



**ALLIANCE BANK**



# **THE BANK FOR LIFE**

## **ANNUAL REPORT 2025**



# THE BANK FOR LIFE

## Cover Design Story

The cover design of Alliance Bank Malaysia Berhad's Annual Report 2025 tells a story of life's many meaningful milestones, capturing the diverse and joyful experiences of Malaysians from all walks of life. It reflects the tagline "THE BANK FOR LIFE," celebrating the moments that define each stage of life—whether it's nurturing a family, achieving professional goals, growing a business, or planning for a secure future. At every turn, Alliance Bank stands as a trusted partner, offering tailored financial solutions to support these aspirations.

This visual narrative highlights the Bank's commitment to diversity, inclusivity, and strong customer relationships. By portraying customers at various stages of life, it underscores the human connections and shared successes that make these journeys so rewarding. It is a story not just about banking, but about building lasting relationships and empowering people to achieve their dreams in an ever-evolving world.

At its heart, this design reflects Alliance Bank's unwavering dedication to being more than just a financial institution—it is a partner for life. A bank that supports, inspires, and guides its customers towards a future filled with opportunity and success, ensuring that at every stage of life, they have the right financial partner by their side.

**Scan Here**

*With that, we would also like to share with you our brand video which you can view by scanning the QR code here, which captures touching stories of our customers in their everyday lives.*



# ALLIANCE BANK MALAYSIA BERHAD ANNUAL REPORT 2025

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## About This Report

**This Integrated Annual Report (“Report”) aims to provide comprehensive yet concise information covering Alliance Bank Malaysia Berhad’s (“Alliance Bank” or “ABMB” or “the Bank”) key developments, challenges, solutions and overall value creation efforts for the financial year ended 31 March 2025 (“FY2025”).**

It also aims to inform our stakeholders regarding our outlook and prospects as well as the key strategies and risk mitigation techniques we are leveraging to deliver ongoing and sustainable value.

Through this Report, we aim to demonstrate our commitment to accountability and transparency in order to strengthen the trust of our stakeholders.

Guided by:

- The International Integrated Reporting Framework under the responsibility of the IFRS Foundation as of August 2022
- Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements
- Bursa Malaysia Corporate Governance Guide
- Malaysian Code on Corporate Governance 2021
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- Bank Negara Malaysia Policy Documents and Guidelines
- Third edition of Bursa Malaysia’s Sustainability Reporting Guide
- Task Force on Climate-related Financial Disclosures (“TCFD”)
- Global Reporting Initiative (“GRI”) Standards 2021
- United Nations Sustainable Development Goals (“UN SDGs”)
- FTSE4Good Bursa Malaysia Index

### STAKEHOLDER RELATIONSHIPS AND MATERIALITY

- We apply the principles of Stakeholder Relationships and the concept of Materiality to define and substantiate what creates value for the Bank.
- This means understanding and responding to the needs of our stakeholders and material matters that impact our ability to create value.
- Accordingly, we have identified seven key stakeholders (refer to “Key Stakeholder Engagement” on page 50), and 14 material matters (refer to “Material Matters” on page 55).

### SCOPE AND BOUNDARY

- This Report extends beyond financial reporting to include non-financial performance and achievements. We present information pertaining to how we create value for investors and other key stakeholders, including our employees, customers, government agencies, and regulatory authorities, as well as our suppliers and the communities in which we operate.
- This Report covers the primary activities of the ABMB Group, our business segments, subsidiaries, as well as joint venture operations (where relevant) in Malaysia.
- It covers the period from 1 April 2024 to 31 March 2025 (“FY2025”) unless stated otherwise and builds on our previous publications.

### FORWARD-LOOKING STATEMENTS

- This Report contains certain forward-looking statements, relating to information on future directions, strategies, potential risks, risk mitigation techniques and performance.
- The statements and forecasts in this Report are based on current assumptions and circumstances, which could change, hence they necessarily involve uncertainty. Readers are advised not to place undue reliance on such forward-looking statements as actual implementation and results may differ depending on various risk factors and market uncertainties, which may be unforeseeable.



For more information about Alliance Bank Malaysia Berhad, please scan the QR code or visit our website at [www.alliancebank.com.my](http://www.alliancebank.com.my)

### Our Capital



#### Financial Capital

- Represents our financial position to support the value creation process.



#### Manufactured Capital

- Represents our digital channels and platforms to support the value creation process.



#### Intellectual Capital

- Represents our brand value, experience, and knowledge to support the value creation process.



#### Human Capital

- Represents our skillful workforce to carry out business activities and to support the value creation process.



#### Social and Relationship Capital

- Represents our relationship with stakeholders to enhance individual and collective well-being.



## Corporate Profile

Alliance Bank Malaysia Berhad was incorporated in Malaysia on 3 August 1982 under the name of Malaysian French Bank Berhad. In 1996, it assumed the name of Multi-Purpose Bank Berhad. Following the successful merger of seven financial institutions in January 2001, the Bank assumed its present name.



On 26 September 2017, the Bank was listed on the Official List of the Main Market of Bursa Malaysia Securities Berhad by assuming the listing status of its then holding company, Alliance Financial Group Berhad upon the completion of a corporate reorganisation exercise.

Today, Alliance Bank and its subsidiary Alliance Islamic Bank Berhad, is a dynamic, integrated financial services group offering banking and financial solutions through its consumer banking, SME banking, corporate and commercial banking, and Islamic banking businesses.

The Bank provides fast, simple and responsive services that meet the needs of its customers via multi-pronged delivery channels which include retail branches, Privilege Banking Centres and Business Centres at branches located nationwide, as well as mobile and internet banking.

# Corporate Information

As at 6 June 2025

## DIRECTORS

### Tan Sri Amirsham Bin A Aziz

Chairman, Independent Director

### Wong Yuen Weng Ernest

Deputy Chairman,  
Non-Independent Non-Executive Director

### Tan Chian Khong

Independent Director

### Susan Yuen Su Min

Independent Director

### Lum Piew

Independent Director

### Cheryl Khor Hui Peng

Independent Director

### Chia Yew Hock Wilson

Non-Independent Non-Executive Director

### Dr. John Lee Hin Hock

Independent Director

### Stephen Oong Kee Leong

Independent Director

### Lily Rozita Binti Mohamad Khairi

Independent Director

## GROUP EXECUTIVE COMMITTEE\*

### Wong Yuen Weng Ernest (Chairman)

Non-Independent Non-Executive Director

### Tan Sri Amirsham Bin A Aziz

Independent Director

### Tan Chian Khong

Independent Director

### Chia Yew Hock Wilson

Non-Independent Non-Executive Director

### Stephen Oong Kee Leong

Independent Director

## GROUP NOMINATION & REMUNERATION COMMITTEE\*

### Susan Yuen Su Min (Chairman)

Independent Director

### Wong Yuen Weng Ernest

Non-Independent Non-Executive Director

### Dr. John Lee Hin Hock

Independent Director

## GROUP AUDIT COMMITTEE\*

### Tan Chian Khong (Chairman)

Independent Director

### Cheryl Khor Hui Peng

Independent Director

### Stephen Oong Kee Leong

Independent Director

### Lily Rozita Binti Mohamad Khairi

Independent Director

## GROUP RISK MANAGEMENT COMMITTEE\*

### Dr. John Lee Hin Hock (Chairman)

Independent Director

### Lum Piew

Independent Director

### Chia Yew Hock Wilson

Non-Independent Non-Executive Director

### Lily Rozita Binti Mohamad Khairi

Independent Director

### Tuan Haji Ibrahim Bin Hassan

Independent Director of Alliance Islamic Bank Berhad

Notes:

\* Operates on a Group basis, covering the Bank and its principal subsidiary, Alliance Islamic Bank Berhad.

^ Resides in Alliance Islamic Bank Berhad.

## Corporate Information

As at 6 June 2025

## GROUP SUSTAINABILITY COMMITTEE\*

**Susan Yuen Su Min** (Chairman)

Independent Director

**Cheryl Khor Hui Peng**

Independent Director

**Chia Yew Hock Wilson**

Non-Independent Non-Executive Director

**Dato' Ahmad Hisham Bin Kamaruddin**

Independent Director of Alliance Islamic Bank Berhad

## GROUP INFORMATION TECHNOLOGY COMMITTEE\*

**Lum Piew** (Chairman)

Independent Director

**Cheryl Khor Hui Peng**

Independent Director

**Chia Yew Hock Wilson**

Non-Independent Non-Executive Director

## SHARIAH COMMITTEE ^

**Dr Tuan Badrul Hisyam Bin Tuan Soh** (Chairman)**Tuan Haji Rustam Bin Mohd Idris****Professor Dr Muhamad Rahimi Bin Osman****Assistant Professor Dr Muhammad Naim Bin Omar****Ustaz Ahmad Fauwaz Bin Ali @ Fadzil**

## GROUP CHIEF EXECUTIVE OFFICER

**Kellee Kam Chee Khiong**

## GROUP COMPANY SECRETARY

**Lee Wei Yen**

(MAICSA 7001798)

(SSM PC No. 202008002080)

## REGISTERED OFFICE

3<sup>rd</sup> Floor, Menara Multi-Purpose

Capital Square

No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur, Malaysia

Tel : 03-2604 3333

Fax : 03-2694 6200

Website : [www.alliancebank.com.my](http://www.alliancebank.com.my)Email : [enquiry@alliancefg.com](mailto:enquiry@alliancefg.com)

## INVESTOR RELATIONS

**Tan Hong Ian**

Head of Investor Relations

Tel : 03-2604 3370

Email : [investor\\_relations@alliancefg.com](mailto:investor_relations@alliancefg.com)

## REGISTRAR

ShareWorks Sdn Bhd

No. 2-1, Jalan Sri Hartamas 8

Sri Hartamas

50480 Kuala Lumpur, Malaysia

Tel : 03-6201 1120

Fax : 03-6201 3121

Email : [ir@shareworks.com.my](mailto:ir@shareworks.com.my)

## AUDITORS

PricewaterhouseCoopers PLT

Level 10, Menara TH 1 Sentral

Jalan Rakyat

Kuala Lumpur Sentral

50706 Kuala Lumpur, Malaysia

## PRINCIPAL BANKER

Alliance Bank Malaysia Berhad

## BURSA MALAYSIA STOCK NAME/CODE

ABMB/2488



# Corporate Structure

As at 6 June 2025



**Note:**

This chart features only the operating companies and does not include companies that are under members' voluntary winding up.

The following wholly-owned subsidiaries of Alliance Bank are under members' voluntary winding up:

- AIBB Berhad (formerly known as Alliance Investment Bank Berhad) (197401004393 (21605-D)).
- Alliance Financial Group Berhad (196601000162 (6627-X)).
- Kota Indrapura Development Corporation Berhad (196301000435 (5275-A)).

## Products and Services

### ALLIANCE BANK MALAYSIA BERHAD



#### DIGITAL BANKING

##### allianceonline Internet Banking (24x7 service availability)

- Account Overview
- Alliance SavePlus Account Opening
- Alliance XChange Account Opening
- Alliance XChange Fixed Deposit
- e-Fixed Deposit
- e-Fixed Deposit Gold
- e-Foreign Telegraphic Transfer/Foreign Remittance
- e-Statement
- FPX Payment
- Bill Payment (JomPAY)
- Credit Card Balance Transfer & Fast Cash
- Credit Card Payment  
(Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- Fund Transfer  
(Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- Loan Payment  
(Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Prepaid Reload
- EPF Transfer
- e-IPO
- Transaction History
- Cheque Services (Inquiry/Stop/Cheque Book Request)
- View Direct Debit Mandate
- View Foreign Exchange Rates/e-Rates/Interest Rates
- Cybercrime Insurance Application
- Personal Loan/Financing Application
- Update Mailing Address
- Update Email Address
- Update House Phone Number
- Update Office Phone Number
- Live Chat
- DuitNow ID Maintenance
- Manage Favourite Account
- Stock Trading Sign On
- Link/Unlink Account
- Lock Payment
- Terminate Mobile Access
- Retrieval of Transaction Receipt

## Products and Services



### DIGITAL BANKING

#### allianceonline Internet Banking (24x7 service availability)

- Account Overview
- Alliance SavePlus Account Opening
- e-Fixed Deposit
- e-Fixed Deposit Gold
- Bill Payment (JomPAY)
- Credit Card Balance Transfer & Fast Cash
- Credit Card Payment  
(Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- Fund Transfer  
(Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- Loan Payment (Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- DuitNow QR
- Prepaid Reload
- EPF Transfer
- Mobile Secure Approval (MSA) & Mobile Security
- Code (MSC) Transaction Authorisation
- Smart Reminder
- Transaction History
- Transaction Push Notification
- Share Payment Receipt
- DuitNow ID Maintenance
- DuitNow QR Limit Maintenance
- Manage Favourite Account
- JomPAY QR Payment
- Cybercrime Insurance Application
- Personal Loan/Financing Application
- Travel Insurance Application
- Home Insurance Application
- Personal Insurance Application
- Lock Payment
- Terminate Mobile Access
- Debit Card Activation
- e-KYC Debit Card Limit Maintenance
- e-KYC SavePlus Account Opening
- e-KYC Credit Card Application
- e-KYC Personal Loan/Financing Application
- Account Opening for Local Workers
- Remote Wealth: Wealth Management
- Remote Banking: Fixed Deposit Placement
- Remote Banking: Alliance Privilege / Alliance Personal Application
- Remote Banking: Contact Details Service Request
- Virtual Credit Card with Dynamic Card Number
- e-Statement
- Sole Credit Card Customer Mobile Banking Activation
- Login via Face ID or Fingerprint

#### Virtual Credit Card

- Alliance Bank Visa Platinum Virtual Credit Card Application
- Virtual Credit Card Account Overview
- DuitNow QR
- JomPAY QR Payment
- Bill Payment JomPAY
- Credit Card Fast Cash
- Transaction History
- Create One-time Card Number
- Create Subscription Card Number
- View All Created Cards
- Show Subscription Card Information
- Edit Subscription Card Number
- Customise Subscription Card Appearance
- Freeze Subscription Card
- Delete Subscription Card
- Change PIN
- Forgot PIN
- Change QR Payment Limit
- Flexi Payment Plan Application
- Credit Card repayment via FPX
- Near Field Communication (NFC) Payments via Google Pay and Samsung Pay



### PERSONAL BANKING

#### CONSUMER BANKING

##### Deposits

- Alliance SavePlus Account
- Alliance Hybrid Account
- Alliance Premium Hybrid Account
- Current Account/Basic Current Account
- Foreign Currency Current Account
- Alliance XChange Account  
(via allianceonline Internet Banking)
- Basic Savings Account
- Alliance My eSaving Account
- Alliance Buddy Account
- Fixed Deposit
- Alliance Fixed Deposit Gold
- Foreign Currency Fixed Deposit
- eFixed Deposit (via allianceonline Internet Banking)
- eFixed Deposit Gold (via allianceonline Internet Banking)
- Alliance XChange Fixed Deposit  
(via allianceonline Internet Banking)
- Safe Deposit Box



## Products and Services



### PERSONAL BANKING

#### WEALTH MANAGEMENT

##### Bancassurance

- EliteLife Signature Legacy
- EliteLife Signature Saver
- Elite Life Guard 2
- Elite Life Guard Plus 2
- Elite Smart Invest
- Elite Income 88
- Elite Max 88
- Mortgage Level Term Assurance
- Mortgage Level Term Takaful
- Mortgage Reducing Term Assurance
- Mortgage Reducing Term Takaful
- Personal Loan - Group Credit Family Takaful
- Personal Loan Reducing Term Assurance
- Z-Alliance MediWise
- Z-Alliance Cyber Protect (Conventional & Takaful)
- Z-Alliance Youngstar Protect (Conventional & Takaful)
- Z-Alliance Comprehensive Home Safe (Conventional & Takaful)
- Z-Alliance Secure (Conventional & Takaful)
- Z-Alliance Safe Deposit Box
- Z-Alliance Travel (Conventional & Takaful)
- Z-Driver Motor Insurance
- Z-Drive Assist
- Z-Alliance Homeowner Premier (Conventional & Takaful)
- Z-HomeProtect

##### Unit Trust

- Balanced Funds
- Bond Funds
- Equity Funds
- Money Market Funds

##### Retail Securities

- Foreign Currency Retail Securities
- MYR-denominated Retail Securities

##### Structured Investment

- KLIBOR Inverse Floater Structured Investment
- KLIBOR Range Accrual Structured Investment
- Basket Equity-Linked Knock-In Knock-Out Structured Investment
- Bonus Enhanced Equity-Linked Structured Investment
- CMS Spread Linked Structured Investment
- CMS Spread Range Accrual Structured Investment
- Dual Currency Investment

