the Board and to Management including organisation structures and appropriate authority levels;</li> <li>• Relevant frameworks, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;</li> <li>• A Shariah Compliance Framework which governs the operations of Alliance Islamic Bank Berhad ("AIS") and outlines the roles of key functionalities within AIS, including but not limited to the Shariah risk management process;</li> <li>• Risk management frameworks on Information Technology, Cyber Resilience, Cloud, Digital and Artificial Intelligence to manage the related risks; supported by a Business Continuity Management Framework for contingencies;</li> <li>• A Sustainability Framework which outlines the core principles and policies employed by the Bank in managing sustainability-related matters in day-to-day operations;</li> <li>• Regular update of internal policies and procedures, to adapt to changing risks profiles and address operational concerns;</li> <li>• Regular review of the Group's activities to assess the adequacy and effectiveness of the risk management and internal control system;</li> <li>• Documentation and periodic assessment of controls and processes by all business and support units for managing key risks; and</li> <li>• Regular Senior Management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues.</li> </ul> <p>Further details on the Bank's risk management framework and internal control system are explained in the Statement on Risk Management and Internal Control and Risk Management Report in the 2025 Annual Report.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board, through the Group RMC and Group AC, has assessed the adequacy and effectiveness of the risk management and internal control system of the Alliance Bank Group and is of the view that it is operating adequately and effectively, in all material aspects. The risk management framework and system of internal control are disclosed in the Statement on Risk Management and Internal Control, and Risk Management Report in the 2025 Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Group RMC which comprises a majority of Independent Directors is a Board Committee established by the Board to oversee the Bank's risk management framework and policies, and compliance.</p> <p>The Group RMC oversees Senior Management's activities in managing enterprise-wide risks across key areas including credit, market, liquidity, operational, compliance, legal, IT, cybersecurity and sustainability, while ensuring adherence to regulatory requirements. This involves establishing a sound risk strategy and maintaining an effective risk management framework that operates as intended. It also fosters a cohesive culture of compliance; risk awareness and proactive risk management Group-wide. Its oversight responsibilities encompass reviewing, approving and overseeing risk and compliance strategies, frameworks, policies and methodologies, and other related initiatives.</p> <p>The primary roles and responsibilities of Group RMC include:</p> <p><u>Risk Management</u></p> <p>(a) Oversee and approve material risk management strategies, policies, frameworks, methodologies and risk tolerance.</p> <p>(b) Oversee the adequacy of risk management policies and frameworks inclusive of Recovery Plan in identifying, measuring, evaluating, monitoring and controlling the extent to which these are operating effectively, prudently and in compliance with all regulatory guidelines.</p> <p>(c) Oversee that infrastructure, resources and systems are in place for risk management functions, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the financial institutions' risk taking activities.</p> <p>(d) Oversee the management's periodic reports on risk exposure, risk portfolio composition, sustainability risk and risk management activities to ensure that the risk reports facilitate understanding and the determination of appropriate risk responses.</p>

	<p>(e) Support the Board in meeting the expectations on risk management as set out in the BNM Policy Document on Risk Governance.</p> <p>(f) Oversee the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the board remuneration committee.</p> <p><u>Compliance</u></p> <p>(a) Oversee and approve material compliance frameworks, strategies and policies, including but not limited to the relevant policies pertaining to prevention of money laundering, terrorism financing, bribery and corruption.</p> <p>(b) Oversee that infrastructure, resources and systems are in place for the compliance function, i.e. ensuring that the staff responsible for implementing compliance systems perform those duties independently of the financial institutions' risk-taking activities.</p> <p>(c) Oversee the effectiveness of the Alliance Bank Group's overall management of compliance risk is evaluated at least annually.</p> <p>(d) Oversee regulatory compliance risk exposures and material reports or inquiries from regulatory authority and approve the actions to be taken including any non-compliance related matters, as well as Shariah non-compliance events.</p> <p>(e) Oversee the implementation of remediation measures on breaches and compliance incidences within the Alliance Bank Group.</p> <p>(f) Provide adequate discussion and priority to deliberate compliance issues in ensuring such issues are resolved promptly and effectively.</p> <p>(g) Oversee the periodic reports presented on the assessment of compliance status of the Alliance Bank Group, and updates on regulatory trends and requirements.</p>
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### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The purpose, authority, scope, independence, and responsibilities of Group Internal Audit ("GIA") function is provided in the Internal Audit Charter, which is approved by the Group AC.</p> <p>The Group Chief Internal Auditor ("GCIA") reports functionally to the Group AC and administratively to the Group CEO.</p> <p>To ensure independence and effectiveness of the GIA, the Group AC is empowered under its Terms of Reference to:</p> <ul style="list-style-type: none"><li>• Oversee the Internal Audit function and ensure compliance with requirements of regulators;</li><li>• Review internal audit reports and ensure that appropriate actions are taken by Senior Management in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions;</li><li>• Appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the GCIA;</li><li>• Ensure the compensation scheme of the internal auditors is consistent with the objectives and the demands of the internal audit function;</li><li>• Note any significant disagreements between the GCIA and the rest of the Senior Management irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;</li><li>• Ensure the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness;</li><li>• Have direct communication channels with the internal auditors; and</li><li>• Be able to convene meetings with the internal auditors, excluding the attendance of other Directors and employees of the Bank and its subsidiaries.</li></ul> <p>The Group AC also reviews and approves GIA's annual audit plan.</p> <p>Details of the Group AC's oversight over the GIA function are disclosed in the Group AC Report in the 2025 Annual Report.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><u>Independence of Group Internal Audit Personnel</u></p> <p>Group Internal Audit (“GIA”) is an independent appraisal function set up by the Board to objectively examine and evaluate the Bank’s activities; and make recommendations to improve the effectiveness of the risk management and governance processes, internal control &amp; compliance framework and information systems.</p> <p>The GIA function is guided by the Internal Audit Charter, which sets out its purpose, authority, scope, independence, and responsibilities. The Internal Audit Charter is endorsed by the Group AC and approved by the Board.</p> <p>To maintain objectivity and independence, the Group Chief Internal Auditor (“GCIA”) is responsible to the Group AC and Boards. The appointment, remuneration, performance appraisal, transfer, and dismissal of the GCIA are decided by the Group AC. GIA personnel do not have any authority or responsibility for the activities they audit. They are required to report to the GCIA any situation in which a conflict of interest or bias is present or may reasonably be inferred. Assignments are allocated so that potential and actual conflicts and bias are avoided. In addition, annual declarations of conflict of interest are obtained from all internal auditors to confirm that they have not provided any audit services which would result in actual or perceived conflicts of interest.</p> <p><u>Group Internal Audit Resources</u></p> <p>GIA currently has thirty-seven (37) audit personnel.</p> <p><u>Group Chief Internal Auditor</u></p> <p>GIA is headed by Andrew Ng Yin Min, the GCIA. He holds a Bachelor of Science in Applied Accounting, is a Certified Information Systems Auditor (“CISA”) and has 16 years of experience in the audit industry. Prior to joining the Bank, he provided audit and consultancy services to clients from various industries such as banking, insurance, telecommunications, energy and healthcare.</p>