- Equity-Linked Convertible Structured Investment
- Equity-Linked Structured Investment
- ETF-Linked Structured Investment
- Fund-Linked Structured Investment
- Interest-rate Linked Structured Investment
- Power Dual Currency Investment
- Principal Protected Twinwin Equity Linked Structured Investment
- Principal Protected Sharkfin Call Equity Linked Structured Investment

#### RETAIL BROKING & INVESTMENT LENDING

- Online stock trading platform for retail clients (available on internet and mobile app)
- Dedicated Omni-Channels to serve our customers
  - Call and Trade through Alliance Bank's Share Trading Centres (STC), relationship managed and serviced by our equity specialists/ bank dealers
  - Daily research reports and stock trading ideas

##### Share Margin Financing

- ESOS/IPO/Placement Financing Account
- External Margin Account
- Foreign Share Margin
- Portfolio Financing Account
- Share Margin + Trading 2-in-1 Account

##### Share Trading Account

- Cash Upfront Trading Account
- Collateralised Trading Account
- Flexi 7 Account
- Foreign Share Trading

#### CONVENTIONAL LOANS

- Alliance CashFirst Personal Loan
- Alliance Conventional Commercial Property Loan
- Alliance Conventional Home Loan
- Alliance ONE Account
- Overdraft against Property
- Overdraft against Fixed Deposit
- Alliance Home Complete
- Skim Jaminan Kredit Perumahan (SJKP)

## Products and Services



### PERSONAL BANKING

#### CARDS

##### Credit Card

- Alliance Bank Visa Basic Credit Card
- Alliance Bank Visa and MasterCard Classic Credit Cards
- Alliance Bank Visa and MasterCard Gold Credit Cards
- Alliance Bank Visa Platinum Virtual Credit Card
- Alliance Bank Visa Platinum Credit Card
- Alliance Bank MasterCard Platinum Credit Card
- Alliance Bank Visa Signature Credit Card
- Alliance Bank Visa Signature Alliance Privilege Credit Card
- Alliance Bank Visa Infinite Credit Card
- Alliance Bank You:nique Rates Credit Card
- Alliance Bank You:nique Rebates Credit Card
- Alliance Bank You:nique Rewards Credit Card

##### Debit Card

- Alliance Hybrid Standard Debit Card
- Alliance Hybrid PB Platinum Debit Card
- Alliance Hybrid AP Platinum Debit Card
- Alliance My eSaving Debit Card
- Alliance Hybrid EcoWorld Debit Card



### BUSINESS BANKING

#### DIGITAL SME

- Digital Business Current Account
- Digital SME Express Financing
- Digital SME Cash Flow Financing
- Digital SME Startup Financing
- Digital SME Overdraft Facility

#### SME

##### Bancassurance

- Business Loan Level Term Assurance
- Business Loan Reducing Term Assurance
- Refund of Premium Rider/Critical Illness Rider
- Business Reducing Term Takaful
- Business Level Term Takaful
- Fire Zurich Essential Fire Insurance
- Homeowner Premier Insurance
- Marine - Moc Declaration
- Marine Cargo Liability
- Erection All Risks
- Workmen's Compensation
- Public Liability

- General Accident - Burglary
- General Accident - Plate Glass
- General Accident - Equipment All Risks
- General Accident - Money
- Enhanced Group Hospital and Surgical (EGHS)
- Z-Alliance Motor
- Commercial Vehicle Insurance
- Fire Consequential Loss
- Employer's Liability
- Contractors' All Risks
- Foreign Workers (Immigration Bond - IG)
- Z Property Plus Insurance
- Z-Alliance Biz Protect
- Z-Homeprotect Insurance
- Fire Zurich Essential Fire Takaful
- Homeowner Premier Takaful
- Houseowner Takaful

##### Business Credit Card

- Alliance Bank Visa Business Platinum Credit Card
- Alliance Bank MasterCard Business Platinum Credit Card
- Alliance Bank Visa Infinite Business Credit Card

##### Cash Management

- Business Deposit Account
  - Business Current Account
  - Business Fixed Deposit (FD)
  - Business eFD (via Alliance BizSmart®)
  - Business Foreign Currency Current Account
  - Business Foreign Currency Fixed Deposit
- Biz-Xpress Card
- Liquidity Management
  - Business Reward Service (BRS)
  - Sweep Facilities
- Alliance BizSmart® Online Banking & BizSmart® Mobile
  - Account Management
    - » Consolidated Account Inquiry Transaction History
    - » Online Statement
    - » Merchant Payment Advice Tax Invoice Download
  - Account Management
    - » Fund Transfer
    - » (DuitNow Transfer/GIRO/Pay to Alliance Bank)
    - » Remittance (RENTAS/Foreign Telegraphic Transfer)
    - » Bill Payment (JomPAY/Direct Bills/MyGST/Prepaid Reload)
    - » FPX Payment
    - » Bulk Payment
    - » Salary and Statutory Contribution (LHDN, EPF, SOCSO)
    - » E-Dividend Payment
    - » Auto Debit
    - » DuitNow Request & DuitNow AutoDebit
    - » DuitNow Online Banking

## Products and Services



### BUSINESS BANKING

- Collection Services
  - » JomPAY Collection
  - » FPX Collection
  - » DuitNow Request & DuitNow AutoDebit DuitNow Online Banking
  - » Direct Debit
  - » Auto Debit
- eFD Inquiry/Placement/Withdrawal
- BizSmart® eTrade Inquiry/Application/Approval
  - » e-Bankers Acceptance (eBA)
  - » e-Trust Receipt (eTR)
  - » e-Promissory Note (ePN)
  - » e-Letter of Credit (eLC)
  - » e-Bank Guarantee (eBG)
- e-KYC Business Current Account Opening
- Login & transaction approval with biometric
- Smart Reminder
- Quick Payment
- Self-terminate mobile access
- BOB, BizSmart® Chatbot
- Account Balance Notification via BizSmart® Mobile

#### Credit Facilities

- Equipment Financing
- Foreign Exchange
- Oil Palm Plantation Financing
- Schemes promoted by SJPP/CGC/Government
- SME ESG Financing
- SME Express Loan/Financing
- Working Capital Financing

#### Foreign Exchange

#### Interest Rate Swap

#### Trade Financing

- Bank Guarantee
- Bankers Acceptance
- Export Bills for Collection
- Export Bills Purchased/Discounted
- Export Credit Refinancing
- Export LC Negotiation
- Foreign Currency Trade Loan
- Import Bills of Collection
- Letter of Credit
- Promissory Note
- Shipping Guarantee
- Trust Receipt
- Vendor Financing

### FINANCIAL MARKETS

- Bankers Acceptance
- Equity-Linked Investments
- Foreign Exchange Transactions
- Hedging Solution
  - Cross-currency Swap
  - Currency Options
  - Interest Rate Swap
- Money Market Deposit
- Negotiable Instrument of Deposit
- Structured Investments
  - FX Privileged Single/Double Par Forward Structured Investment
  - FX Bull/Bear Structured Investment
  - Bonus Enhanced Equity-Linked Structured Investment
  - CMS Spread Linked Structured Investment
  - CMS Spread Range Accrual Structured Investment
  - CMS Linked Inverse Floater Structured Investment
  - Non Principal Protected Interest Rate Structured Investment
  - Equity-Linked Structured Investment
  - Equity-Linked Convertible Structured Investment
  - Basket Equity-Linked Knock-In Knock-Out Structured Investment
  - Fund-Linked Structured Investment
  - ETF-Linked KIKO Structured Investment
  - Dual Currency Investment
  - Power Dual Currency Investment
  - MYR KLIBOR Inverse Floaters Structured Investment
  - Range Accrual Structured Investment
  - Credit-Linked Structured Investment
  - Principal Protected Sharkfin Structured Investment
  - Principal Protected TwinWin Structured Investment
  - Principal Protected Digital Basket Equity Structured Investment



## Products and Services



### ALLIANCE ISLAMIC BANK BERHAD

#### Halal in One Programme

##### Deposits

- Alliance Hybrid Account-i
- Alliance SavePlus Account-i
- Alliance My eSavings Account-i
- Alliance Junior Smart Saver-i
- Alliance Term Deposit-i
- e-Alliance Term Deposit-I (via allianceonline)
- Junior Smart Term Deposit-i
- Current Account-i
- Savings Account-i
- Basic Current Account-i
- Basic Savings Account-i
- allianceonline Banking

##### Debit Card

- Alliance Hybrid AP Platinum Debit Card\*
- Alliance Hybrid PB Platinum Debit Card\*
- Alliance Hybrid Standard Debit Card\*
- Alliance Junior Debit Card\*
- Alliance My eSaving Debit Card\*

Note:

- \* Universal debit card

#### WEALTH PROTECTION

##### Personal Needs

- Big 3 Critical Illness
- Takaful Kasih
- Motor Takaful
- Fire / Houseowner / Householder Insurance
- Personal Accident Takaful
- Travel Takaful

##### Credit Related

- Mortgage Reducing Term Takaful (MRTT)
- Mortgage Level Term Takaful (MLTT)
- Group Credit Family Takaful (GCFT)

#### Commercials

- Business Reducing Term Takaful (BRTT)
- Business Level Term Takaful (BLTT)
- Return of Contribution (BLTT Plus)
- Liability Takaful
- Fire Business Interruption Takaful
- Goods in Transit Takaful
- Money Takaful
- Burglary / Theft Takaful
- Fidelity Guarantee Takaful

#### WEALTH ACCUMULATION

##### Unit Trust Funds

- ASB
- ASB 2
- ASB3 Didik
- ASM
- ASM 2 Wawasan
- ASM 3
- ASN Sukuk
- ASN Sara 1
- ASN Sara 2
- ASN Imbang 1
- ASN Imbang 2
- ASN Imbang 3
- Amanah Saham Nasional
- ASN Equity 2
- ASN Equity 3
- ASN Equity 5
- ASN Equity Global
- BIMB ESG Sukuk Fund
- BIMB-Arabesque Global Shariah Sustainable Equity Fund (BGSEF)
- BIMB-ARABESQUE i Global Dividend Fund 1
- BIMB-ARABESQUE Malaysia Shariah-ESG Equity Fund
- TA Global Absolute Alpha-i Fund

##### Sukuk

- Retail Sukuk

##### Consumer Financing

- Cashline Facility-i
- CashVantage Financing-i
- Commodity Murabahah Term Financing-i (Home Financing and Term Financing programmes)

## Products and Services

### Business Financing

- Cashline Facility-i
- Commodity Murabahah Revolving Credit-i
- Commodity Murabahah Term Financing-i
- Industrial Hire Purchase-i
- Revolving Credit-i
- Schemes promoted by CGC/BNM/SME Corp/Government
- Halal in One Financing programme
- Islamic Sustainability Financing programme

### Trade Financing and Services

- Accepted Bills-i
- Bank Guarantee-i
- Export Bills for Collection-i
- Export Bills Purchased-i/Discounted-i
- Export Credit Refinancing-i (Pre-shipment/Post-shipment)
- Export Letter of Credit-i (Advising/Confirmation/Transferring)
- Import Bills for Collection-i
- Letter of Credit-i
- Murabahah Trust Receipt-i
- Murabahah Working Capital Financing-i
- Shipping Guarantee-i
- Invoice Financing-i

### Financial Markets

- IPRS Murabahah-i
- Islamic Acceptance of Bills
- Money Market Deposit-i
- Negotiable Islamic Deposits Certificate

### Corporate Finance

- Initial Public Offering (IPO)
  - A public offering of new securities or the sale of existing securities for companies seeking listing and quotation on Bursa Malaysia Securities Berhad
- Secondary Equity Offering
  - Fund raising for listed companies, including rights issues, restricted issues, private placements, special issues of securities and/or equity-linked securities
- Mergers, Takeovers and Acquisitions
- Corporate Rationalisation and Restructuring
  - Corporate restructuring and rationalisation, including but not limited to reorganisations and changes in core businesses
- Independent Advice
  - Independent view and recommendation on related-party transactions, general offers, general offer exemptions, and major disposals

- Transfer of Listing to the MAIN and ACE Market of Bursa Malaysia Securities Berhad
- Other Services
  - Employee share option and incentive plans, dividend reinvestment plans, bonus issues, and share splits

### Corporate Bonds and Sukuk

- Advisory and arrangement of Corporate Bonds and Sukuk involving:
  - Commercial Papers
  - Medium Term Notes
  - Unrated Bonds/Sukuk
  - Green, Social, Sustainability and Sustainability-linked Bonds/Sukuk (including SRI Sukuk)
  - Project Finance
  - Debt restructuring and refinancing
  - Perpetual Bonds/Sukuk
  - Convertible or Exchangeable Bonds/Sukuk
  - Asset Securitisation and Structured Finance

### Equity Capital Market

- Book-Building/Accelerated Book-Building of Equity and Equity-Linked Instruments
- Primary and Secondary Private Placements of Equity and Equity-Linked Instruments
- Underwriting and Private Placements of Initial Public Offerings
- Underwriting and Private Placements of Real Estate Investment Trusts (REITs)
- Underwritings of Rights Issues

### ALLIANCEDBS RESEARCH SDN BHD

- Economic Research
- Investment Research
- Industry Research
- Investment Advisory Services

### ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD

### ALLIANCEGROUP NOMINEES (ASING) SDN BHD

## Our Vision



### The Preferred Banking Partner

We are a community-centric institution that strives to serve businesses and consumers every day in a positive and meaningful way.

- ▶ We partner with our customers across all their banking needs to help them achieve their life aspirations.
- ▶ We partner with our business associates to build innovative solutions with deep domain expertise for our customers.
- ▶ We partner with our employees to create an engaged and inclusive workplace that fosters a strong sense of belonging.
- ▶ We partner with our community to improve their well-being by promoting environmentally responsible actions, empowering financial aspirations and supporting entrepreneurship.

## Our Mission



### Building Alliances to Improve Lives

In line with the Bank's strategy to build lifetime relationships with our local communities, we believe that we play an important role in improving lives. Trust and community-centricity have always been the hallmark of our Bank and we strive to create meaningful engagements with our customers, shareholders, investors, employees and the community every day. We aim to do this by building alliances with partners who share our values, so that we can succeed together.







## Our Brand Purpose

### The Bank For Life

We believe that banking should be more than just a transactional experience. Beyond just a bank, we strive to be a true partner that supports our customers through every stage of their financial journey. We offer a wide range of solutions for any life events, and aspire to be the bank for the entire lifetime of our customers.

- We want our customers to recognise that we are committed to providing personalised, high-quality service that exceeds their expectations.
- We want people (customers and employees) to recognise that we will always put their interests first.
- We want our customers to see us as a trusted partner they can turn to in times of need.
- We want to inspire our local community to join us in building a more sustainable and greener world to improve lives.



## Our Values: AGILE

**We strive to be fast and responsive, while embracing a challenger mindset**

- A Accountability**  
we are responsible and take ownership
- G Growth-driven**  
we work together to grow sustainably
- I Integrity**  
we are fair, transparent and inclusive
- L Leadership**  
we take charge with respect and empathy
- E Excellence**  
we deliver superior outcomes

## Key Highlights of FY2025

### FINANCIAL HIGHLIGHTS

REVENUE  
(RM billion)

**2.3**

NET PROFIT  
AFTER TAX  
(RM million)

**750.7**

DEPOSITS FROM  
CUSTOMERS  
(RM billion)

**65.8**

RETURN ON  
EQUITY (%)

**10.3**

DIVIDEND PER  
SHARE (Sen)

**19.4**



COST-TO-  
INCOME  
RATIO (%)

**48.0**

CASA RATIO  
(%)

**41.0**

EARNINGS  
PER SHARE  
(Sen)

**48.5**

NET INTEREST  
MARGIN  
(%)

**2.45**

COMMON EQUITY TIER 1  
(CET1) CAPITAL RATIO  
(%)

**12.2**

## Key Highlights of FY2025

## ABOUT ACCELER8 2027

As we complete the second year of our Acceler8 transformation strategy, Alliance Bank remains committed to driving sustainable growth and strengthening our position as a trusted financial partner. Since its launch in January 2023, the transformation strategy has propelled us forward, delivering positive momentum despite evolving market challenges. Building on our initial successes, we will continue to focus on broadening our reach beyond SME, expanding our growth engines across eight strategic pillars, and reinforcing our commitment to creating value for our stakeholders. This year, we have sharpened our efforts in enhancing return on equity (ROE), elevating customer satisfaction, and advancing ESG initiatives while refining key enablers such as talent development, digital transformation, and risk management. The dedication of Team Alliance in executing these initiatives effectively has driven solid progress across both financial and non-financial metrics, positioning us for sustained success in the years ahead.



**Vision:** The Preferred Banking Partner  
**Mission:** Building Alliances to Improve Lives

## FY2027 AMBITIONS

|  |   |                               |                           |
|--|---|-------------------------------|---------------------------|
| <b>Financials</b><br>• Top quartile return on equity ("ROE") | <b>Best-in-class customer NPS &amp; TAT</b> | <b>Top employer of choice</b> | <b>Solid ESG progress</b> |
|--|---|-------------------------------|---------------------------|

## GROWTH OPPORTUNITIES

- |   |   |   |   |
|---|---|---|---|
| <b>1</b> Continue velocity on <b>SME expansion strategy</b>             | <b>3</b> Broaden consumer <b>business</b> , targeting attractive segments | <b>5</b> Become <b>regional champion</b> for selected economic corridors                                  | <b>7</b> Accelerate <b>Islamic business</b> , leveraging unique propositions                  |
| <b>2</b> Support our <b>business customers</b> through their life cycle | <b>4</b> Target resilient <b>ecosystems</b> across their value chain      | <b>6</b> Drive <b>synergies</b> and value creation in our <b>corporate &amp; capital markets business</b> | <b>8</b> Leverage <b>partnerships</b> to scale product offering, distribution and drive value |

## KEY ENABLERS

|  |  |   |  |
|--|--|---|--|
| Drive <b>talent and culture</b> transformation | Refine <b>credit</b> approach                                | Refresh <b>branding and communication</b>             | Accelerate <b>IT transformation</b>      |
| Enhance <b>audit, risk and compliance</b>      | Revitalise <b>branch</b> and improve <b>customer service</b> | <b>Streamline execution</b> via transformation office | Build an <b>ESG-focused</b> organisation |

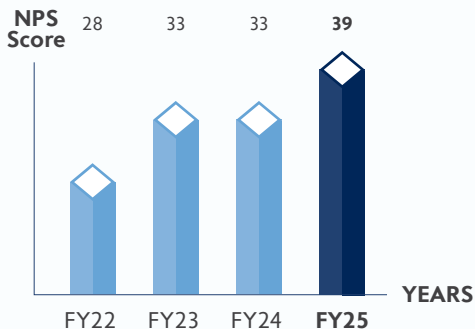


## Key Highlights of FY2025

### BUSINESS PERFORMANCE HIGHLIGHTS

| Key Indicators        | Achievements  |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
|-----------------------|---|-------|-------------------------|------|-------|------|-------|------|-------|------|-------|-------|----------------------------|------|----|------|----|------|-----|------|-----|
| Market Share          | <p>Overall bank loan market share grew from 2.38% in FY2022 to 2.75% in FY2025</p> <table><thead><tr><th>YEARS</th><th>Market Share (%)</th></tr></thead><tbody><tr><td>FY22</td><td>2.38%</td></tr><tr><td>FY23</td><td>2.41%</td></tr><tr><td>FY24</td><td>2.58%</td></tr><tr><td>FY25</td><td>2.75%</td></tr></tbody></table>  | YEARS | Market Share (%)        | FY22 | 2.38% | FY23 | 2.41% | FY24 | 2.58% | FY25 | 2.75% |       |                            |      |    |      |    |      |     |      |     |
| YEARS                 | Market Share (%)  |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY22                  | 2.38%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY23                  | 2.41%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY24                  | 2.58%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY25                  | 2.75%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| Loan Growth           | <p>Outpacing the industry by 2.3 times</p>  |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| New-to-Bank Customers | <p>Successfully scaled New-to-Bank (“NTB”) to highest ever with more than 85,000 new consumer and business banking customers</p>  |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| Regional              | <p>Continued strong growth in both loans and deposits across Penang, Johor and Sarawak</p> <div><table><thead><tr><th>YEARS</th><th>Total Regional Loan (%)</th></tr></thead><tbody><tr><td>FY22</td><td>12%</td></tr><tr><td>FY23</td><td>20%</td></tr><tr><td>FY24</td><td>18%</td></tr><tr><td>FY25</td><td>14%</td></tr></tbody></table></div> <div><table><thead><tr><th>YEARS</th><th>Total Regional Deposit (%)</th></tr></thead><tbody><tr><td>FY22</td><td>5%</td></tr><tr><td>FY23</td><td>6%</td></tr><tr><td>FY24</td><td>48%</td></tr><tr><td>FY25</td><td>22%</td></tr></tbody></table></div> | YEARS | Total Regional Loan (%) | FY22 | 12%   | FY23 | 20%   | FY24 | 18%   | FY25 | 14%   | YEARS | Total Regional Deposit (%) | FY22 | 5% | FY23 | 6% | FY24 | 48% | FY25 | 22% |
| YEARS                 | Total Regional Loan (%)   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY22                  | 12%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY23                  | 20%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY24                  | 18%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY25                  | 14%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| YEARS                 | Total Regional Deposit (%)  |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY22                  | 5%  |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY23                  | 6%  |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY24                  | 48%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |
| FY25                  | 22%   |       |                         |      |       |      |       |      |       |      |       |       |                            |      |    |      |    |      |     |      |     |

## Key Highlights of FY2025

| Key Indicators                           | Achievements  |       |           |      |    |      |    |      |    |      |    |
|--|---|-------|-----------|------|----|------|----|------|----|------|----|
| <b>Customer Net Promoter Score (NPS)</b> | <p>Achieved the highest NPS since FY2022</p>  <table border="1"> <thead> <tr> <th>YEARS</th> <th>NPS Score</th> </tr> </thead> <tbody> <tr> <td>FY22</td> <td>28</td> </tr> <tr> <td>FY23</td> <td>33</td> </tr> <tr> <td>FY24</td> <td>33</td> </tr> <tr> <td>FY25</td> <td>39</td> </tr> </tbody> </table> | YEARS | NPS Score | FY22 | 28 | FY23 | 33 | FY24 | 33 | FY25 | 39 |
| YEARS                                    | NPS Score   |       |           |      |    |      |    |      |    |      |    |
| FY22                                     | 28  |       |           |      |    |      |    |      |    |      |    |
| FY23                                     | 33  |       |           |      |    |      |    |      |    |      |    |
| FY24                                     | 33  |       |           |      |    |      |    |      |    |      |    |
| FY25                                     | 39  |       |           |      |    |      |    |      |    |      |    |
| <b>Voice of Employee</b>                 | <p>Employee satisfaction feedback recorded higher than industry and global high-performing norms:</p> <ul style="list-style-type: none"> <li>- Sustainable Engagement index at 90%</li> <li>- Well-being index at 80%</li> <li>- Career development index at 88%</li> </ul>   |       |           |      |    |      |    |      |    |      |    |
| <b>CASA</b>                              | Maintained one of the highest CASA ratio in industry at 41.0%   |       |           |      |    |      |    |      |    |      |    |
| <b>New Sustainable Banking Business</b>  | Secured more than RM14.4 billion from FY2022 to FY2025  |       |           |      |    |      |    |      |    |      |    |



## Key Highlights of FY2025

### SUSTAINABILITY HIGHLIGHTS

#### Strengthening Our Sustainability Strategy and Commitments

- We have enhanced our sustainability strategy in FY2025 through the identification of exposure to physical and transitional risks, with continuous initiatives that accelerate progress towards our three (3) topline goals and scaling up of sustainable finance offerings to customers.
- We have strengthened our sustainability and climate-related risk management practices and strategy to further align with regulatory requirements, including Bank Negara Malaysia's ("BNM") Climate Risk Management and Scenario Analysis ("CRMSA") Policy Document.



#### Growing Our Sustainable Banking Business

- We continued to offer sustainable financing solutions and achieved RM14.4 billion in cumulative new sustainable banking business since FY2022.
- Our Sustainability Impact Programme ("SIP") achieved over RM560 million in approved financing in FY2025. As part of the programme, we have established a tripartite partnership with Northern Corridor Economic Region ("NCER") and UN Global Compact Network Malaysia & Brunei ("UNGCMYB") to conduct Climate Action workshops for companies in the northern region.
- We are honoured to be named the Silver Winner for SME Bank of the Year at the Qorus Reinvention Awards Asia Pacific 2025, which recognises innovation and leadership in shaping the future of financial services. This achievement reflects our commitment to empowering SMEs through seamless digital banking solutions like Alliance Digital SME and to advancing ESG adoption via our Sustainability Impact Programme ("SIP").



- We launched the new Islamic Sustainability Financing ("ISF") Programme, featuring the Low Carbon Transition Facility-I and general working capital financing, which pioneers comprehensive financing solutions to support businesses in advancing their sustainability goals, reducing carbon footprints, and securing Renewable Energy Certificates ("RECs"). Through our partnership with Asia Carbonx Change Plt ("CarbonX"), CarbonX serves as an intermediary, facilitating REC procurement for the Bank's eligible solar financing customers.
- We have strengthened our efforts to support customers in transitioning to sustainable practices by developing tools and forming strategic partnerships. As of FY2025, our Climate Assessment Tool (PROGRESS), in collaboration with UNGCMYB, has generated over 1,000 climate reports. We have also partnered with InvestMelaka, InvestSarawak, Petronas, Bursa Malaysia, and Solarvest to enhance ESG capacity building, provide financing solutions, and support SMEs in their sustainability transition.
- We partnered with Bursa Malaysia to develop the Green Supply Chain Programme, which helps public listed companies ("PLCs") reduce their supply chain carbon footprint through the Centralised Sustainability Intelligence ("CSI") Platform. We have engaged over 30 PLCs, hosted workshops for more than 300 suppliers of EcoWorld, Port of Tanjung Pelepas (PTP), Sarawak Energy Berhad, and many other corporates, and provided over RM110 million in financing to support their transition.
- We formed a partnership with Melaka Green Technology Corporation to provide Melaka-based businesses with RM500 million in transition financing and green development programmes aimed at raising sustainability levels and investment in the state.
- We signed a Memorandum of Understanding ("MOU") with Solarvest aligned with Malaysia's renewable energy target of 70% in the power mix by 2050. We will support the full range of Solarvest's large scale utility, commercial industrial and residential solar projects.

## Key Highlights of FY2025



### Helping Customers and Community Become a More Sustainable Society

- We launched the second edition of our annual Environmental, Social, & Governance (“ESG”) survey report titled “*The Path to Sustainable Impact-Sectoral Insights of Malaysian SMEs*” which highlights our commitment in empowering SMEs to integrate sustainable practices and in providing strategic guidance to help them in effectively manage ESG risks.
- We focused on strengthening the sustainability culture among our customers and communities through awareness and engagement programmes such as hosting a Carbon Border Adjustment Mechanism (“CBAM”) workshop with the Malaysian Investment Development Authority (“MIDA”), climate action workshops with EcoWorld’s suppliers in Kuala Lumpur and Johor Bahru and a partnership with MyTaman to expand Virtual Credit Card Accessibility to 150,000 users.
- We unveiled BizSmart® Challenge Accelerator Edition, a cornerstone initiative aimed to empower aspiring entrepreneurs in accelerating their business growth. In celebration of its 10<sup>th</sup> anniversary, we have expanded the eligibility criteria for this challenge to enable more SMEs to participate for a chance to grow their business exponentially.
- We remain committed to supporting our communities through ongoing engagements and initiatives, including the AEIOU Financial Literacy Programme, the inaugural Heritage Run 2024, and the Zero Waste Chef Programme. In response to the recent floods, we launched a Flood Relief fundraising campaign on the SocioBiz crowdfunding platform under Alliance Islamic Bank. To maximise impact, we matched every RM1 donated with RM2, effectively tripling contributions to aid affected communities.
- For our Alliance Islamic Bank Zakat Microfinancing Programme (“AZAM”), we have provided RM450,000 in no-cost microfinancing to 103 *asnaf* entrepreneurs by partnering with Lembaga Zakat Selangor (“LZS”) and Amanah Ikhtiar Malaysia (“AIM”).

### Strengthening Our Internal Practices as a Sustainable Workplace

- We continued to execute the Bank’s GHG emissions reduction strategy and achieved a 17.8% reduction in our Scope 1 and Scope 2 GHG emissions against our FY2020 baseline.
- We developed a waste management methodology and launched a comprehensive data collection roadmap as part of our sustainability strategy. Additionally, we expanded our efforts to include a recycling initiative and an e-waste collection programme in collaboration with HP Malaysia.
- We enhanced employees’ sustainability knowledge by integrating sustainability Key Performance Indicators (“KPIs”), targeted training, and hands-on initiatives. These included a beach clean-up with INTI University where 555kg of waste was collected and ESG Week 2024, featuring a Social Entrepreneurs Mart, Tree Planting, and Composting Workshops.
- We are currently reviewing a Long-Term Incentive Plan framework that incorporates ESG elements to ensure sustainability aspects are embedded in our incentive structures.



## Our Achievements



# AWARDS



**ASEAN Banking Awards 2025**  
ESG Award  
**WINNER**

**Asia eCommerce Awards 2024**  
Best eCommerce Campaign Green Initiative Virtual Credit Card (VCC)  
**BRONZE**

**ASIAN BANKING & FINANCE**  
**Retail Banking Awards 2024**  
Digital Business Banking Initiative of the Year - Malaysia  
**WINNER**

**Retail Banking Awards 2024**  
Open Banking Initiative of the Year Virtual Credit Card (VCC)  
**WINNER**

**Employee Experience Awards 2024 Malaysia**  
Best In-House Recruitment Team  
**GOLD**

**Employee Experience Awards 2024 Malaysia**  
Best Workforce Innovation  
**GOLD**

**Employee Experience Awards 2024 Malaysia**  
Best In-House Candidate Experience  
**GOLD**

**Employee Experience Awards 2024 Malaysia**  
Best Employer Branding  
**GOLD**

**Employee Experience Awards 2024 Malaysia**  
Overall Talent Acquisition  
**WINNER**

**ESGBusiness Awards 2024**  
Cross-Sector Collaboration Award - Malaysia  
**WINNER**

**ESGBusiness Awards 2024**  
Green Packaging Solution Award Virtual Credit Card (VCC)  
**WINNER**

**FinanceAsia Awards 2025**  
SEA: Malaysia - Best Commercial Bank - SMEs  
**WINNER**

**FinanceAsia Awards 2025**  
Cross-Sector Collaboration Award  
**WINNER**

**Global Business Outlook Awards 2024**  
Best SME Bank - Malaysia  
**WINNER**

**Global Islamic Finance Awards 2025**  
Best Islamic Financial Inclusive Initiative BizSmart® Mobile  
**WINNER**

**Global Islamic Finance Awards 2025**  
Best Mobile Banking Initiative - Islamic BizSmart® Mobile  
**WINNER**

**Global Islamic Finance Awards 2025**  
Best Islamic Bank for Frictionless Banking BizSmart® Mobile  
**WINNER**

**Global Islamic Finance Awards 2025**  
Best Islamic Transaction Bank - Malaysia BizSmart® Mobile  
**WINNER**

**Global SME Banking Innovation Awards 2025**  
Best SME Bank - Malaysia  
**WINNER**

**HR Excellence Awards 2024**  
Excellence in Digital Transformation  
**GOLD**

**HR Excellence Awards 2024**  
Excellence in Employer Branding  
**GOLD**

**HR Excellence Awards 2024**  
Excellence in Recovery & Rebound Strategy  
**SILVER**

**HR Excellence Awards 2024**  
Excellence in Workplace Culture  
**SILVER**

**IBS INTELLIGENCE**  
**IBSi Global FinTech Innovation Awards 2024**  
Best Card Management System Implementation: Best Project Implementation Virtual Credit Card (VCC)  
**WINNER**



## Our Achievements: Awards



Malaysia's 100 Leading Graduate Employers 2024  
Banking Sector  
**2<sup>ND</sup> RUNNER UP**

Malaysia's 100 Leading Graduate Employers 2024  
Most Preferred Graduate Employer  
**5<sup>TH</sup> OVERALL RANKING**

Marketing Excellence Awards 2024  
Excellence in Marketing Transformation  
**GOLD**

Marketing Excellence Awards 2024  
Excellence in Search Marketing SavePlus  
**SILVER**

Marketing Excellence Awards 2024  
Excellence in Urban Guerrilla Marketing  
**BRONZE**

NACRA Awards 2024  
**SILVER**

**QORUS**  
SME Banking Awards 2024  
SME Partnership of the Year  
**GOLD**

**QORUS REINVENTION AWARDS**  
Asia Pacific (APAC) 2025  
SME Bank of the Year  
**SILVER**

**RETAIL BANKER INTERNATIONAL**  
Asia Trailblazer Awards 2024  
Third Party Partnerships:  
Best Open Banking Initiatives  
Virtual Credit Card (VCC)  
**WINNER**

**Asia Trailblazer Awards 2024**  
Third Party Partnerships:  
Most Dynamic Third-Party Collaboration  
Virtual Credit Card (VCC)  
**WINNER**

**Retail Banker International Asia**  
TrailBlazer Awards 2025  
Best SME Product Initiative  
**WINNER**

**Retail Banker International Asia**  
TrailBlazer Awards 2025  
Third Party Partnerships -  
Most Innovative Payments Initiative  
Virtual Credit Card (VCC)  
**WINNER**

**THE ASIAN BANKER**  
Global Excellence in Retail Financial Services Awards 2024  
Best SME Bank in Malaysia  
**WINNER**

**THE DIGITAL BANKER**  
Digital CX Awards 2025  
Best Digital CX - Account Opening and Customer Onboarding  
BizSmart® Mobile  
**WINNER**

**Digital CX Awards 2025**  
Outstanding Digital CX - Payments  
Virtual Credit Card (VCC)  
**HIGH ACCLAIMED**

**Global SME Banking Innovation**  
Awards 2024  
Best SME Bank in Malaysia  
**WINNER**

**Global BankTech Award**  
Best API/Open Banking Platform Provider for Retail Banking  
Virtual Credit Card (VCC)  
**WINNER**

**Global Retail Banking Innovation**  
Awards 2024  
Best SME Bank - Malaysia  
**WINNER**

**Service Innovation**  
Best Payments Innovation  
Virtual Credit Card (VCC)  
**HIGHLY ACCLAIMED**

**Global Islamic Finance Awards 2024**  
Best Islamic Financial Inclusion Initiative  
**WINNER**

**World Halal Excellence Awards 2023**  
Islamic Financial Services Excellence  
**WINNER**



# OUR ACHIEVEMENTS: MEDIA HIGHLIGHTS

## Strategi Acceler8 perkukuh kewangan Alliance Bank

**PETALING JAYA** – Strategi transformasi Acceler8 Alliance Bank Malaysia Berhad (Alliance Bank) yang dirancang untuk pejalan hala tuju selama empat tahun telah membolehkan bank merekodkan pendapatan yang tertinggi iaitu sebanyak RM2.02 bilion pada tahun ini.