	<u>Internal Audit Framework</u> The GIA's processes and activities are governed by policies established by the Group AC and relevant regulatory guidelines, as well as the International Professional Practices Framework (IPPF) issued by The Institute of Internal Auditors (IIA).	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of regular communication with its stakeholders. The Bank endeavours to maintain constant and effective communication with stakeholders through timely and comprehensive announcements as well as events and activities of the Bank such as through general meetings and quarterly briefings, and online platforms, including corporate website and social media.</p> <p><u>General Meetings</u></p> <p>The Board regards the AGM/Extraordinary General Meeting ("EGM") as an opportunity to communicate directly with shareholders and encourages attendance and participation. Shareholders who are unable to attend the AGM/EGM may appoint proxies to attend and vote at the AGM/EGM on their behalf. Shareholders and their proxies are given the opportunities to raise questions on the Bank and the Directors and Senior Management Officers of the Bank are available to address any questions raised. Questions from shareholders and their proxies as well as from the Minority Shareholders Watch Group ("MSWG") on the Bank or other pertinent governance issues that were raised prior to the meeting as well as Alliance Bank's responses to the same were shared with all shareholders during the meeting. Minutes of AGM/EGM including significant matters discussed at the meetings were also published on the Bank's website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p> <p><u>Press Conference</u></p> <p>The Bank conducts a press conference immediately after the AGM to communicate with media and other stakeholders on the Bank's key financial performance highlights, major corporate development, and business initiatives.</p> <p><u>Analyst Briefing and Interaction Activities</u></p> <p>The Investor Relations team engages with the financial community, stakeholders, and other key constituencies of the Bank to provide consistent, accurate, transparent and timely information. Briefings for analysts are conducted every quarter in conjunction with the release of the quarterly financial results to facilitate active dialogue between the Bank's key Senior Management and the investment community. The Bank also participates in meetings, conference calls, roadshows,</p>

	<p>webinars and special briefings to share the latest updates and pertinent information on the Bank's progress with the investment community.</p> <p>These activities enable the investment community to seek clarifications on their enquiries and express their views on the Bank's performance. In turn, the Bank has the opportunity to manage investors' expectations and strengthen their understanding of the Bank.</p> <p>The investing public can contact the Head of Investor Relations, Tan Hong Ian at +603-2604 3370 or investor_relations@alliancefg.com for any investor relations matters.</p> <p><u>Corporate website</u> Shareholders, potential investors, and members of the public can access the Bank's corporate website at <a href="http://www.alliancebank.com.my">http://www.alliancebank.com.my</a> for more information of the Bank. There is a dedicated section for corporate governance on the Bank's corporate website where information such as the Board Charter, Code of Conduct, Board Gender Diversity Policy, Group's Policy on Fit and Proper, Annual Reports, Minutes of General Meetings, Constitution and Terms of References of the Board Committees are made available. A corporate calendar on material events, such as entitlement dates, ex-dividend dates and payment dates for dividend payments, all announcements made by the Bank to Bursa Malaysia Securities Berhad, including quarterly results and dividend information, and presentation slides for analyst briefings are also available on the Bank's corporate website under the Investor Relations section, for the benefit of the investing public.</p> <p><u>Social media</u> In addition, the Bank also leverages on social media as a communication channel with stakeholders as this channel allows immediate and easy access to the latest information on the Bank's products and services as well as serves as a platform to obtain feedback from the stakeholders.</p> <p><u>Internal employee portal</u> Internally, Alliance Bank strives to maintain open communications with its employees. Through the Bank's internal employee portal i.e. InAlliance Portal, employees are kept up to date on the Bank's performance, strategies, corporate development and business accomplishment; new products and services, internal policies and procedures; occupational safety, health and well-being updates; employees' engagement activities, etc.</p>
Explanation for departure	:
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Bank first adopted integrated reporting which made reference to the integrated reporting framework in the Annual Report 2022 to improve the quality of information available to investors and promotes greater transparency and accountability.</p> <p>The Bank's unique value creation business model provides a clear and concise articulation of the Bank's short-, medium- and long-term business value and stewardship to empower our key stakeholders.</p> <p>The Board's commitment in communicating value creation in a transparent method is a key element in the Bank's effectiveness in corporate governance practices.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Notice of the 42<sup>nd</sup> AGM of the Bank held on 31 July 2024 was given to the shareholders on 1 July 2024, or 29 clear days prior to the AGM.</p> <p>Notice of the Bank's forthcoming 43<sup>rd</sup> AGM to be held on 30 July 2025 will be given to the shareholders at least 28 clear days prior to the AGM date.</p> <p>The shareholders can have an immediate access to the Bank's Annual Report 2025 including the notice of AGM and proxy form from the Bank's corporate website at <a href="http://www.alliancebank.com.my">http://www.alliancebank.com.my</a> on the notice issuance date on 1 July 2025.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>Save for the late Chairman, Tan Sri Dato’ Ahmad bin Mohd Don who was absent for health reason, all the other Directors had attended the 42<sup>nd</sup>AGM of the Bank which was held as a virtual meeting on 31 July 2024 at the broadcast venue in person while shareholders, corporate representatives and proxies had attended the 42<sup>nd</sup> AGM via remote participation.</p> <p>The Chair of the Audit, Nominating &amp; Remuneration, Risk Management and other committees were present at the 42<sup>nd</sup> AGM to respond to any questions that shareholders may have.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Bank has facilitated voting in absentia and remote participation by shareholders at the last AGM held on 31 July 2024.</p> <p>The Bank has leveraged technology to facilitate shareholders' participation and voting at the AGM. The shareholders had participated at the 42<sup>nd</sup> AGM of the Bank held on 31 July 2024 remotely and cast their votes through online voting platform administered by the Board appointed Independent Poll Administrator and the poll results verified by Independent Scrutineer.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 42<sup>nd</sup> AGM was held on 31 July 2024 on a virtual basis. The key proceedings of the 42<sup>nd</sup> AGM were as follows:</p> <ul style="list-style-type: none"><li>(a) Introduction of all Board members, Group CEO, Group Chief Financial Officer, Group Company Secretary and the external auditors, PricewaterhouseCoopers PLT.</li><li>(b) Group CEO's presentation of the FY2024 Financial Performance.</li><li>(c) Laying of Audited Financial Statements for FY2024.</li><li>(d) Tabling of Resolutions (1) to (7).</li><li>(e) Presentation of Minority Shareholders Watch Group's questions and the Bank's responses.</li><li>(f) Q&amp;As Session.</li><li>(g) Voting of Resolutions (1) to (7).</li><li>(h) Verification of poll results by the Independent Scrutineer, Deloitte Business Advisory Sdn Bhd and announcement.</li></ul> <p>Following the AGM, Minutes of the AGM as well as the Q&amp;As with shareholders were made available on the Bank's website (<a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>) within 30 business days of the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

## Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Bank's Share Registrar, ShareWorks Sdn Bhd was appointed as the Poll Administrator and Agmo Studio Sdn Bhd as Remote Participation and Voting Service provider for the Bank's 42<sup>nd</sup> AGM which was held on a virtual basis. Shareholders participated and voted remotely via Vote2U online platform at <a href="https://web.vote2u.my/#/alliancebank">https://web.vote2u.my/#/alliancebank</a>.</p> <p>During the 42<sup>nd</sup> AGM, shareholders were provided with messaging window facility via Vote2U portal for them to submit their questions.</p> <p>Questions received from the shareholders during the AGM were read out by an external independent moderator.</p> <p>The minutes of the 42<sup>nd</sup> AGM and Q&amp;As with the shareholders were posted on the Bank's corporate website within 30 business days of the 42<sup>nd</sup> AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the 42 <sup>nd</sup> AGM was duly signed by the Chairman and published on the Bank's corporate website ( <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a> ) within 30 business days of the 42 <sup>nd</sup> AGM.
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	
	:	

## SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

### BOARD OF DIRECTORS

#### Board composition

The members of the Board are as follows:

1. Tan Sri Amirsham bin A Aziz – Chairman, Independent Director (*Appointed on 1 October 2024 as an Independent Director and subsequently redesignated as Chairman of the Board on 10 October 2024*)
2. Wong Yuen Weng Ernest – Deputy Chairman, Non-Independent Non-Executive Director
3. Tan Chian Khong – Independent Director
4. Susan Yuen Su Min – Independent Director
5. Lum Piew - Independent Director
6. Cheryl Khor Hui Peng – Independent Director
7. Chia Yew Hock Wilson – Non-Independent Non-Executive Director
8. Dr. John Lee Hin Hock – Independent Director (*Appointed on 1 April 2024*)
9. Stephen Oong Kee Leong – Independent Director (*Appointed on 1 September 2024*)
10. Lily Rozita Binti Mohamad Khairi – Independent Director (*Appointed on 15 November 2024*)
11. Tan Sri Dato' Ahmad bin Mohd Don – Former Independent Chairman (*Passed away on 17 September 2024*)
12. Mazidah Binti Abdul Malik – Independent Director (*Retired w.e.f. 18 January 2025 after having served Alliance Bank Group for a maximum period of nine years as an Independent Director*)

The particulars and background of the Directors are disclosed in the 2025 Annual Report.

#### Roles and responsibilities of the Board

The key responsibilities of the Board are disclosed under Practice 1.1 of Section A of this Corporate Governance Report.

#### Number of meetings convened by the Board and attendance of each Director

During FY2025, the Board met 15 times, including two meetings to review and approve the Strategy and Budget of the Group. 12 meetings were scheduled meetings while three meetings were ad hoc meetings convened to consider exigency matters.

All Directors have demonstrated that they are able to allocate sufficient time to the Bank in discharging their duties and responsibilities, and their commitments have been affirmed by their excellent attendance records at the Board meetings held during FY2025, as reflected below:

No.	Name of Directors	Attendance	Percentage
1.	Tan Sri Amirsham bin A Aziz <sup>(1)</sup>	8/8	100%
2.	Wong Yuen Weng Ernest	15/15	100%
3.	Tan Chian Khong	14/15	93%

4.	Susan Yuen Su Min	15/15	100%
5.	Lum Piew	15/15	100%
6.	Cheryl Khor Hui Peng	15/15	100%
7.	Chia Yew Hock Wilson	15/15	100%
8.	Dr. John Lee Hin Hock <sup>(2)</sup>	15/15	100%
9.	Stephen Oong Kee Leong <sup>(3)</sup>	10/10	100%
10.	Lily Rozita Binti Mohamad Khairi <sup>(4)</sup>	7/7	100%
11.	Mazidah Binti Abdul Malik <sup>(5)</sup>	10/10	100%

**Notes:**

- (1) Tan Sri Amirsham bin A Aziz was appointed to the Board of Alliance Bank on 1 October 2024 as an Independent Director and subsequently redesignated as Chairman of the Board on 10 October 2024.
- (2) Dr John Lee Hin Hock was appointed to the Board of Alliance Bank on 1 April 2024.
- (3) Stephen Oong Kee Leong was appointed to the Board of Alliance Bank on 1 September 2024.
- (4) Lily Rozita Binti Mohamad Khairi was appointed to the Board of Alliance Bank on 15 November 2024.
- (5) Mazidah Binti Abdul Malik retired from the Board of Alliance Bank w.e.f. 18 January 2025 after having served the Alliance Bank Group for a maximum period of nine years as an Independent Director.

**Board training and development**

The Board acknowledges the importance of continuous training for the Directors to gain insights and keep abreast with development in the industry and to further enhance their skills and knowledge in discharging their roles and responsibilities effectively. While the Directors are expected to have personal development skills to improve themselves, the training needs of the Directors are assessed on a yearly basis by the Group NRC and an annual Board Development Plan is recommended to the Board for approval. This is to ensure the Directors are accorded the appropriate training necessary for them to discharge their responsibilities effectively.

In accordance with the annual Board Development Plan, the Directors are encouraged to attend a minimum of three relevant training programmes within the financial year, taking into consideration emerging trends in the financial services industry. In addition, each Board Committee member is encouraged to attend a minimum of two training programmes relevant to the respective areas of the Board Committees in each financial year to keep abreast of the latest industry developments.