Ketua Pegawai Eksekutif Kumpulan, Kellee Kam berkata, bank mencatat keuntungan yang kukuh dalam Margin Faedah Bersih sebanyak 2.48 peratus, pulangan ekuiti sebanyak 10.2 peratus dan perolehan saham sebanyak 44.6 sen.

Menurut beliau, pada 31 Mac lalu, permodalan bank kekal kukuh dengan nisbah ekuiti biasa tahap 1 pada 12.5 peratus dan nisbah modal tahap 1 pada 13.2 peratus.

Jumlah dividen tahunan pula sebanyak RM345.2 juta yang mewakili nisbah bayaran dividen sebanyak 50 peratus.

"Prestasi kami yang kukuh merentasi metrik kewangan dan bukan kewangan utama menggariskan arah tuju serta momentum positif yang ditunjukkan oleh strategi transformasi Acceler8 kami."

"Kami bukan sekadar sebuah bank, malah kami komited untuk menjadi rakan sebenar dengan menyokong pelanggan dalam setiap peringkat perjalanan mereka ke arah pertumbuhan."



**KELLE** memberi ucapan bersempena mesyuarat agung tahunan Alliance Bank di Kuala Lumpur semalam.

katanya dalam satu kenyataan akhbar yang dikeluarkan di sini semalam.

Strategi Acceler8 yang dilancarkan pada Januari 2023 telah menjadi garis panduan penting dalam memacu pertumbuhan dan transformasi bank.

Menjelang TK2025, Acceler8 akan terus memacu visi Alliance Bank ke arah menjadi rakan perbankan pilihan dengan membimbing bank ke arah sasaran kewangan dan bukan kewangan TK2027 yang lebih tinggi.

Selain itu, Alliance Bank mencatatkan 40 peratus pelanggan baharu yang diperoleh melalui

saluran digital serta meluluskan sebanyak 56,000 kad kredit maya visa dengan ciri nombor kad dinamik sejak penyelesaian digital yang pertama seumpamanya diperkenalkan pada April 2023.

Bank juga telah mengorak langkah dengan meluaskan kehadiran pasarannya di koridor pertumbuhan ekonomi seperti Pulau Pinang dan Sarawak.

Seterusnya ia memacu lonjakan deposit tahun ke tahun yang memberangsangkan dengan mencatatkan sebanyak 48 peratus dan pertumbuhan pinjaman sebanyak 18 peratus bagi tahun kewangan 2024.

## ESG awareness among SMEs grows by 60 pct

ESG awareness among SMEs grows by 60 pct

## Alliance Bank deepens collab on sustainability with Bursa Malaysia



Kam says through EER participating companies will have access to ESG digital services valuable to support their adoption of an additional step towards fulfilling financing requirements with the Bank.

The report of KMI Edition is professional finding for supply chain financing to sustainable sustainability improvements and disclosure of ESG together with the Bank's commitment to the ESG Solution, demonstrating the Bank's commitment in driving sustainability adoption and supporting business in their region.

## Alliance Bank umum 13 finalis Cabaran BizSmart

**PETALING JAYA** – Alliance Bank Malaysia Berhad (Alliance Bank) mengumumkan 13 finalis teratas bagi BizSmart Challenge Accelerator Edition (Cabaran BizSmart) selepas proses pemilihan yang teliti melibatkan 593 calon inovatif.

Ketua Pegawai Eksekutif Kumpulan Alliance Bank, Kellee Kam berkata, peserta peringkat ini dipilih daripada Program Percepatan selama empat hari dan bimbingan perniagaan, dua hari pembentangan perniagaan dan sehari pembentangan ringkas.

Kumpulan tersebut perlu bersaing untuk memenangi hadiah utama dalam edisi ke-7 program berprestij ini.

Cabaran BizSmart menawarkan jumlah hadiah keseluruhan melebihi RM 2 juta.

"Kami amat teruja untuk mempersembahkan finalis tahun ini, yang bersemangat dan inovatif keusahawanan mereka benar-benar menginspirasi."



**KELLE** KAM (tiga dari kiri, duduk) pada majlis mengumumkan 13 finalis Cabaran BizSmart di Kuala Lumpur baru-baru ini.

"Cabaran BizSmart Alliance Bank komited untuk menyokong amalan perniagaan lestari dan memperkasakan generasi pemimpin industri yang akan datang," katanya dalam kenyataan yang dikeluarkan di sini semalam.

Menurut Kam, sebagai peneraju dalam sektor perusahaan kecil dan sederhana (PKS), Alliance Bank mahu menggalakkan sektor ini dengan memulakan Cabaran BizSmart pertama pada tahun 2013.

Ia adalah untuk menyokong perkembangan PKS yang sedang berkembang dan mengenal pasti bintang yang sedang meningkat.

Jenama yang kini dikenali ramai seperti Christy Ng, myBurger Lab, Tapping Tapir, BloomThis, Signature Market, Salad Atelier, dan Vanzo telah melalui Cabaran BizSmart Alliance Bank pada tahun-tahun sebelum ini, mereka telah memenangi pelbagai hadiah lumayan, pembiayaan dan pengetahuan perniagaan.







## Statement by Chairman of Alliance Bank Malaysia Berhad



**Tan Sri Amirsham Bin A Aziz**  
*Chairman*

## Statement by Chairman of Alliance Bank Malaysia Berhad

### DEAR VALUED SHAREHOLDERS,

I am pleased to share my first message as Chairman of Alliance Bank Malaysia Berhad, a position I assumed in October 2024.

I would like to put on record our sincere appreciation to the late Tan Sri Dato' Ahmad bin Mohd Don, our former Chairman, for his immense contributions to the Bank. I am inspired by his legacy and am committed to building upon his dedication to creating value for all stakeholders.

On behalf of the Board of Directors, I am privileged to share with you the Annual Report of Alliance Bank Malaysia Berhad ("Alliance Bank" or "the Bank") for the financial year ended 31 March 2025 ("FY2025"). This report provides insights into our journey and key accomplishments achieved during year under review.

### ACCELER8 PROGRESS: ADVANCING FORWARD, ACHIEVING MILESTONES

In the past year, Alliance Bank continued to make significant strides under its Acceler8 2027 ("Acceler8") transformation strategy. Launched in January 2023, Acceler8 has been the driving force behind our growth, enabling us to achieve our milestones across financial and non-financial metrics. As we approach the midpoint of our Acceler8 strategy, we remain steadfast in our commitment to becoming "The Bank For Life" for our customers, delivering innovative, personalised and timely solutions to meet their evolving needs. I am delighted that our commitment to the Acceler8 strategy plan delivered remarkable results, especially in FY2025.

### Driving Growth and Transformation

Over the past two years, we prioritised our efforts to position Alliance Bank as the preferred banking partner that supports customers through different life stages. Our strategy continues to guide us toward our ambitious 2027 goals by focusing on eight key growth pillars, driven by strategic transformations in technology, branding, culture, sustainability, customer service and other key capabilities.

Whether we are financing SMEs, expanding our wealth solutions, embedding innovative digital solutions into ecosystems, or helping clients fast-track growth through IPOs, we are focused on delivering value for our customers in more ways than ever before.

For FY2025, our revenue reached a record of RM2.3 billion, an increase of RM249.5 million over the previous year. We also recorded net interest margin of 2.45%, which is still the highest in the industry. In addition, we also achieved an all-time high net profit after tax of RM750.7 million, with a return on equity of 10.3%, while our cost to income ratio improved to 48.0%. The Bank also maintained a strong capital position with our total capital ratio at 16.7%.

Revenue  
**RM2.3 billion**

Return On Equity  
**10.3%**

Net Interest Margin  
**2.45%**

**RM14.4 billion**  
Achieved in new  
sustainable banking  
businesses since FY2022

Earnings Per Share  
**48.5 sen**

## Statement by Chairman of Alliance Bank Malaysia Berhad



The year under review saw our earnings per share at 48.5 sen and net assets per share at RM4.95. In FY2025, we declared a total dividend of 19.4 sen, representing a dividend payout ratio of 40.0%.

New-to-Bank (“NTB”) customer acquisition kept its positive momentum with more than 85,000 new customers onboarded and higher revenue per customer achieved.

As we continued to streamline our processes to improve customer experience, we achieved a composite Net Promoter Score (“NPS”) of 39 compared to 33 in the previous year. NPS measures the willingness of our customers to recommend our products and services to others. This is the highest score we have recorded since we started measuring NPS in 2018.

Overall, the Bank successfully achieved broad-based market share growth to 2.75%, driven by all lines of businesses.

Our strategy of driving SME expansion saw the Bank’s SME market share grow from 5.19% to 5.39%, driven by strong loans growth of 12%.<sup>1</sup>

Corporate and Commercial Banking loans also grew at 8.4% and 15.8% year-on-year (“YOY”). The Bank’s focus on providing personalised solutions at every stage of the business life cycle has contributed to business banking client fee income growth of 8.5%.

Meanwhile, consumer banking loans continued an upward trajectory (+12.6% YOY), supported by personal financing (+7.3% YOY) and mortgages (+12.9% YOY). Additionally, our wealth management fee income grew by 9.6% YOY excluding the one-time Banca business model fee in FY2024.

The Bank’s customer deposits expanded by 14.7% YOY, while the current account savings account (“CASA”) ratio remained one of the industry’s highest at 41.0%.

The strong results achieved in FY2025 is a testament to the successful execution of the Acceler8 strategy. Our notable performance has reinforced our long-term growth trajectory, as well as strengthened our financial position for FY2025.

<sup>1</sup> Based on BNM’s SME definition.

## Statement by Chairman of Alliance Bank Malaysia Berhad

### CHARTING A PATH FOR THE FUTURE

Alliance Bank remains cautiously optimistic about Malaysia's economic outlook for 2025, anticipating healthy GDP growth supported by the Madani Economy Framework, which highlights the goals of creating a progressive, inclusive, and dynamic economy.

That said, the US tariffs and policies have introduced potential challenges for Malaysian businesses and our customers. We recognise that business, as in life, has its up and down cycles. As developments on the US tariffs and policies remain very fluid, we will continue to monitor these issues closely and actively work with our customers as we face these challenges together.

We are also on track to relocate our headquarters to Menara Alliance Bank in the second half of 2025, a move that aligns with our sustainability goals and enhances our branding and employee well-being. Furthermore, the new office is earmarked for Green Building certification, which is part of the Bank's direction to be a more sustainable and resilient organisation.

As we look ahead, we will continue to broaden and scale our core growth engines - SME, Corporate and Consumer Banking. We aim to achieve stronger sustainable financial performance in the coming year.

### ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to extend my sincere thanks to our customers and valued stakeholders for their continued support and trust. We remain steadfast in our commitment to being The Bank For Life for all Malaysians.

I would also like to convey my deepest appreciation to the regulators, policymakers, corporate governance custodians, Bank Negara Malaysia, Securities Commission Malaysia and Bursa Malaysia Securities Berhad for their continued support and guidance.

The Board joins me in expressing our sincere appreciation to Mazidah Binti Abdul Malik, who retired as an Independent Director of Alliance Bank in January 2025, and to Tan Chian Khong, who will retire as an Independent Director upon conclusion of the forthcoming Annual General Meeting ("AGM") on 30 July 2025. We are grateful for their sterling services to Alliance Bank and our best wishes to them.

My heartfelt gratitude goes to Team Alliance - the Management Team and our employees - for their dedication and commitment to excellence, which continue to help the Bank grow from strength to strength.

I am truly grateful to our Board of Directors for their astute counsel and continued support, which will help us reach even greater heights in the years ahead.

The progress we have made under the Acceler8 strategy is a testament to the dedication and hard work of our team, trust of our customers and support of our stakeholders. As we move forward, we remain committed to delivering value, fostering innovation and championing sustainability, ensuring that Alliance Bank continues to be a trusted partner for life.

**TAN SRI AMIRSHAM BIN A AZIZ**

CHAIRMAN, ALLIANCE BANK MALAYSIA BERHAD



## Management Discussion and Analysis



**Kellee Kam Chee Khiong**  
*Group Chief Executive Officer*

## Management Discussion and Analysis

### DEAR VALUED SHAREHOLDERS,

**The Group recorded a stronger financial performance for FY2025, with total revenue of RM2.3 billion. More than two years into the Acceler8 2027 transformation strategy, the positive outcomes allow Alliance Bank to stay on track in delivering value for its stakeholders.**

The revenue growth is attributable to improvements in both net interest income (“NII”) and non-interest income (“NOII”). The NII grew 13.2% YOY to RM1.95 billion mainly due to higher loan volume, with net interest margin staying within guidance at 2.45%. The NOII increased 7.7% to RM323.4 million during the same period. This was mainly due to higher treasury, investment, and wealth management incomes and foreign exchange fees. The cost-to-income ratio for the year stood at 48%.

Total gross loans expanded by 12.0% YOY to RM62.4 billion, exceeding the industry growth rate of 5.2%. The strong performance was shared across all segments, namely SME, Commercial, Corporate, and Consumer, which recorded YOY growth of 10.6%, 15.8%, 8.4%, 12.6% respectively. The Bank’s CASA ratio remained one of the highest in the industry at 41%, on the back of a 14.7% YOY increase in customer deposits.

Net credit cost for FY2025, which included pre-emptive provisions, was 31.9 basis points bps, while loan loss coverage came in at 116.8%. The Bank’s capital position without Transitional Arrangement for Common Equity Tier-1 Ratio CET1 stands at 12.2% and Tier-1 Capital Ratio at 13.4%. Total capital ratio remained at 16.7%. In terms of liquidity position, Alliance Bank is resilient with a coverage ratio of 171.6% and loan to fund ratio of 85.6%.

Overall, our strong performance this year reflects the disciplined execution of our purpose-driven strategy, as we continuously strive to create positive impacts that benefit both current and future stakeholders.

### Accelerating our SME Business Growth

Our SME portfolio remains a core pillar of our growth strategy. The Bank’s strong support for businesses through a comprehensive suite of innovative, relevant, and inclusive solutions, including, Digital SME and Alliance BizSmart®, reaffirms our dedication in empowering businesses with dynamic banking and non-banking solutions.

In FY2025, we launched the Alliance Bank Visa Platinum Business Credit Card in partnership with Credit Guarantee Corporation (“CGC”), providing greater financial flexibility for businesses, without requiring any collateral. This collaboration enables us to support micro-SMEs in

overcoming the challenges of obtaining funds, particularly those with a short credit history.

As we continue to achieve higher revenue growth, we are reinvesting in the organisation to build a stronger foundation for the future. This includes investments in technology, expanding our digital capabilities, enhancing customer experience and upskilling our workforce. For example, on the Digital SME front, we introduced innovative tools including eKYC for business customers onboarding. Additionally, we enhanced our internal processes using new digital tools, such as the Bank Statement Analyser to refine the Bank’s credit approach – making banking faster, easier and more personalised while broadening financial access for more SMEs. Since its inception over three years ago, we have achieved balances of more than RM550 million in digital SME loans.

At Alliance Bank, we aim to foster sustainable growth among Malaysian businesses, drive innovation and strengthen their resilience in a rapidly evolving financial landscape. Our BizSmart® Challenge, which has evolved from a platform for entrepreneurial growth to an accelerator for industry-defining talent hit its decade landmark in FY2025. Its objectives align with our aim to encourage and foster progress and development of emerging SMEs, identify rising stars and provide the required support to help them thrive.

Our efforts in the SME segment were recognised when Alliance Bank won the “Best SME Bank in Malaysia” at The Asian Banker – Global Excellence in Retail Financial Services Awards 2024, and The Digital Banker – Global SME Banking Innovation Awards 2024. These prestigious awards demonstrate our continuous commitment to delivering long-term value to our customers, shareholders and communities.

### Driving Growth in Key Economic Corridors

As we strive to be the preferred Bank for Life, we have continued to expand our reach to more customers across different regions, with double-digit YOY growth in key economic corridors, such as Penang, Johor and Sarawak. Combined, these states recorded 14% and 22% increases in loans and deposits growth, respectively.

Over the year, we have modernised five (5) branches with improved IT infrastructure and embedded our refreshed branding. Our goal is to provide a conducive environment for our customers, offering greater convenience and more personalised banking experiences. These upgrades ensure that our nationwide branches remain relevant, efficient and aligned with evolving customer expectations.

## Management Discussion and Analysis

### Empowering Consumers Through Innovative Solutions

In this financial year, we continued our focus on broadening growth in our consumer business, particularly targeting the High Earners Not Rich Yet (“HENRYs”) and emerging affluent segments. Notably, 40% of new customers were onboarded via digital channels, reflecting the strong demand for our digital-first solutions and changing customer preferences.

Our strategic partnerships with Samsung and Google have enabled Alliance Bank credit cardholders to make seamless contactless payment in over 100 countries worldwide. Additionally, the Bank continues to see growth of 31% in its Visa Virtual Credit Cardbase (with the Dynamic Card Number feature), underscoring strong demand for the Bank’s eco-friendly, highly secured digital offering in an increasingly cashless world. This is also in line with our strategic direction to future-proof our products and solutions to address growing cybersecurity threats while meeting customers’ expectations for frictionless and enhanced digital experiences.

### Strengthening Islamic Banking

Our Islamic banking business achieved 5.8% YOY financing growth in FY2025, driven by key propositions such as the Halal-in-One (“HiO”) programme which has supported numerous customers in obtaining their Halal certification and facilitated over RM2.52 billion in Shariah-compliant financing since 2020. In line with Bank Negara Malaysia’s (“BNM”) Value-Based Intermediation (“VBI”) agenda, we also pioneered the Zakat Microfinancing Programme, empowering 103 *asnaf* micro-entrepreneurs to build a more sustainable source of income.

Over the year, Alliance Islamic Bank (“AIS”) also completed RM1.8 billion of Sukuk programmes, where RM380 million of issuances were sustainable or sustainability-linked sukuk. Notably, AIS listed four (4) IPOs on Bursa Malaysia ACE market, representing 10% of ACE IPOs for the year. AIS also listed one (1) IPO on the Main market recently. In FY2025, Islamic Capital Markets contributed 39.7% of AIS’s Other Operating Income.

The Bank’s success in Islamic banking can be attributed to a strategic, multi-faceted approach that aligns with Shariah principles while addressing market needs. Our focus on innovation, community empowerment, development, partnerships and ethical branding, ensures community impact and sustained growth for Alliance Islamic Bank.

### Advancing Our Sustainability Goals

Sustainability is at the heart of our Acceler8 strategy. Over the past year, we have made significant progress in our sustainability agenda, successfully achieving a cumulative total of RM14.4 billion in new sustainable banking business since FY2022. This puts us well on track to achieve our RM15 billion target by FY2027.

In 2024, Alliance Bank made history as the only Malaysian bank shortlisted for the Qorus SME Banking Awards, eventually taking home the Gold for our SME ESG solution, the Sustainability Impact Programme (“SIP”). SIP also won the prestigious ASEAN Banking ESG Award 2025. The programme is anchored in the Bank’s unique 3As approach (Advocacy, Advice and Answers) which provides a holistic proposition to support SMEs on their ESG journey.

Together with our strategic partners, we provide accessible and relevant ESG support under the SIP programme to help the local business community on its ESG journey.

Under “Advocacy”, we built on the success of our inaugural report by publishing the second edition of our ESG study, “The Path to Sustainable Impact – Sectorial Insights of Malaysian SMEs” (“ESG 2.0 Report”), which was commissioned in collaboration with Monash University Malaysia (“Monash University”), Zurich Malaysia (“Zurich”), UN Global Compact Network Malaysia & Brunei (“UNGCMYB”), SME Corporation Malaysia (“SME Corp”) and INCEIF University (“INCEIF”). The ESG 2.0 Report delved into the progress of Malaysian SMEs in their sustainability journey, providing deeper sector-specific insights into the current landscape, challenges and support needed for SMEs to unlock new market opportunities and benefits from ESG adoption. Overall, the ESG 2.0 Report revealed a sixfold increase in ESG awareness among SMEs and saw the ESG adoption rates surged from 28% to 60% – reflecting a rapidly growing recognition among SMEs of the importance of sustainability in today’s competitive business landscape.

Under “Advice” we offer practical consultations and ESG diagnostic tools to support SMEs in kickstarting their ESG journey. Last year, we jointly launched the PROGRESS Climate diagnostic tool with UNGCMYB to help SMEs assess their sustainability status and develop their climate action plans. In addition, the Bank provides preferential financing rates to businesses as they transition and improve their climate maturity levels – reflected in their PROGRESS Climate diagnostic report. Through this tool, the Bank has helped over 1,000 businesses embark on their ESG climate transition journey.

## Management Discussion and Analysis

Under “Answers”, the Bank provides a comprehensive suite of personalised banking solutions and financial support. These include customised green financing options, access to green funding through Bank Negara Malaysia’s Low Carbon Transition Facility and High-Tech and Green Facility, as well as competitive rates for initiatives such as solar panel installations and green mortgages. Beyond banking, we also collaborate with a range of green solution providers to offer pragmatic ESG solutions, such as energy efficiency, better water management, and more sustainable waste management.

Looking ahead, the Bank will launch a series of sectoral playbooks in 2025-2026, to provide actionable guidance and best practices for SMEs across key sectors such as services, manufacturing, construction and agriculture. These playbooks are designed to empower businesses with the tools and insights needed to navigate their sustainability goals effectively.

Additionally, as a responsible corporate citizen, Alliance Bank has also reduced its greenhouse gas (GHG) emissions by 17.8% compared to its FY2020 baseline.

### Inculcating a High-Performance Culture

Our AGILE values continue to drive a high-performance culture, empowering employees to take ownership of their roles and contribute to the Bank’s success. Throughout FY2025, we strived to build a thriving work environment for our employees. Building on our business growth, we have invested over RM7 million in employee development initiatives, with an average of 40 learning hours per employee throughout the year.

We focused on future-proofing our workforce through upskilling initiatives, equipping our employees with personalised learning paths and skills aligned with emerging technologies, market trends and evolving business needs. With rapid advancements in artificial intelligence (“AI”), automation and digitalisation, we have prioritised continuous learning so that Team Alliance remains agile and competitive in the long run.

### Making a Difference in the Community

As a community-centric organisation, we are dedicated to building meaningful relationships and supporting those we serve. In FY2025, we launched the Flood Relief Assistance programme to aid customers impacted by floods in Sabah, Sarawak, Kelantan, Kedah and Terengganu. As The Bank For Life, we stand by our customers, especially during challenging times.

To promote financial literacy among the younger generation, FY2025 marked the successful conclusion of the seventh edition of the AEIOU Challenge, which saw almost 80,000 entries for both the Comic and e-Game Challenges, submitted by nearly 40,000 Malaysian schoolchildren aged 9 to 12.

Additionally, the second edition of Alliance Bank’s Heritage Run in Georgetown, Penang, attracted close to 4,000 participants, reinforcing our commitment to sustainability and community engagement.

In FY2025, we initiated the Employee Volunteerism Programme (“EVP”), enabling our employees to participate in activities to give back to the community. These programmes are designed to enhance engagement, well-being, skills development, work fulfilment and corporate social responsibility (“CSR”), aligning with our organisational goals.





## Management Discussion and Analysis

### Financial Review

#### FY2025 Performance Highlights

In FY2025, Alliance Bank delivered its highest-ever revenue and net profit after tax, while maintaining solid capital and liquidity positions, reflecting the growing momentum of our Acceler8 2027 initiatives.

The Group recorded a revenue of RM2.3 billion, an increase of 12.3% year-on-year (“YOY”), driven primarily by a 13.2% growth in net interest income (including net profit income from Islamic Banking). Our net interest margin stood at 2.45%. The Group’s other operating income (including Islamic Banking) increased by 7.7% YOY, predominantly due to increased revenue from treasury and investment income and trade fees.

Our cost-to-income ratio stood at 48.0%, in line with our ongoing investments in human capital, technology and digital innovation to foster future growth.

Our pre-provision operating profit stood at RM1.2 billion, an improvement of 12.9% from the previous year. Net profit after tax improved by 8.7% YOY to RM750.7 million. Meanwhile, the Group’s return on equity (“ROE”) improved to 10.3% from 10.2% in the preceding year.

In FY2025, we observed robust loans growth of 12.0% YOY, which was propelled by advancements across all business lines. This growth encompassed a 15.8% YOY increase in commercial loans, a 12.6% YOY rise in consumer banking loans (including a 12.9% growth in mortgages), a 10.6% YOY increase in SME loans and a 8.4% YOY growth in corporate banking loans and deposits.

The Group maintained its current and saving account (“CASA”) acquisition strategy to support business growth. On the back of this, the Group achieved a CASA ratio of 41% and healthy overall loan-to-deposit ratio of 94.9%.

#### Credit Management

In FY2025, the Group’s net credit cost increased YOY to 31.9 basis points (“bps”) from 25.8 bps in the preceding year due to absence of some write backs from the year before. Gross impaired loans ratio improved to 1.83% from 2.11%. The Group will maintain its prudent credit management approach by implementing our credit risk framework across all business lines.

#### Capital Retention

During the financial year under review, we sustained our strong capital and liquidity positions:

- » Our liquidity coverage ratio stood at 171.6%;
- » Our Common Equity Tier-1 ratio stood at 12.2%; and
- » Our total capital ratio stood at 16.7%.

| Summarised<br>Income Statement                  | FY2025<br>RM million | FY2024<br>RM million | Growth<br>RM million | Growth<br>% |
|---|----------------------|----------------------|----------------------|-------------|
| <b>Net Interest Income</b>                      | <b>1,451.1</b>       | 1,309.6              | 141.5                | 10.8%       |
| <b>Islamic Banking Income</b>                   | <b>547.1</b>         | 440.1                | 107.0                | 24.3%       |
| Of which:                                       |                      |                      |                      |             |
| <i>Net Profit Income</i>                        | <b>495.5</b>         | 410.5                | 85.0                 | 20.7%       |
| <i>Other Operating Income</i>                   | <b>51.6</b>          | 29.6                 | 22.0                 | 74.3%       |
| <b>Other Operating Income</b>                   | <b>271.7</b>         | 270.7                | 1.0                  | 0.4%        |
| <b>Revenue</b>                                  | <b>2,269.9</b>       | 2,020.4              | 249.5                | 12.3%       |
| <b>Other Operating Expenses</b>                 | <b>(1,088.5)</b>     | (973.7)              | (114.8)              | -11.8%      |
| <b>Pre-Provision<br/>Operating Profit</b>       | <b>1,181.4</b>       | 1,046.7              | 134.7                | 12.9%       |
| <b>Allowance for Loans<br/>&amp; Impairment</b> | <b>(188.5)</b>       | (135.4)              | (53.1)               | -39.2%      |
| <b>Share of Results of<br/>Joint Venture</b>    | <b>-</b>             | -                    | -                    | -16.5%      |
| <b>Profit before Taxation</b>                   | <b>992.9</b>         | 911.3                | 81.6                 | 9.0%        |
| <b>Taxation</b>                                 | <b>(242.2)</b>       | (220.8)              | (21.4)               | -9.7%       |
| <b>Net Profit after Taxation</b>                | <b>750.7</b>         | 690.5                | 60.2                 | 8.7%        |

| Summarised<br>Balance Sheet                  | FY2025<br>RM million | FY2024<br>RM million | Growth<br>RM million | Growth<br>% |
|--|----------------------|----------------------|----------------------|-------------|
| <b>Net Loans, Advances<br/>and Financing</b> | <b>61,418.5</b>      | 54,720.8             | 6,697.7              | 12.2%       |
| <b>Investment and Dealing<br/>Securities</b> | <b>15,570.7</b>      | 14,253.0             | 1,317.7              | 9.2%        |
| <b>Total Assets</b>                          | <b>85,217.3</b>      | 76,946.1             | 8,271.2              | 10.7%       |
| <b>Deposits from Customers</b>               | <b>65,835.0</b>      | 57,397.5             | 8,437.5              | 14.7%       |
| of which: CASA                               | <b>26,980.8</b>      | 23,864.4             | 3,116.4              | 13.1%       |
| <b>Shareholders’ Funds</b>                   | <b>7,668.4</b>       | 7,175.1              | 493.3                | 6.9%        |



## Management Discussion and Analysis

### Operational Review: Consumer Banking

#### Consumer Banking

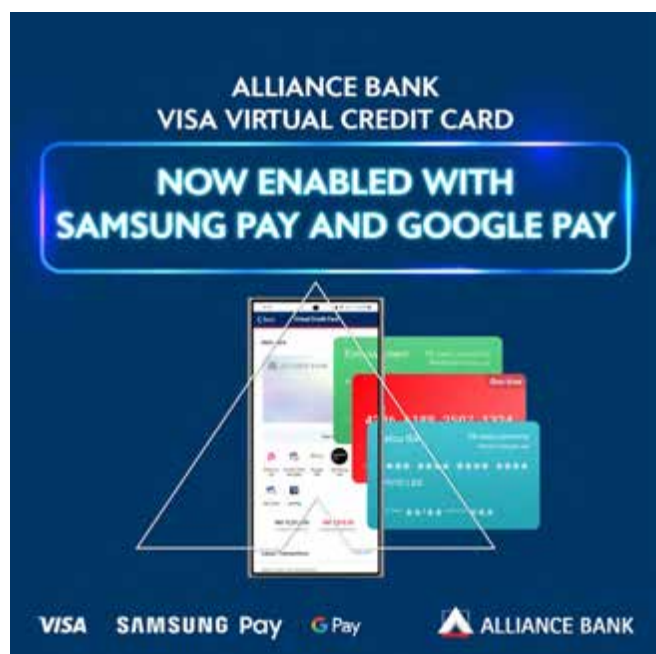
The Bank's consumer banking segment provides an extensive range of personal banking solutions to individual customers. Catering to our customers' diverse financial needs, we offer an array of products and services including deposits, loans, personal finance, credit cards, wealth management, structured investments, and retail bonds.

#### FY2025 Performance Highlights

In FY2025, the consumer banking segment achieved total revenues of RM792.2 million, marking a strong 20.8% YOY growth. Both loan and deposit growth surpassed the industry at 12.6% and 17.8% respectively, while our CASA ratio of 34.2% continues to outperform the industry average.

Digital channels remain one of our primary focus, with 85% of our customers now conducting transactions digitally and 40% of new customer acquisitions coming through our platform in FY2025. In addition, more than 50% of newly approved credit cards now originate from digital channels, reflecting strong consumer adoption, led by our Virtual Credit Card with dynamic numbers. The card remains the first of its kind in Malaysia and has set a new standard in the digital payments industry.

Consequently, the innovation and excellence of our offerings have been recognised with 24 industry and technology awards, including prestigious regional and global accolades.



Among the notable wins were the Open Banking Initiative of the Year at the *Asian Banking & Finance - Retail Banking Awards 2024*, and the Best API/Open Banking Platform Provider for Retail Banking at *The Digital Banker - Global BankTech Awards 2024*. Our leadership in payment innovations was also highlighted by the Third Party Partnerships - Most Innovative Payments Initiative at the *Retail Banker International Asia Trailblazer Awards 2025* and Service Innovation - Best Payments Innovation at *The Digital Banker - Global Retail Banking Innovation Awards 2024*.

In recognition of our digital-first credit card strategy, we were awarded Best Card Management System Implementation: Best Project Implementation at the *IBS Intelligence - IBSi Global FinTech Innovation Awards 2024*. Additionally, our commitment to sustainability earned us the Green Packaging Solution Award at the *ESGBusiness Awards 2024*.