The Bank has in place an In-house Directors' Orientation Programme for newly appointed Directors in addition to the regulatory and mandatory training programmes such as the Mandatory Accreditation Programme of Bursa Malaysia Securities Berhad, Financial Institutions Directors' Education Core Programme and Islamic Finance for Board Programme. A new Director will usually attend the In-house Directors' Orientation Programme within three months upon appointment where he/she will be briefed on the Bank's operations and business strategies by Senior Management to familiarise him/her with the Bank and the Group. Directors also receive advice from the Group Company Secretary on the Bank's governance framework and associated policies, as well as their duties as Directors of the Bank.

The Directors are provided with the opportunity to attend relevant training programmes on an ongoing basis in areas relating to corporate governance, compliance, risk management, anti-money laundering/counter-terrorism financing, anti-fraud, anti-bribery and corruption, climate risk and opportunities, strategic issues, emerging trends, cyber security awareness, sustainability and climate change as well as the latest developments, innovations and disruptive technology in the financial services industry to keep abreast of the latest industry developments. All Directors are also regularly updated on new requirements affecting their responsibilities and are constantly reminded of their obligations.

During FY2025, the Directors had attended various training programmes as follows:

Directors	Training programmes attended by Directors
Tan Sri Amirsham bin A Aziz	<ol style="list-style-type: none"> <li>1. Khazanah Megatrends Forum 2024: Pursuit of Potatoes: Paving Paths from the Probable to the Possible.</li> <li>2. In-house Directors' Orientation Programme.</li> <li>3. In-house Training on GenAI as a Transformation Enabler.</li> <li>4. In-house Training on Board Crisis Management Workshop.</li> </ol>
Wong Yuen Weng Ernest	<ol style="list-style-type: none"> <li>1. Temasek Ecosperity Conference – Zeroing in on Common Ground.</li> <li>2. Bank Negara Malaysia (“BNM”) Sasana Symposium 2024: Structural Reforms - Making it A Reality for Malaysia.</li> <li>3. Temasek Tripartite Conversation: Dialogue 2024.</li> <li>4. In-house Training on Sustainable Finance.</li> <li>5. Temasek @ 50: International Panel Meeting.</li> <li>6. In-house Training on Stewardship As The Guiding Principle For Your Board and People Agenda.</li> <li>7. In-house Training on GenAI as a Transformation Enabler.</li> </ol>
Tan Chian Khong	<ol style="list-style-type: none"> <li>1. Ernst &amp; Young Board Agenda Series: Unlocking the Strategic Value of Finance Transformation for Better Governance.</li> <li>2. SID (Singapore Institute of Directors): PSP 3 - Navigating Towards ISSB (International Sustainability Standards Board) Compliance.</li> <li>3. In-house Training on Sustainable Finance.</li> <li>4. SID: CTP 20 – Directors Sued/Charged: Lessons from Recent Cases.</li> <li>5. SID: Directorship in Transition: Redefining Roles, Risks and Results.</li> <li>6. The 11th Hong Leong Group Annual Sustainability Forum: Forward Faster towards Business Sustainability.</li> <li>7. ISCA (Institute of Singapore Chartered Accountants): Ethical and Legal Considerations in Protecting Your Company Secrets and Customer Database.</li> </ol>
Susan Yuen Su Min	<ol style="list-style-type: none"> <li>1. ASB (Asia School of Business): Carbon Markets: What Directors Need to Know.</li> <li>2. BNM Sasana Symposium 2024: Structural Reforms - Making it A Reality for Malaysia.</li> <li>3. FIDE (Financial Institutions Directors' Education) FORUM: Preventing Fraud: The Board's Roles and Responsibilities.</li> <li>4. In-house Training on Sustainable Finance.</li> <li>5. FIDE FORUM: National Resolution Symposium 2024 - Building Collaborative Resolvability: From Policy to Practice.</li> <li>6. In-house Training on Stewardship As The Guiding Principle For Your Board and People Agenda.</li> <li>7. KPMG Asia Pacific Board Leadership Center Webinar: Geopolitical Risks and the Strategic Imperatives for Boards and C-suite.</li> <li>8. In-house Training on GenAI as a Transformation Enabler.</li> </ol>

	9. In-house Training on Board Crisis Management Workshop.
Lum Piew	<ol style="list-style-type: none"> <li>1. UBS Mid-Year Outlook 2024.</li> <li>2. ICDM (Institute of Corporate Directors Malaysia): How Can Boards Make the Most of Blockchain &amp; Digital Assets.</li> <li>3. In-house Training on Stewardship As The Guiding Principle For Your Board and People Agenda.</li> <li>4. In-house Training on GenAI as a Transformation Enabler.</li> <li>5. In-house Training on Board Crisis Management Workshop.</li> </ol>
Cheryl Khor Hui Peng	<ol style="list-style-type: none"> <li>1. Leader Energy Holding Berhad: Introduction of Transmission Line Planning and Design.</li> <li>2. Asian World Centre: Board Dynamics &amp; Governance Transformation Executive Roundtable Masterclass 2024.</li> <li>3. Corporate Governance Institute UK: Custodian of Governance: The Role of the Company Secretary.</li> <li>4. MIA (Malaysian Institute of Accountants) Webinar Series: Principles of Fraud Investigation.</li> <li>5. Institute of Internal Auditors Malaysia and SD Guthrie: Plantation Sector Internal Audit Seminar 2024.</li> <li>6. In-house Training on Sustainable Finance.</li> <li>7. In-house Training on Stewardship As The Guiding Principle For Your Board and People Agenda.</li> <li>8. In-house Training on Board Crisis Management Workshop.</li> <li>9. Future of Sustainable Business.</li> </ol>
Chia Yew Hock Wilson	<ol style="list-style-type: none"> <li>1. ICDM: Mandatory Accreditation Programme Part II: Leading for Impact.</li> <li>2. FIDE Core Programme: Module A.</li> <li>3. FIDE Core Programme: Module B.</li> <li>4. In-house Training on Sustainable Finance.</li> <li>5. In-house Training on Stewardship As The Guiding Principle For Your Board and People Agenda.</li> <li>6. In-house Training on GenAI as a Transformation Enabler.</li> <li>7. Islamic Finance for Board Programme.</li> <li>8. In-house Training on Board Crisis Management Workshop.</li> </ol>
Dr John Lee Hin Hock	<ol style="list-style-type: none"> <li>1. In-house Directors' Orientation Programme.</li> <li>2. ICDM: Mandatory Accreditation Programme Part I.</li> <li>3. In-house Training on Sustainable Finance.</li> <li>4. In-house Training on Stewardship As The Guiding Principle For Your Board and People Agenda.</li> <li>5. ICDM: Mandatory Accreditation Programme Part II: Leading for Impact.</li> <li>6. In-house Training on GenAI as a Transformation Enabler.</li> </ol>