In terms of business growth, our targeted approach toward new client segments, particularly High Earners Not Rich Yet ("HENRYs") and Emerging Affluent customers has yielded a 30% YOY increase in revenue per new-to-bank customer. In FY2026, we will further expand our digital reach to the Mass Market, while also enhancing our offerings for affluent and High Net Worth ("HNW") clients with comprehensive wealth management services.

In line with our Acceler8 transformation journey, we will continue our mission to deliver faster, better and more personalised solutions to our customers. In FY2025, we have revamped our loan origination system, launched a new wealth management platform and enhanced our Virtual Credit Card features with integration to Samsung and Google Pay, providing faster lending solutions, safer banking experience and more comprehensive wealth management services to our valued clients.

In fulfilling our commitment of being a Bank for the community, we upgraded branch services and amenities of our Kuchai Enterprise branch and Taman Molek branch and relocated our Alor Setar branch to a larger facility with expanded services, including a Wealth Banking Centre. Additionally, we plan to modernise four more branches, along with the opening of a new branch at Jalan Kelawai, Penang.

#### FY2026 OUTLOOK

In Malaysia's evolving banking landscape, where digital banks have entered the market and competition intensifies, our approach remains both adaptive and customer-centric. While we have prioritised digitalisation and product innovation to better serve our customers, we are equally committed to fostering meaningful in-person interactions and building strong relationships within the communities we serve. This dual focus is pivotal as we navigate the challenges posed by emerging digital players and maintain our competitive edge.

## Management Discussion and Analysis

### Operational Review: Business Banking

#### Digital SME

Digital SME (DSME) was a brand-new line of business developed back in 2021, dedicated to serving micro, small and medium-sized enterprises (MSMEs). It started off as a Proof-of-Concept (PoC) to serve the underserved business segment digitally, by providing them with a self-served channel.

One of the key challenges faced by MSMEs is the inability to obtain smaller loans from banks due to the lack of credit history. DSME took it as a challenge to underwrite this group of customers by creating standalone credit programmes.

As we grew and learned from the PoC, we found that while this segment is able to self-serve, for the more complicated asks – they will still require assistance from our relationship managers on specific questions related to their businesses.

In FY2025, on top of the virtual relationship managers which only focused on virtual interactions with our customers, DSME expanded its team to include digital relationship managers for customers who first reaches out to us digitally, but subsequently still requires direct interaction with our relationship managers.

From a deposit standpoint, DSME also expanded its services such as digital account opening via eKYC, enabling businesses to onboard digitally with ease and security. The innovation streamlines the account opening process more efficiently, providing sole-proprietor and Sdn Bhd companies with a fully digital onboarding experience as digital services demand grows.

#### FY2025 Performance Highlights

In FY2025, DSME demonstrated robust growth in loans, alongside enhanced revenue and improved profitability. Since its inception over three (3) years ago, the business has achieved a loan balance of more than RM558 million. The expansion of DSME's MSME portfolio was driven by leads generated through digital marketing efforts and strategic partnerships. To streamline the approval process and ensure efficiency, virtual site visits are arranged for shortlisted applications seeking financing up to RM500,000.

#### Notable Achievements in FY2025

- » Digital SME received the Digital Business Banking Initiative of the Year – Malaysia Award at The Asian Banking and Finance Retail Banking Awards, highlighting our dedication in driving digital transformation and supporting growth of local SMEs. This year, we expanded our credit solutions to include Alliance Bank Visa Platinum Business Credit Card with simplified processing and documents requirement to MSMEs operating for at least one (1) year and minimum turnover of RM50,000.

- » This first-of-its-kind initiative is a collaboration with the Credit Guarantee Corporation Malaysia Berhad (CGC). The credit card comes with guaranteed coverage, providing greater financial flexibility to businesses, making it easier to manage day-to-day operations, without requiring any collateral. The credit card also helps MSMEs build a robust credit history, enabling them to access larger funding support and better financial solutions in the future with an enhanced business credit profile. Additionally, we introduced the Bank Statement Analyser (BSA) tool to the Group Business Banking segment, which is targeted to improve our credit underwriting process. It features adaptive algorithms and analytics for fraud detection and increased operational efficiency, enabling quicker and more effective loan processing.



#### FY2026 OUTLOOK

For FY2026, DSME aims to introduce a fully integrated straight-through processing process (STP) lending platform which will significantly speed up loan application processing and approvals. The new platform will automate and streamline entire application process, reducing manual steps to enable faster and more efficient operations, providing MSMEs approval-in-principle within minutes. By enhancing the convenience in obtaining financing, the STP platform will empower MSMEs to make quicker financial decisions and gain access to funds to seize business opportunities. In addition, the platform will also feature an enhanced Financial Health Check tool for MSMEs to assess their financial position and gain insights into their cash flow. DSME is poised to maintain its loans growth trajectory in FY2026. In terms of new customers, DSME aims to contribute to approximately 30% of new business current account openings for the overall business banking segment by FY2027.

## Management Discussion and Analysis

### SME and Commercial Banking

The SME and Commercial Banking segment is a crucial component of the Bank's Acceler8 strategy. We aspire to support businesses at every stage of their lifecycle through an array of financial solutions and services. Our offerings include credit facilities, trade finance, foreign exchange, bancassurance, and transaction-related products, along with services extending beyond traditional banking such as financial education for SMEs, delivered in partnership with others.

#### FY2025 Performance Highlights

In FY2025, SME and Commercial Banking delivered robust performance, growth and resilience amidst challenging market conditions. The SME and Commercial Banking segment registered strong loans growth of 10% and 16% YOY, respectively, outpacing industry growth rates. This brought the total loans outstanding to RM16.2 billion and RM8.6 billion respectively. SME deposit balances grew 7% YOY to RM15 billion as we intensified our acquisition efforts, leveraging on digital channel and our partner-in-sales programme on top of our existing sales channels. Meanwhile, Commercial Banking deposit balances grew 33% YOY to RM6.8 billion. SME and Commercial revenue grew 12% and 6% YOY.

As a result of continuing the acquisition momentum, we have onboarded more than 8,500 new-to-bank ("NTB") customers in FY2025. The results were also complemented by strong collaborations with key notable partners including Credit Guarantee Corporation Malaysia Berhad ("CGC"), Syarikat Jaminan Pembiayaan Perniagaan ("SJPP"), Ministry of International Trade and Industry ("MITI"), Lembaga Hasil Dalam Negeri ("LHDN"), Digital Penang, SME Association of Malaysia, Persatuan Usahawan Maju Malaysia ("PUMM"), SME Association of Sabah, Sarawak Digital Economy Corporation (SDEC), Machinery & Engineering Industries Federation ("MIEF") among others.

Alliance Bank's commitment to the SME segment has been acknowledged with several prestigious awards, including being awarded with Digital Business Banking Initiative of the Year - Malaysia Award at The Asian Banking and Finance Retail Banking Awards, Top FI Partner Award, Commercial Financial Institution Category at CGC's 29<sup>th</sup> FI/DFI & SME Awards, Best SME Bank in Malaysia consecutively at The Digital Banker - Global Retail Banking Innovation Awards 2024 and 2025, Best SME Bank in Malaysia at 10<sup>th</sup> Annual Global Business Outlook Awards 2024, Best SME Bank of the Year in APAC - Silver Award at Qorus Reinvention Awards Asia Pacific 2025 and Anugerah Prestasi Terbaik 2024 - Keseluruhan Skim Jaminan Kerajaan awarded by SJPP.

#### FY2026 OUTLOOK



In FY2026, our primary focus is to continue our momentum on acquisition and growth, to drive fee-based income and further enhance our digital capabilities to maximise revenue and achieve better cost-efficiency and productivity.

##### Continue Acquisition and Growth Momentum

Our focus remains on acquiring high quality new-to-bank ("NTB") customers through a variety of channels. We aim to boost sales effectiveness and efficiency while targeting specific high growth sectors and regions. We will continue to refine our products, to better serve the dynamic needs of our SME and Commercial banking clients, including their business expansion plans and sustainability endeavours.

##### Driving Fee-based Income

We will continue to offer competitive FX, trade, and bancassurance products to all our existing and newly onboarded customers. Additionally, we will enhance our portfolio management strategies to drive fee income generation, for example promotion of trade and transactional products through the Months-On-Book (MOB) initiative. Teams of dedicated FX and trade specialists are set up to assist our clients on the utilisation of the facilities.

##### Enhancing Digital Capabilities

The upgrade of our digital and technological platforms remain a key priority. This involves making the customer onboarding process more efficient, equipping Relationship Managers (RMs) with digital tools for e-KYC and building trust and loyalty through customised digital engagement strategies. Furthermore, we will continue the enhancement efforts on our business processes and onboarding system to quicken turnaround times (TAT) and digital banking platform to simplify customer activation journey.

##### Holistic Loan Asset Growth with Drive for Deposit, Fee based and FX Income

Heading into FY2026, we will continue to strengthen our Relationship Managers (RM) network as well as introduce customers to suitable Trade Solutions and Cash Management Solutions. This will enable us to better serve our customers while deepening our wallet share and improving our relationships with both New-To-Bank (NTB) and Existing-to-Bank (ETB) customers.

## Management Discussion and Analysis

### Operational Review: Business Banking



#### Transaction Banking

Transaction Banking offers a wide range of cash management solutions including payment & collection services, liquidity management, and trade financing to all businesses. We actively encourage the use of digital solutions among our business clients for greater convenience and to ensure that their business banking needs are met in a seamless manner.

#### FY2025 Performance Highlights

In FY2025, we acquired around 10,000 new BizSmart® customers while the BizSmart® Mobile penetration among our customers increased significantly from 77% to 82%. Altogether, 56% of our trade finance submissions were completed digitally through BizSmart® eTrade, our online trade financing submission platform.

In the year under review, we introduced several new features and enhancements to strengthen security, improve customer support and enhance transaction efficiency.

To help customers combat financial scams, we rolled out advanced security measures within BizSmart®. The Kill Switch allows customers to temporarily disable their BizSmart® User ID immediately if they suspect unauthorised access. The Cooling-off Period introduces a 12-hour “No Transaction” interval after BizSmart® Mobile or User ID activation,

preventing fraudulent profiles from being exploited by scammers. Additionally, the Lock Card feature provides a self-service function for customers to block their business debit or credit cards instantly in case of loss or suspicious activity, reducing the risk of fraudulent transactions.

Beyond security, we enhanced customer support by centralising BOB, our BizSmart® Chatbot and other support services onto a single platform. This consolidation makes it easier for customers to access self-help materials and enrol in free weekly training sessions, empowering them with knowledge and resources for seamless banking experiences.

Recognising the complexities of Foreign Telegraphic Transfers (FTT), we re-engineered the submission process with a new user-friendly UI/UX. This upgrade simplifies the experience and reduces the documentation burden, making international transactions more efficient and convenient for our customers.

#### FY2026 OUTLOOK

Transaction Banking will focus on enhancing BizSmart® Mobile, balancing the need for greater convenience and stronger security, with the aim of making it the primary banking tool for SMEs to support their day-to-day banking.



## Management Discussion and Analysis

### Operational Review: Corporate and Institutional Banking



#### Corporate and Institutional Banking

Our Corporate and Institutional Banking provides high-value and strategic financial services to large/mid-tier corporates. These services encompass a wide range of activities, including granting credit facilities, fundraising via debt and equity capital markets, corporate advisory, cash management and transaction support, catering to the needs of clients with complex financial requirements and seeking customised solutions.

#### FY2025 Performance Highlights

In FY2025, Group Corporate and Institutional Banking (“GCIB”) recorded a total revenue of RM204.9 million with a profit before tax of RM110.0 million. Corporate loans, including Commercial Papers (“CP”) and Medium-Term Notes (“MTN”), continued to increase steadily with an 13.2% YOY growth to RM7.3 billion. Total deposits have increased YOY to RM12.0 billion, in alignment with the division’s efforts to diversify the depositor base and maintain healthy liquidity levels. Current Account balances recorded a growth rate of 51.6% YOY, to reach RM5.7 billion. The division has also successfully completed four (4) Initial Public Offering (“IPO”) exercises on the ACE Market, and one (1) IPO on the Main Market with a combined market capitalisation of RM2.0 billion and RM508 million of total funds raised.

#### FY2026 OUTLOOK



In line with the Bank’s Acceler8 transformation strategy, the division continues to drive new-to-bank acquisition and deepen existing client relationships, with an increased focus on growing sustainable financing whilst supporting the customers in their sustainability journey. GCIB will also continue to conduct joint account planning with the capital markets team to provide holistic solutions to customers and further expand the Bank’s share of wallet.

## Management Discussion and Analysis

### Operational Review: Group Financial Markets



#### Group Financial Markets

Group Financial Markets operates under four main pillars: Funding and Investments, Trading, Client Based Servicing and Middle Office, and Asset Liability Management Support. The segment focuses on providing customers with foreign exchange, money market, hedging and investment solutions.

#### FY2025 Performance Highlights

The performance of global financial markets was mixed in FY2025. While the United States saw strong equity market performance, there were more moderate gains in Europe and challenges in Asian markets, particularly in China and Japan. Commodities such as gold saw significant appreciation, while global economic growth remained inconsistent across regions. Meanwhile, Malaysia's financial markets and economy experienced robust growth, a strong stock market performance, currency appreciation, stable inflation and strategic advancements in the semiconductor and energy sectors. On the investments front, fluctuations in rates and volatilities opened prospects for enhanced yield products, allowing sophisticated investors to achieve better returns. These factors contributed to the Bank's growth in client-based revenues. For FY2025, Group Financial Markets recorded revenue of RM369 million.

#### Liquidity and Funding

During FY2025, the Bank's Liquidity Coverage Ratio (LCR), a measure of a bank's ability to meet short-term obligations, stood at 171.6% as at 31 March 2025. This level remains well above the regulatory requirement, indicating that we possess a strong liquidity buffer. Meanwhile, Net Stable Funding ratio (NSFR), which measures funding stability beyond the 12-month horizon, stood at 117.9%. Our aggregate loan-to-fund (LTF) ratio remained stable at 85.6% in March 2025, reflecting a balanced approach between lending activities and available funding.

#### FY2026 OUTLOOK

For FY2026, global financial markets are anticipated to navigate a complex landscape characterised by moderate economic growth, evolving monetary policies, technological advancements and geopolitical uncertainties. Domestically, Malaysia's economy is projected to experience steady growth in 2025, with forecasts indicating an expansion of approximately 4.7%. We expect BNM to maintain the Overnight Policy Rate (OPR) at 3.00% throughout the year, premised on solid economic growth and stable inflation. Despite the positive outlook, Malaysia faces external risks such as uncertainties stemming from U.S. tariff policies and global trade dynamics. We anticipate that this heightened volatility will lead to more trading opportunities and hedging activities.

## Management Discussion and Analysis

### Operational Review: Islamic Banking

#### Islamic Banking

Alliance Islamic Bank (“AIS”) offers a comprehensive range of Shariah-compliant financing, deposit and transaction services to individuals and businesses. AIS is among the few domestic Islamic banks with extensive in-house capabilities, including corporate and capital markets solutions, specifically designed to serve the needs of business clients.

#### FY2025 Performance Highlights

For FY2025, AIS reported a net profit after tax of RM192.2 million, representing an 18.8% increase YOY. The bank also achieved total revenue of RM539.0 million, a 23.6% increase YOY, driven by higher gross profit income resulting from increased volume and improved rates. Consequently, the net profit margin stood at 2.72%.

AIS’ Other Operating Income grew by RM19.7 million, reflecting a remarkable growth of 61.9% YOY, mainly driven by trade fees, Islamic Capital Markets-related fees and Takaful contributions. However, the bank’s credit cost deteriorated by 28.9 basis points (bps) to 58.1 bps, primarily due to the Personal Financing portfolio.

AIS posted a return on equity for FY2025 of 12.2%, compared to 11.8% in the previous financial year. Financing and advances grew by 5.8% YOY to RM14.64 billion, with significant contributions from SME financing (+12.2%) and Commercial financing (+2.6%). CASA balance stood at RM5.4 billion, an increase of 8.0% YOY, as we continue to maintain a higher-than-industry CASA ratio of 33.0%.

#### Halal in One

The Halal in One (“HiO”) programme, AIS’ flagship initiative, plays a vital role in supporting business owners entering the halal industry. Since its launch in 2020, the programme has successfully engaged over 5,000 SMEs, significantly contributing to financing growth, revenue generation, and attracting new-to-bank customers. To date, we have granted more than RM2.5 billion in financing to over 600 SMEs across various industry sectors.

This year, we enhanced our offerings with the introduction of the unique Halal in One Financing Programme. This programme brings together all our offerings under one roof to enable the seamless setup, funding and financing of halal businesses in Malaysia.

The HiO programme has been honoured with the Islamic Services Excellence Award (local financial institution category) at the World Halal Excellence Award ceremony,

organised by the Halal Development Corporation (HDC), for two consecutive years, in 2022 and 2023. Our client, Oriental Kopi, was also recognised with the Halal Gourmet Food & Beverages Excellence award at this ceremony. This recognition underscores our commitment to excellence and innovation in supporting businesses within the halal industry.

Looking ahead, we are dedicated to exploring opportunities to enhance our services and forge new partnerships, further strengthening our offerings for our customers.

#### Islamic Capital Markets

AIS stands out as one of the few local Islamic banks equipped with in-house capabilities to provide business clients with comprehensive corporate and capital markets solutions.

In FY2025, AIS successfully listed five companies on Bursa Malaysia, raising a total of RM508 million and achieving a combined market capitalisation of close to RM2.0 billion. These Initial Public Offerings (IPOs) comprised of four ACE Market Companies, namely Farm Price, Sorento, OBH and Oriental Kopi, as well as one Main Market company, Pantech Global. Notably, the share prices of Farm Price and Oriental Kopi, surged by 100% on their trading debut, underscoring the strong market demand.

In addition to these listings, AIS was mandated as the Joint Principal Adviser/Lead Arranger and Joint Lead Manager for Avaland Berhad’s RM1.0 billion Sukuk Murabahah Programme. We also supported their inaugural issuance of RM300.0 million Sustainability Sukuk Murabahah, further demonstrating our commitment to innovative financing solutions that align with sustainable development goals. AIS also won 2<sup>nd</sup> runner-up in MARC’s Lead Managers’s League Table Awards 2024 for the number of deals arranged.

In FY2025, Islamic Capital Markets contributed 39.7% to AIS’ Other Operating Income, reflecting a 11% increase from the previous fiscal year (FY2024). This growth highlights our commitment to expand our offerings and enhance our impact in the Islamic finance sector.



## Management Discussion and Analysis

### Operational Review: Islamic Banking



#### AIS Zakat Microfinancing Programme (“AZAM”)

AZAM is Malaysia’s first Islamic social funding programme that utilises *zakat wakalah* to uplift *asnaf* (underprivileged) micro entrepreneurs. AZAM adopts an innovative approach by disbursing zakat funds as small-ticket financing in accordance with the Qard concept (loan without interest or profit). Repayments are then channelled into the pool, which then broadens the programme’s impact as it is able to support even more qualified *asnaf* entrepreneurs while ensuring the continuity of the *zakat* funds.

In FY2025, AIS was honoured to be invited to participate in the “Muzakarah Zakat Nusantara 2024”, which gathered esteemed Muslim scholars from the region. At this significant event, AIS’ CEO delivered a keynote address highlighting the impactful role of AZAM in promoting social finance and empowering the *asnaf* community to break free from the cycle of poverty.

AZAM has garnered strong support from various state governments. Selangor was the first state to issue a fatwa approving AZAM, followed by Pulau Pinang. This growing governmental endorsement underscores AZAM’s positive impact and potential for wider adoption.

As of 31 December 2024, AIS has allocated a total of RM450,000 through a revolving fund, benefiting 103 *asnaf* micro-entrepreneurs. Looking ahead, the Bank aims to disburse an additional RM225,000 in *zakat wakalah* to support new recipients by the first quarter of FY2026.

The AZAM initiative has been recognised with the prestigious title of Best Islamic Financial Inclusion Initiative by The Digital Banker at the Global Islamic Finance Award 2024. This accolade underscores our commitment to empowering communities and advancing financial inclusivity within the Islamic finance sector.

#### FY2026 OUTLOOK

Islamic Financing is poised to continue its robust growth, outpacing that of conventional banks, driven by favourable demographics and a sustained regulatory push to broaden Islamic banking adoption in the country. According to the Association of Islamic Banks in Malaysia (AIBIM), it is projected that by 2030, half of the country’s banking assets will be Islamic.

However, since 2020, deposit growth has lagged financing expansion, resulting in lower share of low-cost current and saving account (CASA) deposits. This situation has rendered Islamic banks more susceptible to intensified deposit competition compared to their conventional counterparts, leading to a more pronounced narrowing of margins in recent years.

To navigate these challenges, our key focus areas will include:

- » Strengthening deposits: Enhancing our deposit base to improve funding stability
- » Driving profitable high RAROC financing growth: Focusing on initiatives like the Halal in One Financing Programme for businesses and Personal Financing for consumers
- » Expanding other incomes via differentiated products & Capital Markets: Diversifying income streams to bolster overall profitability
- » Optimising Net Profit Margin in Financing: Ensuring efficient financing operations while maintaining asset quality

We are committed to creating lasting positive impacts within society and supporting the transition to an ESG-focused economy through initiatives such as AZAM, the Halal in One and Islamic Sustainable Financing Programme.



## Management Discussion and Analysis

### Operational Review: Risk and Compliance

#### Risk and Compliance

The Bank has established a comprehensive and robust system of risk management and internal controls that ensure risks are managed within an acceptable tolerance limit. We also have in place an ongoing process to identify, evaluate, and manage current and emerging risks.

Our Risk Management Framework facilitates the identification, evaluation and management of risks affecting the Bank. These includes credit risk, sustainability risk, liquidity risk, market risk, operational risk, technology risk and Shariah non-compliance risk, amongst others.



*The finer details of the Bank's risk and risk mitigation strategies can be found in the Statement on Risk Management and Internal Control on pages 200 to 201 and the Risk Management report on pages 202 to 210 of this Annual Report.*



*For the details of the developments on the corporate governance front, please refer to the Corporate Governance Overview Statement on pages 161 to 199 of this Annual Report.*

### Operational Review: Outlook and Strategic Priorities

#### Outlook and Strategic Priorities

Malaysia's economy remains on a healthy growth trajectory as domestic demand is likely to stay resilient supported by sustained consumer spending and steady labour market dynamics. The country's sound fundamentals and diversified economic structure, coupled with renewed government focus to spur higher economic growth will help ensure Malaysia's growth stays intact.

Nevertheless, we are mindful that growth has been uneven and there remain pockets of stress in selected sectors. In addition, we remain cautious of downside risks to growth stemming from external uncertainties such as new US tariffs and policies. These developments remain very fluid. We continue to monitor these issues closely and actively work with clients and partners as we face these challenges together.



#### ACKNOWLEDGEMENTS

In closing, I would like to extend my sincere appreciation and gratitude to Board members for their wisdom, leadership and insights. To our customers, business partners and shareholders – thank you for your support and loyalty throughout the years. Our Team Alliance also deserves special recognition for their dedication and energy as they continue to consistently deliver strong performance and outcomes. I would like to convey my appreciation to Bank Negara Malaysia, Securities Commission Malaysia, Bursa Malaysia Securities Berhad, government agencies and other regulatory authorities for their assistance and guidance.

**KELLEE KAM CHEE KHIONG**  
GROUP CHIEF EXECUTIVE OFFICER

# Remembering **TAN SRI DATO' AHMAD BIN MOHD DON**

29 July 1947 – 17 September 2024



It is with profound sadness that Alliance Bank Malaysia Berhad mourns the passing of our former Chairman, Tan Sri Dato' Ahmad bin Mohd Don, on 17 September 2024. Since his appointment in 2017, he provided visionary leadership, guiding the Bank through a transformative journey rooted in integrity, innovation, and service excellence. His wisdom, steadfast leadership, and unwavering commitment to excellence left an indelible mark on Alliance Bank, inspiring our Board and Management Team. As we mourn his passing, we remain committed to upholding the values and vision he championed, ensuring his legacy continues to shape our path forward.



**“Tan Sri Dato' Ahmad's passing is a profound loss to the industry. He was a pioneer leader with deep sense of duty. He guided the Bank's growth and his leadership will leave a lasting impact. He will be deeply missed.”**

**Tan Sri Amirsham Bin A Aziz**  
*Chairman*



**“Tan Sri Dato' Ahmad made a tremendous impact on the Bank, bringing about positive changes amidst challenges over the years to build a strong banking group in Malaysia. Our Board Members and Management Team were inspired by his leadership and Alliance Bank was privileged to have had him at the helm.”**

**Kellee Kam Chee Khiong**  
*Group Chief Executive Officer*

## 5-Year Financial Summary

| FINANCIAL YEAR ENDED 31 MARCH                          | 2025   | 2024   | 2023   | 2022   | 2021   |
|--|--------|--------|--------|--------|--------|
| <b>Operating Results (RM Million)</b>                  |        |        |        |        |        |
| Net income   | 2,270  | 2,020  | 1,920  | 1,868  | 1,818  |
| Profit before taxation                                 | 993    | 911    | 887    | 827    | 484    |
| Net profit after taxation                              | 751    | 690    | 678    | 573    | 359    |
| <b>Key Balance Sheet Data (RM Million)</b>             |        |        |        |        |        |
| Total assets   | 85,217 | 76,946 | 66,311 | 61,848 | 60,721 |
| Gross loans, advances and financing                    | 62,445 | 55,740 | 49,068 | 46,189 | 44,147 |
| Total liabilities                                      | 77,549 | 69,771 | 59,564 | 55,431 | 54,463 |
| Deposits from customers                                | 65,835 | 57,397 | 50,849 | 48,186 | 48,489 |
| Paid-up capital  | 1,548  | 1,548  | 1,548  | 1,548  | 1,548  |
| Shareholders' equity                                   | 7,668  | 7,175  | 6,747  | 6,417  | 6,258  |
| Commitments and contingencies                          | 65,980 | 58,360 | 46,224 | 33,911 | 30,367 |
| <b>Share Information And Valuations</b>                |        |        |        |        |        |
| <b>Share Information</b>                               |        |        |        |        |        |
| Earnings per share (sen)                               | 48.5   | 44.6   | 43.8   | 37.0   | 23.2   |
| Diluted earnings per share (sen)                       | 48.5   | 44.6   | 43.8   | 37.0   | 23.2   |
| Dividend per share (sen)                               | 19.4   | 22.3   | 22.0   | 18.5   | 5.8    |
| Net assets per share (RM)                              | 4.95   | 4.63   | 4.36   | 4.14   | 4.04   |
| Share price as at 31 March (RM)                        | 4.62   | 3.69   | 3.40   | 3.76   | 2.65   |
| Market capitalisation (RM million)                     | 7,152  | 5,712  | 5,264  | 5,821  | 4,102  |
| <b>Share Valuations</b>                                |        |        |        |        |        |
| Dividend yield (%)                                     | 4.2    | 6.0    | 6.5    | 4.9    | 2.2    |
| Dividend payout ratio (%)                              | 40.0   | 50.0   | 50.2   | 50.0   | 25.0   |
| Price to earnings multiple (times)                     | 9.5    | 8.3    | 7.8    | 10.2   | 11.4   |
| Price to book multiple (times)                         | 0.9    | 0.8    | 0.8    | 0.9    | 0.7    |
| <b>Financial Ratios (%)</b>                            |        |        |        |        |        |
| <b>Profitability Ratios</b>                            |        |        |        |        |        |
| Net interest margin on average interest-earning assets | 2.5    | 2.5    | 2.6    | 2.5    | 2.3    |
| Net return on average equity                           | 10.3   | 10.2   | 10.5   | 9.2    | 5.9    |
| Net return on average assets                           | 0.9    | 1.0    | 1.1    | 0.9    | 0.6    |
| Net return on average risk-weighted assets             | 1.4    | 1.5    | 1.7    | 1.5    | 1.0    |
| Cost to income ratio                                   | 48.0   | 48.2   | 45.9   | 44.1   | 44.1   |
| <b>Asset Quality Ratios</b>                            |        |        |        |        |        |
| Loan loss coverage <sup>1</sup>                        | 116.8  | 113.8  | 123.7  | 141.5  | 105.9  |
| Gross impaired loans ratio                             | 1.8    | 2.1    | 2.5    | 1.9    | 2.3    |
| Net impaired loans ratio                               | 1.0    | 1.2    | 1.4    | 1.1    | 1.7    |
| <b>Liquidity ratios</b>                                |        |        |        |        |        |
| CASA ratio   | 41.0   | 41.6   | 41.9   | 48.9   | 47.0   |
| Loan to deposit ratio                                  | 94.9   | 97.1   | 96.5   | 95.9   | 91.0   |
| Loan to funds ratio                                    | 85.6   | 87.0   | 87.4   | 87.2   | 84.3   |
| <b>Capital Adequacy Ratios</b>                         |        |        |        |        |        |
| Common Equity Tier I ("CET I") capital ratio           | 12.18  | 12.91  | 14.49  | 15.96  | 16.22  |
| Tier I capital ratio                                   | 13.37  | 13.62  | 15.34  | 16.87  | 17.17  |
| Total capital ratio                                    | 16.71  | 17.20  | 19.37  | 20.99  | 21.57  |

<sup>1</sup> Including Regulatory Reserve provision.

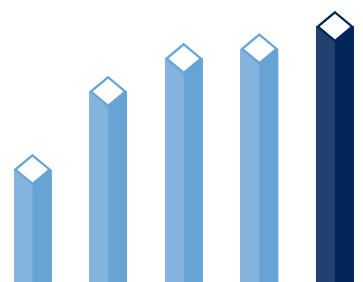
## 5-Year Financial Highlights

### IMPROVED EARNINGS

#### Profit After Taxation

(RM million)

359 573 678 690 751

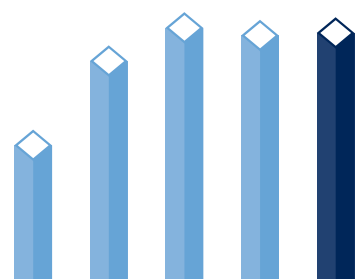


2021 2022 2023 2024 2025

#### Net Return on Average Equity

(%)

5.9 9.2 10.5 10.2 10.3

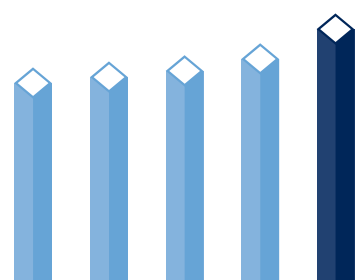


2021 2022 2023 2024 2025

#### Net Income

(RM million)

1,818 1,868 1,920 2,020 2,270



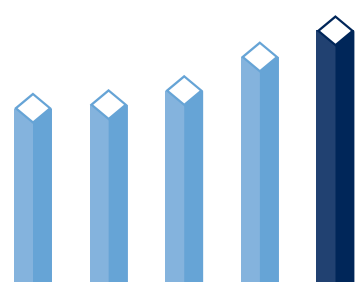
2021 2022 2023 2024 2025

### STEADY BALANCE SHEET GROWTH

#### Total Assets

(RM million)

60,721 61,848 66,311 76,946 85,217

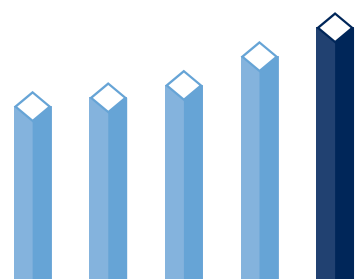


2021 2022 2023 2024 2025

#### Gross Loan, Advances and Financing

(RM million)

44,147 46,189 49,068 55,740 62,445

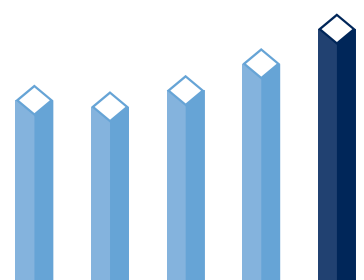


2021 2022 2023 2024 2025

#### Deposits from Customers

(RM million)

48,489 48,186 50,849 57,397 65,835



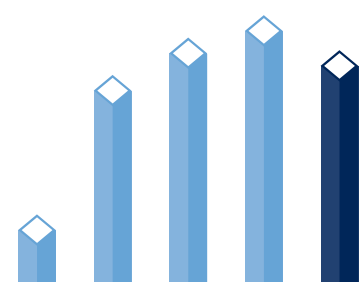
2021 2022 2023 2024 2025

### ENHANCED SHAREHOLDERS VALUE

#### Dividend Per Share

(Sen)

5.8 18.5 22.0 22.3 19.4

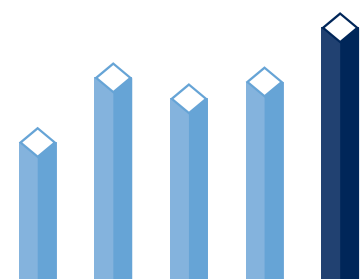


2021 2022 2023 2024 2025

#### Market Capitalisation

(RM million)

4,102 5,821 5,264 5,712 7,152

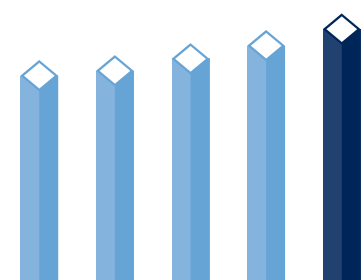


2021 2022 2023 2024 2025

#### Net Assets Per Share

(RM)

4.04 4.14 4.36 4.63 4.95



2021 2022 2023 2024 2025



## Financial Calendar

### Announcement of Financial Results

29 August 2024

28 November 2024

27 February 2025

27 May 2025

First Financial  
Quarter ended  
30 June 2024

Second Financial  
Quarter ended  
30 September 2024

Third Financial  
Quarter ended  
31 December 2024

Fourth Financial  
Quarter ended  
31 March 2025

### Dividends

First interim single tier dividend of 9.50 sen per share

12 December 2024

13 December 2024

30 December 2024

Ex-Dividend Date

Entitlement Date

Payment Date

Second interim single tier dividend of 9.90 sen per share

12 June 2025

13 June 2025

26 June 2025

Ex-Dividend Date

Entitlement Date

Payment Date

### Annual General Meeting

1 July 2025

30 July 2025

Notice of 43<sup>rd</sup> Annual General Meeting43<sup>rd</sup> Annual General Meeting

# Our Value Creation Business Model

## OUR CAPITALS



### Financial Capital

- RM65.8 billion deposits from customers.
- RM7.7 billion Shareholders' Equity.
- Healthy funding position with liquidity coverage ratio at 171.6%.
- Common Equity Tier 1 Ratio of 12.2%, Tier-1 Capital Ratio of 13.4%, and Total Capital Ratio of 16.7%.