	<ul style="list-style-type: none"> <li>7. CMDP (Capital Market Director Programme) Module 1: Directors as Gatekeepers of Market Participants.</li> <li>8. CMDP Module 2A: Business Challenges and Regulatory Expectations - What Directors Need to Know (Equities &amp; Future Broking).</li> <li>9. Islamic Finance for Board Programme.</li> <li>10. In-house Training on Board Crisis Management Workshop.</li> <li>11. FIDE FORUM: Special Lecture: How Global Events Will Affect the Outlook for the Financial Industry in 2025.</li> </ul>
Stephen Oong Kee Leong	<ul style="list-style-type: none"> <li>1. In-house Directors' Orientation Programme.</li> <li>2. In-house Training on Stewardship As The Guiding Principle For Your Board and People Agenda.</li> <li>3. In-house Training on GenAI as a Transformation Enabler.</li> <li>4. ICDM: Mandatory Accreditation Programme Part I.</li> <li>5. In-house Training on Board Crisis Management Workshop.</li> </ul>
Lily Rozita Binti Mohamad Khairi	<ul style="list-style-type: none"> <li>1. In-house Directors' Orientation Programme.</li> <li>2. ICDM: Steering the Path to Net Zero.</li> <li>3. Marcus Evans: 4th Annual Governance, Risk and Compliance (GRC) Asia 2024.</li> <li>4. In-house Training on Board Crisis Management Workshop.</li> <li>5. ICDM: Boardroom Insight 2025 - Navigating Governance, Risk &amp; Strategic Foresight.</li> <li>6. Islamic Finance for Board Programme – Session 1.</li> <li>7. AuditBoard : Building a Resilience Audit Function.</li> <li>8. ICDM: Board Leadership in Industry Disruption.</li> </ul>
Mazidah Binti Abdul Malik <i>(Retired from the Board w.e.f. 18 January 2025 after having served the Group for a maximum period of nine years.)</i>	<ul style="list-style-type: none"> <li>1. BNM Sasana Symposium 2024: Structural Reforms - Making it A Reality for Malaysia.</li> <li>2. SIDC (Securities Industry Development Corporation): Sustainability Conference 2024.</li> <li>3. FIDE FORUM: Director's Liabilities within Their Respective Institution's AML Frameworks.</li> <li>4. FIDE FORUM: CGM Masterclass: Latest Developments in Climate-Aligned Executive Compensation.</li> <li>5. In-house Training on Sustainable Finance.</li> <li>6. FIDE FORUM: Distinguished Board Leadership Series 2024: Digital Transformation of the World's Best Bank.</li> <li>7. In-house Training on Stewardship As The Guiding Principle For Your Board and People Agenda.</li> <li>8. In-house Training on GenAI as a Transformation Enabler.</li> <li>9. FIDE FORUM: Launch of Directors' Remuneration Report 2024.</li> <li>10. FIDE FORUM: Economic Outlook &amp; Post-Budget 2025 Forum.</li> <li>11. In-house Training on Board Crisis Management Workshop.</li> </ul>



The Directors also received briefings on relevant new laws, rules and regulations, risk management updates and changes in accounting standards at Board/Board Committee meetings from time to time.

## **BOARD COMMITTEES**

The Board has established Board Committees to oversee the implementation of strategies and policies and maintain effective governance in the following areas: business decisions, audit, risk, compliance, remuneration, Board composition, succession planning, corporate governance, sustainability and information technology.

The Board has six Board Committees composed solely of Non-Executive Directors, namely:

- Group Executive Committee (“Group EXCO”)
- Group Audit Committee (“Group AC”)
- Group Nomination & Remuneration Committee (“Group NRC”)
- Group Risk Management Committee (“Group RMC”)
- Group Sustainability Committee (“Group SC”)
- Group Information Technology Committee (“Group ITC”)

These Board Committees operate on a Group basis covering the Bank and its principal subsidiary, Alliance Islamic Bank Berhad (“AIS”) (collectively, “the Group”).

Each Board Committee has its respective Terms of Reference, which is approved by the Board and reviewed every two years or as and when necessary. Any proposed changes to the Terms of Reference of the Board Committees are subject to the approval of the Board. The Terms of Reference of the Board Committees are available on the Bank’s website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The Chairman of each Board Committee reports to the Board on salient matters discussed at the respective Board Committee meetings.

## **GROUP EXCO**

The Group EXCO supports the Board in strategies, business plans, capital structure/restructuring, funding requirement, dividend proposals and credit matters. It reviews loan/financing applications with total Group exposure that is above the defined threshold of the Management Credit Committees.

In addition, the Group EXCO reviews and approves credit transactions/exposures with connected parties classified under Bank Negara Malaysia (“BNM”) Guidelines on Credit Transactions and Exposures with Connected Parties.

The members of the Group EXCO are as follows:

1. Wong Yuen Weng Ernest - Chairman
2. Tan Sri Amirsham bin A Aziz (*Appointed as a member on 1 October 2024*)
3. Tan Chian Khong
4. Chia Yew Hock Wilson
5. Stephen Oong Kee Leong (*Appointed as a member on 1 September 2024*)

During FY2025, the Group EXCO met 11 times. Details of each Group EXCO member’s attendance during FY2025 are as follows:

No.	Group EXCO Members	Attendance	Percentage
1.	Wong Yuen Weng Ernest (Chairman)	11/11	100%
2.	Tan Sri Amirsham bin A Aziz	5/5	100%
3.	Tan Chian Khong	10/11	91%
4.	Chia Yew Hock Wilson	11/11	100%
5.	Stephen Oong Kee Leong	6/6	100%

### Group AC

The Group AC is principally responsible to support the Board in ensuring that there is a reliable and transparent financial and reporting process within the Group.

The functions of the Group AC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The members of the Group AC are as follows:

1. Tan Chian Khong – Chairman
2. Cheryl Khor Hui Peng
3. Stephen Oong Kee Leong (*Appointed as a member on 1 September 2024*)
4. Lily Rozita Binti Mohamad Khairi (*Appointed as a member on 1 January 2025*)
5. Mazidah Binti Abdul Malik (*Ceased as a member of Group AC following her retirement from the Alliance Bank Board w.e.f. 18 January 2025 after having served the Alliance Bank Group for a maximum period of nine years as an Independent Director.*)

The Group AC met 10 times during FY2025, including one joint meeting with Group RMC for an effective exchange of information between the two Board Committees so as to enable effective coverage of all risks, including emerging risk issues that could have an impact on the Bank's risk appetite and business plans.

Details of each Group AC Member's attendance during FY2025 are as follows:

No.	Group AC Members	Attendance	Percentage
1.	Tan Chian Khong (Chairman)	10/10	100%
2.	Cheryl Khor Hui Peng	10/10	100%
3.	Stephen Oong Kee Leong	5/5	100%
4.	Lily Rozita Binti Mohamad	2/2	100%
5.	Mazidah Binti Abdul Malik	8/8	100%

### Group NRC

The Group NRC supports the Board in carrying out its functions in the following matters concerning the Board, Shariah Committee, Senior Management and Company Secretary:

- Appointment and removals;
- Composition of the Board;
- Performance evaluation and development; and
- Fit and proper assessments.

The Group NRC also supports the Board in actively overseeing the design and implementation of the Bank's remuneration system. It periodically reviews Directors' remuneration to ensure it remains

appropriate, considering each Director's contribution, level of expertise, commitment and responsibilities undertaken.

The functions of the Group NRC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The members of the Group NRC are as follows:

1. Susan Yuen Su Min - Chairman
2. Wong Yuen Weng Ernest
3. Dr John Lee Hin Hock

During FY2025, the Group NRC met 12 times. 11 were scheduled meetings while one meeting was an ad-hoc meeting convened to consider exigency matters. Details of each Group NRC member's attendance during FY2025 are as follows:

No.	Group NRC Members	Attendance	Percentage
1.	Susan Yuen Su Min (Chairman)	12/12	100%
2.	Wong Yuen Weng Ernest	12/12	100%
3.	Dr John Lee Hin Hock	12/12	100%

#### Group RMC

The principal objectives of the Group RMC are to support the Board in meeting the expectations on risk management and compliance as set out in the BNM Policy Document on Risk Governance and BNM Policy Document on Compliance.

The functions of the Group RMC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The members of the Group RMC are as follows:

1. Dr. John Lee Hin Hock – Chairman
2. Lum Piew
3. Chia Yew Hock Wilson
4. Lily Rozita Binti Mohamad Khairi (*Appointed as a member on 1 January 2025*)
5. Ibrahim bin Hassan
6. Mazidah Binti Abdul Malik (*Ceased as a member of Group RMC following her retirement from the Alliance Bank Board w.e.f. 18 January 2025 after having served the Alliance Bank Group for a maximum period of nine years as an Independent Director.*)

During FY2025, the Group RMC met 15 times, including one special meeting, one joint meeting with the Group AC and two joint meetings with the Group ITC. Except for the one special meeting convened to consider exigency matters, the rest of the meetings were scheduled meetings.

Details of each Group RMC member's attendance during FY2025 are as follows:

No.	Group RMC members	Attendance	Percentage
1.	Dr. John Lee Hin Hock (Chairman)	15/15	100%
2.	Lum Piew	15/15	100%
3.	Chia Yew Hock Wilson	15/15	100%

4.	Lily Rozita Binti Mohamad Khairi	4/4	100%
5.	Ibrahim bin Hassan	15/15	100%
6.	Mazidah Binti Abdul Malik	12/12	100%

### Group SC

The Group SC supports the Board in overseeing the development of sustainability strategies, priorities and targets, ensuring alignment between the Group's strategic goals and its core sustainability commitments.

The functions of the Group SC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The members of the Group SC are as follows:

1. Susan Yuen Su Min – Chairman
2. Cheryl Khor Hui Peng
3. Chia Yew Hock Wilson
4. Dato' Ahmad Hisham bin Kamaruddin

During FY2025, the Group SC met six times. Four were scheduled meetings while two meetings were ad-hoc meetings convened to consider exigency matters. Details of each Group SC member's attendance during FY2025 are as follows:

No.	Group SC Members	Attendance	Percentage
1.	Susan Yuen Su Min (Chairman)	6/6	100%
2.	Cheryl Khor Hui Peng	6/6	100%
3.	Chia Yew Hock Wilson	6/6	100%
4.	Dato' Ahmad Hisham bin Kamaruddin	6/6	100%

### Group ITC

The Group ITC provides end-to-end oversight for the IT strategy projects and technology-related matters. Among other things, the Group ITC reviews technology related frameworks including establishing and approving the technology risk appetite, ensures and oversees the adequacy of the Group's IT and cybersecurity plans, as well as oversees the effective implementation of a sound and robust technology risk management framework and cybersecurity resilience framework.

The functions of the Group ITC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my)

The members of the Group ITC are as follows:

1. Lum Piew – Chairman
2. Cheryl Khor Hui Peng
3. Chia Yew Hock Wilson

During FY2025, the Group ITC met 13 times, including two joint meetings with Group RMC to ensure effective exchange of information between the two Board Committees.

Details of each Group ITC member's attendance during FY2025 are as follows:

No.	Group ITC Members	Attendance	Percentage
1.	Lum Piew (Chairman)	13/13	100%
2.	Cheryl Khor Hui Peng	13/13	100%
3.	Chia Yew Hock Wilson	13/13	100%

## INTERNAL CONTROL FRAMEWORK

The Statement on Risk Management and Internal Control is set out in the 2025 Annual Report.

The Bank operates a holistic internal control framework, which is intended to safeguard the Bank's assets, and customers' information and deposits. To do so, the internal control framework operates on a system of checks and balances. Examples of such controls include:

- Board oversight over Management actions/decisions;
- Segregation of duties;
- Authorisation controls;
- Transactional limits;
- Portfolio/concentration limits;
- Verification/validation checks;
- Reconciliation checks;
- Physical security/access controls;
- Automated, system-based controls and password controls; and
- Documentation controls.

The above are supplemented with frameworks, policies, limits and procedures to govern the Bank's various products, services and activities. The Board and Senior Management are responsible for setting the 'Tone from the Top'; backed by staff training/orientation and on-going supervision. Incident handling is reinforced through performance management and consequence management. The Board, Board Committees and Management Committees periodically review and update these frameworks, policies and procedures in accordance with the operational and business needs of the Bank, changes in regulations and industry development.

The internal control framework is embedded within the Bank's three Lines of Defence, the details of which are disclosed in the Risk Management Report set out in the 2025 Annual Report.

### Frontline units – 1st Line of Defence

Business units are the primary risk owners, responsible for managing risks within the Bank's business activities, aided by Business Support functions.

In addition to the departmental controls within the respective 1st Line business and support units, the Bank also conducts supervisory checks and independent reviews, to assess whether these controls are functioning effectively as intended. This framework is further augmented by independent audits carried out on the 1st Line and 2nd Line functions.

### Risk control functions – 2nd Line of Defence

Group Risk Management and Group Compliance (which includes the Shariah Review unit) form the 2nd Line of Defence.

Group Risk Management is responsible for identifying, measuring, controlling, monitoring, reporting and disclosing the Bank's overall risk exposures through the various risk management frameworks, policies, strategies, methodologies, techniques and risk tolerances.

Group Compliance has established the Group Compliance Framework to ensure effective management of compliance risks in a structured manner. The key principles outlined in the framework provides that the Board and Senior Management are responsible to oversee and ensure the effective management of compliance risks across the Group, compliance is the responsibility of all employees within the Group and the Group holds itself to high standards in carrying on business, and at all times observes both the spirit and the letter of the laws and regulations.

Group Compliance is responsible for developing and maintaining the Group Compliance Framework, compliance policies and procedures as well as reviewing the adequacy of the Bank's internal controls and mitigation measures to manage compliance risk.

The Shariah Review Team, under Group Compliance, conducts reviews on the operations of AIS to ensure its products comply with Shariah principles. Review results and any identified non-compliances are reported to the Shariah Committee of AIS.

The Bank's compliance culture is driven by a strong tone from the top. The compliance culture programmes are driven by the Board and Senior Management and encompassing amongst others, induction and training programme, e-learning, and engagement sessions. During FY2025, the Group implemented a robust compliance culture programme to inculcate a strong compliance culture across the Group. The programme has seen increased levels of awareness, understanding and accountability across the 3 Lines of Defence. There are also sustainability of compliance culture activities to strengthen compliance awareness and embed a compliant behaviour across the Group.

Details on the risk management framework and internal control system are explained in the Statement on Risk Management and Internal Control, and Risk Management Report in the 2025 Annual Report.

### **Internal audit – 3rd Line of Defence**

As the 3rd Line of Defence, the Group Internal Audit ("GIA") performs regular independent reviews of the Bank's activities to evaluate and make recommendations to improve the effectiveness of governance, risk management and control processes. The reviews are conducted in accordance with a 3-year rolling audit plan, which is developed based on the GIA's risk-based audit planning methodology and approved by the Group AC. A more detailed description of the internal audit function is highlighted in the Group AC Report as set out in the 2025 Annual Report.

## **REMUNERATION**

### **Directors' Remuneration**

The Bank's Group Remuneration Policy for Non-Executive Directors is disclosed under Practice 7.1 of Section A of this Corporate Governance Report.

The details of remuneration of each Director of the Bank received/receivable from the Bank and the Group in respect of FY2025 are disclosed on pages 316 and 318 of the 2025 Annual Report.

## Performance management

As the Bank envisioned to be the preferred banking partner, the Bank has set eight (8) strategic growth pillars in its ACCELER8 2027 ambition. The Group's performance is measured using the balanced scorecard approach. It encompasses metrics that are based on the Bank's key financials and franchise-building, focusing on medium to longer-term strategic initiatives and sustainability agenda encompassing the ESG, climate change and human capital including culture. The sustainability key performance indicators (KPIs) covering scaling up sustainable banking business, assisting customers adopt sustainable business practices, reducing the proportion of C5a in portfolio and reducing the Group's greenhouse gas emission are included in our Group corporate scorecard. This scorecard impacts the performance and remuneration of the Group CEO, all Senior Management and key sustainability champions as well as subject matter experts (SMEs). These SMEs are identified and trained or certified in ESG to enhance their ESG competencies and in turn equipped to deliver our ESG initiatives and to competently advise our customers. The Board sets the tone from the top by reviewing and approving the Group's balanced scorecard. The Group SC provides oversight on the sustainability and climate related goals, measures, strategic plans and implementation to ensure we uphold our commitment and deliverables of the sustainability KPIs.

The Group's balanced scorecard is cascaded to the various functional units and employees to ensure alignment with its aspirations. This KPI alignment is measured in its Voice of Employees survey. Since FY2022, we have incorporated ESG-related KPIs for Senior Management and key staff which reflect our commitment to develop and drive compelling ESG values.

The Bank actively manages the performance of employees to ensure a robust link between the achievement of the Bank's objectives, individual performance, and remuneration outcomes. Formal assessments occur biannually, at the middle and end of each performance year.

Employee performance is assessed against what an employee achieves and how he/she achieves it and contributes towards the divisional and overall Bank performance. Individual objectives or Key Performance Indicators represent "what" the employee is expected to achieve. Overall individual performance is calculated based on a ratio of 80% from Objectives and 20% from Values. In addition, the overall performance is subject to penalties that are based on Governance and Control metric set by Risk and Control functions.

To safeguard the independence and authority of employees engaged in Risk and Control functions that cover Compliance, Risk Management and Internal Audit, the performance of employees in Risk and Control functions are assessed independently of the performance of any business areas they oversee. The performance metrics of these employees are based principally on the achievement of the objectives of their job functions, rather than on the financial performance of the Bank. The remuneration of these risk and control functions' employees is positioned at a higher fixed pay component and reviewed annually.

ESG elements are inculcated in the Bank's Total Rewards approach through performance management and risk management considerations. By incorporating ESG-related KPIs for Senior Management and key staffs with the robust linkage between KPIs achievement and the variable remunerations, the Bank strives to drive and reward compelling ESG values within the organisation.

The Group Remuneration Policy governs the design and management of remuneration for employees, including Senior Management of the Group. The policy is reviewed and endorsed by the Group NRC and approved by the Board every two years or earlier whenever material changes are required, to ensure that remuneration practices and programmes are consistent with regulatory requirements and the Group's

aspirations. It covers all employees, including Senior Management of the Group. Sustainability KPIs are carried by Senior Management and differentiated by their role as leaders of business, enablers, and governance. The compensation pool assigned to each Division is dependent on their achievements of their respective KPIs as well as divisions objectives which include the ESG elements or parameters. Hence, the success of these sustainability initiatives will have direct impact to the short-term incentive bonus funding at group, division, and individual levels. Employees covered by collective agreements or subject to labour union negotiations are bound by the terms and conditions of such agreements.

The Bank's total rewards approach is made up of the following components:

<b>Fixed pay</b>	Consists of base salary, and where applicable, cash allowances	Determined based on roles and responsibilities, individual experience and skill sets, the Bank's legal obligations and market competitiveness.
<b>Variable rewards</b>	Consists of Cash Bonus and Deferred Cash	<p>These are not guaranteed and subject to the Bank's results and performance of the work unit and individual employee. This is aligned with prudent risk-taking and incorporates adjustments to reflect:</p> <ul style="list-style-type: none"> <li>i. Financial and non-financial measures of business performance; and</li> <li>ii. The risks related to the business activities, taking into account, where relevant, of the cost of the associated capital.</li> </ul> <p>Deferred Cash is used to comply with regulatory requirements and align with the Bank's risk-reward strategy.</p> <p>Variable remuneration is categorised into Short Term Incentive and Long-Term Incentive.</p> <p><b>Short Term Incentive</b> Consists of performance bonus and sales commission and incentives which are subject to deferred payments.</p> <p><b>Long Term Incentive</b> Consists of share option, performance shares and restricted shares. The employee share plans have expired and pending review for new plans.</p>
<b>Employee Benefits and Well Being</b>	Indirect and non-cash compensation paid to an employee	<p>Employee benefits are used to foster employees' sense of being valued and improve their quality of life. Benefits help employees pay for healthcare, save for retirement, purchase home and car and take time off work when needed focused at delivering flexible and cost-effective programmes that are of value to employees.</p> <p>Fit@Alliance initiatives brings wellness themes of physical, emotional, financial, and social to promote healthy lifestyles among employees.</p>



<b>Career Development &amp; Progression</b>	Conducive environment and opportunities for learning and self-development	<p>Development plan is part of our annual appraisal to identify employees' career aspirations, strengths, and development needs.</p> <p>Career conversations, targeted development interventions, accelerated progression, and mentoring form part of key talent's individual development plan.</p> <p>Robust learning curriculum based on training needs analysis conducted enables upskilling and reskilling set the path towards a future-proofed workforce. Our Learning &amp; Development curriculum outlines five (5) key learning priorities to build future-ready skills and competencies as well as establishing a sustainable business:</p> <ol style="list-style-type: none"> <li>1. A Systematic Way of Approaching Customers.</li> <li>2. Harnessing Digital to Improve Customer Value Proposition &amp; Scale Up.</li> <li>3. Leveraging Technology to Streamline Processes.</li> <li>4. Managers Enabling Teams to Succeed.</li> <li>5. Keeping the Bank Safe and Sustainable.</li> </ol> <p>Coaching and continuous feedback promote learning from others.</p>	
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#### **Determining variable remuneration**

The Board approved the Short-Term Incentive Framework in 2017 to ensure the variable remuneration complies with the BNM Policy Document on Corporate Governance. The framework was subsequently included in the Group Remuneration Policy and is subject to periodic review to ensure the variable remuneration complies with the BNM Policy Document on Corporate Governance. The Group Bonus Pool is determined based on the overall Group performance and is subject to risk adjustments. The Group NRC takes into consideration collective input from Internal Audit, Risk Management and Compliance on both quantitative and qualitative risk outcomes to determine the need for moderation to the Group Bonus Pool. The final Group Bonus Pool is approved by the Board.

Individual employees are also accountable to keep the Bank safe via their daily contribution to risk, compliance, and control measures. A consequence management framework is in place to keep employees informed of the consequences of significant breaches or non-compliance which includes disciplinary actions and impact to remuneration.

The Bank has identified Material Risk Takers ("MRTs") comprising the Senior Management and other officers who are not members of the Senior Management whose responsibilities have a material impact on the Group's performance and risk profile. The variable remuneration of MRTs and other highly remunerated employees is subject to the deferral policy. The deferral serves to align remuneration payment schedules with the time horizon of risks and the potential for financial risks to crystallise over a longer period of time. Under the deferral policy, the variable remuneration is subject to a progressive deferral rate of up to 40%. The deferral rate increases with the higher amount of variable remuneration

payable to the eligible employees. The deferred portion or award will vest equally over a period of three years. The deferred awards, both unvested and vested portions, are subject to forfeiture and clawback in the event of a material restatement of the Bank or business unit's financials or significant deterioration in the Bank or business unit's financial health and/or if the employee has committed misconduct or resigned.

The following depicts the total value of remuneration awarded to the Senior Management and Other MRTs of the Bank in respect of FY2025.

- Senior Management of the Group are defined as the Group CEO and members of the Group Management Committee. There were 16 Senior Management in FY2025.
- In addition to all Senior Management who were identified as MRTs, there were 28 Other MRTs in FY2025.

Table 1: Remuneration awarded to Senior Management and Other MRTs in FY2025:

Category	Senior Management (RM'000)	Other MRTs (RM'000)
Fixed pay	19,093	13,969
Variable pay – cash based	10,514	5,383
Deferred Variable Pay – cash based	4,449	750

Table 2: Breakdown of deferred remuneration:

Category	Senior Management	Other MRTs
<b>Total amount of outstanding deferred remuneration</b>		
• Cash (RM'000)	5,627	901
• Shares (RM'000)	-	-
<b>Total amount of deferred remuneration paid out during the financial year</b>		
• Cash (RM'000)	3,570	201
• Shares (RM'000)	-	-
<b>Outstanding deferred remuneration (performance adjustments):</b>		
• Of which exposed to ex-post adjustments	100%	100%
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-
<b>Outstanding retained remuneration (performance adjustments)</b>		
• Of which exposed to ex-post adjustments	-	-
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-

Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.

Examples of implicit ex-post adjustments include fluctuations in the value of shares or performance units.

Table 3: Guaranteed Bonuses, Sign-on Awards and Severance Payment for FY2025

Category	Senior Management	Other MRTs
Number of guaranteed bonuses	-	-
Number of sign-on awards	-	-
Number of severance payments	-	-
Total amounts of above payment made for the financial year (RM'000)	-	-

#### Group CEO Remuneration Data

Category	Cash (RM'000)	Shares (RM'000)	Other Emoluments (Employer Statutory + BIK) (RM'000)	Total (RM'000)
Fixed Remuneration & Variable Remuneration	3,000	0	516	3,516
Non-Deferred (Cash Bonus FY25)	3,380	0	406	3,786
Deferred (Deferred Cash Award FY23 - 2nd tranche & FY24 - 1st tranche)	867	0	104	971
<b>Total Remuneration Award for FY25</b>	<b>7,247</b>	<b>0</b>	<b>1,026</b>	<b>8,273</b>