### Manufactured Capital

- 79 branches across Malaysia.
- Practices a customer-first, agile approach to digital innovation, transformation, and marketing.
- Offers a broad range of innovative digital solutions to deliver fast, simple and convenient banking services.



### Intellectual Capital

- Demonstrate positive growth and strive to be a community-centric organisation.
- Deliver fast, best-in-class service, convenient and personalised solutions to meet our customers' need.



### Human Capital

- We are an equal opportunity employer with a workforce of nearly 4,000 employees, of which 62% are women—demonstrating our strong commitment to fostering diversity and inclusion.
- Invested over RM7 million in employee development initiatives, with an average of 40 learning hours per employee throughout the year.
- We encourage a culture of continuous learning and are committed to equipping our employees with opportunities for growth and career progression in support of their professional goals, while also prioritising their well-being and safety in the workplace.



### Social & Relationship Capital

- Collaborated with strategic partners to help businesses transform to be more sustainable.
- Empowered SMEs and communities through various initiatives such as:
  - Sustainability Impact Programme ("SIP"), earlier run as Sustainability Assistance Programme, to support businesses in their transition towards more sustainable practices.
  - PROGRESS Tool (PROmoting Green RESilient & Sustainable SMEs) which enables peer benchmarking and generates a personalised climate transition plan to help facilitate SMEs on their sustainability journey.
  - #SupportLokal initiative to help local businesses widen their customer reach by taking their businesses online.
  - Halal in One Programme to help businesses to acquire Halal certification affordably and efficiently whilst expanding their customer reach within the halal segment.

## OUR BUSINESS ACTIVITIES

- Consumer Banking
- SME & Commercial Banking
- Digital SME Banking
- Corporate & Transaction Banking
- Financial Markets
- Islamic Banking

## OUR MATERIAL MATTERS

### Economic/Governance

- Customer Data Privacy
- Customer Experience
- Digitalisation
- Economic Performance
- Ethics and Compliance
- Sustainable and Responsible Financing
- Sustainable Procurement
- Business Continuity and Risk Management

### Environmental

- Climate Change
- Conserving the Environment

### Social

- Corporate Social Responsibility
- Diversity, Equity and Inclusion
- Employee Engagement, Health, Safety and Well-Being
- Financial Inclusion
- Workforce Management

TOP  
QUARTILE  
RETURN  
ON EQUITY

SUPERIOR  
CUSTOMER  
SERVICE

PROMINENT  
EMPLOYER  
OF CHOICE

SOLID ESG  
PROGRESS

## OUR STAKEHOLDERS

- Government, Policymakers, Regulators
- Shareholders, Investors
- Customers
- Communities
- Employees
- Suppliers, Vendors
- Business Partners

## Our Value Creation Business Model

## OUTPUTS AND OUTCOMES

## Financial Capital

- Revenue grew 12.3% to RM2.3 billion.
- Net interest income improved 13.2% YOY.
- Loans grew 12.0% YOY.
- CASA ratio at 41.0%.
- Net profit after tax improved 8.7% YOY to RM750.7 million.
- Return on equity at 10.3%.
- Earnings per share of 48.5 sen.
- Net asset value per share at RM4.95.

## Manufactured Capital

- Acquired over 85,000 NTB customers with better revenue per customer.
- Enhanced our suite of innovative solutions:
  - Introduced Bank Statement Analyser ("BSA") to improve our SME credit and underwriting.
  - Launched The Alliance Digital SME Startup Financing, a digital guaranteed scheme, to help new companies capitalise on their early growth opportunities.
  - Expanded services of eKYC for Business Customer Onboarding.
  - Virtual Credit Card enabled with Samsung Pay and Google Pay.
- High penetration of digital usage:
  - Digital channels contributed 40% of consumer NTB acquisitions.
  - Digital SME loan balances have increased to more than RM550 million.
  - Acquired around 10,000 new BizSmart customers with BizSmart mobile penetration increasing from 77% to 82%.
  - BizSmart e-Trade submissions comprised 56% of total trade finance submissions.

## Intellectual Capital

- High customer Net Promoter Score ("NPS") improving from 33 to 39.
- Embedded Alliance Customer Promise across key touchpoints to deliver high quality products, services and experiences to our customers.

## Human Capital

- Sustained retention rate of high performers at 90%.
- Employee satisfaction metrics surpass industry and global high-performing standards in the following areas:
  - Sustainable Engagement Index at 90%.
  - Well-being Index at 80%.
  - Communication Index at 88%.
  - Career Development at 88%.
  - Diversity, Equity, and Inclusion at 87%.
- Won the following accolades for "Employee Experience Award" in 2024:
  - Gold: Best In-house Candidate Experience.
  - Gold: Best In-house Recruitment Team.
  - Gold: Best Employer Branding.
  - Gold: Best Workforce Innovation.
  - Overall Talent Acquisition Award.
- Won the following accolades for "HR Excellence Award" in 2024:
  - Gold: Excellence in Digital Transformation.
  - Gold: Excellence in Employer Branding.
  - Silver: Excellence in Recovery & Rebound Strategy.
  - Silver: Excellence in Workplace Culture.
- Ranked 5th in Malaysia's Top 100 Leading Graduates Employers 2024 and 2<sup>nd</sup> Runner Up in Banking sector.

## Social &amp; Relationship Capital

- Achieved RM14.4 billion in cumulative new sustainable banking business since FY2022.
- Provided business support via BizSmart® Solution, Unveiled BizSmart Challenge Accelerator Edition.
- Sustainability Impact Programme ("SIP") provided more than RM560 million in financing for businesses and green solutions.
- SIP won ESGBusiness Awards 2024 for the category of Cross-Sector Collaboration Award.
- Launched the new Islamic Sustainability Financing ("ISF") Programme, featuring the Low Carbon Transition Facility-I and general working capital financing.
- Total allocation of RM450,000 to 103 asnaf entrepreneurs from Alliance Islamic Bank Zakat Microfinancing Programme ("AZAM").
- AEIOU Challenge Financial Literacy Programme impacting nearly 40,000 Malaysian schoolchildren aged 9-12.
- Flood Assistance Programme (SocioBiz) where the Bank matched every RM1 donated with RM2, effectively tripling the contributions to aid flood victims.
- Halal in One (HiO) acceptance financing amount of RM801.6 million for FY2025.

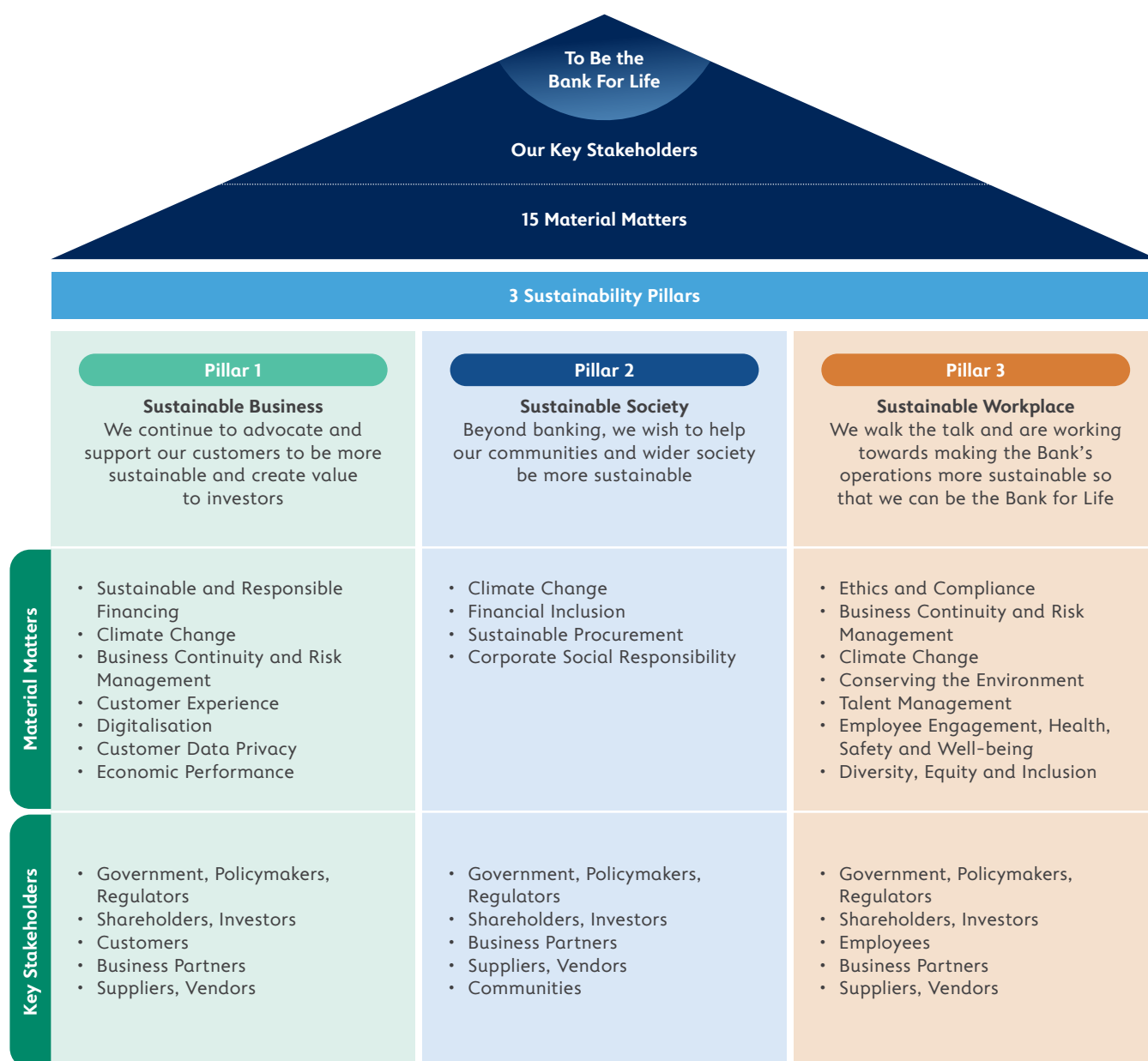


## Key Stakeholder Engagement

Alliance Bank is committed to having open and ongoing communication with stakeholders, enabling us to deliver value through innovative banking solutions for our customers, stakeholders, employees and local communities. The insights we receive guide us in the prioritisation of material issues across environmental, social, and governance (“ESG”) pillars, alongside economic considerations.

Our purpose to be “The Bank For Life” aims to serve consumers, businesses, and lift overall communities by fostering collaborative partnerships in our daily services and conduct. We have advanced beyond transactional experiences to focus on providing value as well as holistic solutions for the customers, communities and employees that engage with the Bank.


















Our three (3) Sustainability Pillars are strategically aligned with our material matters and key stakeholders, driving progress toward our purpose and sustainability goals.





## Key Stakeholder Engagement





The table below outlines our key stakeholders, their interests, concerns, and our approach to meeting their expectations, including the mode and frequency of our engagements.

| <div><div> Ongoing</div><div> As and when needed</div><div> Annually</div><div> Quarterly</div><div> Biannually</div><div> Monthly</div></div> |  |   |  |
|--|--|---|--|
| Interests and Concerns   | Addressing Stakeholder Expectations  | Mode of Engagement (Frequency of Engagement)  | Sustainability Pillars and Material Matters  |
| <div><div></div><div>Government, Policymakers, Regulators</div></div>   |  |   |  |
| <ul style="list-style-type: none"><li>Compliance with regulatory requirements</li><li>Adherence to applicable laws</li><li>Regulatory reporting</li><li>Industry collaboration to facilitate knowledge sharing</li></ul>   | <ul style="list-style-type: none"><li>Establishing a robust compliance system that is continuously reviewed and enhanced to ensure compliance with regulatory requirements</li><li>Staying updated on changes in policy and regulations</li><li>Providing necessary reports and information in a timely manner</li><li>Actively participating in and contributing to programmes initiated by the government, policymakers and regulators</li></ul>   | <ul style="list-style-type: none"><li>Dialogue</li><li>Conferences</li><li>Periodic regulatory reporting</li><li>Participation in industry and regulatory initiatives such as the Joint Committee on Climate Change (“JC3”) and its sub-committees</li></ul>  | <div>Pillar 1</div> <ul style="list-style-type: none"><li>Economic Performance</li><li>Climate Change</li><li>Business Continuity and Risk Management</li></ul> <div>Pillar 2</div> <ul style="list-style-type: none"><li>Climate Change</li></ul> <div>Pillar 3</div> <ul style="list-style-type: none"><li>Ethics and Compliance</li><li>Business Continuity and Risk Management</li><li>Climate Change</li></ul>  |
| <div>VALUE TO OUR STAKEHOLDERS</div> <ul style="list-style-type: none"><li>Effective policymaking decisions through engagement with regulators and policymakers</li><li>Adoption of standards and policies across the industry enhances the efficiency of the financial system</li></ul>   |  | <div>VALUE FOR ABMB</div> <ul style="list-style-type: none"><li>Proactively stay abreast of regulations, policies, and emerging developments to ensure ongoing compliance</li><li>Contribute to a stable monetary and financial system that promotes economic growth and a conducive business environment</li></ul>   |  |
| <div><div></div><div>Shareholders, Investors</div></div>  |  |   |  |
| <ul style="list-style-type: none"><li>Governance</li><li>Growth strategy</li><li>Risk management</li><li>Accurate and comprehensive disclosures</li><li>Regular communication</li></ul>  | <ul style="list-style-type: none"><li>Pursuing balanced, sustainable growth through strategic plans to ensure the Bank remains competitive and safe</li><li>Focusing on strong risk management to maintain a healthy capital position and actively manage liquidity to sustain financial viability</li><li>Providing timely and comprehensive updates as well as disclosures on performance, strategic progress, and significant corporate milestones or strategic partnership</li><li>Maintaining active engagement with shareholders and investors</li></ul> | <ul style="list-style-type: none"><li>Annual General Meeting</li><li>Analyst briefings</li><li>Special briefings</li><li>One-on-one and group investor meetings with the management and investor relations team</li><li>The Bank’s corporate website</li></ul> | <div>Pillar 1</div> <ul style="list-style-type: none"><li>Economic Performance</li><li>Sustainable and Responsible Financing</li><li>Climate Change</li><li>Business Continuity and Risk Management</li></ul> <div>Pillar 2</div> <ul style="list-style-type: none"><li>Climate Change</li></ul> <div>Pillar 3</div> <ul style="list-style-type: none"><li>Conserving the Environment</li><li>Climate Change</li><li>Business Continuity and Risk Management</li></ul> |
| <div>VALUE TO OUR STAKEHOLDERS</div> <ul style="list-style-type: none"><li>Strong investment proposition supported by the Bank’s sustainable business growth and consistent performance track record</li><li>Able to gain a clear understanding of the Bank’s sustainability commitments and dedication to driving climate action</li></ul>  |  | <div>VALUE FOR ABMB</div> <ul style="list-style-type: none"><li>Continuous support allows for a more varied pool of investors to support growth strategies</li><li>Accomplish fair valuations of shares</li></ul>   |  |

## Key Stakeholder Engagement






| Interests and Concerns   | Addressing Stakeholder Expectations  | Mode of Engagement (Frequency of Engagement)   | Sustainability Pillars and Material Matters  |
|--|--|--|--|
| <div><div></div><div>Employees</div></div>  |  |  |  |
| <ul style="list-style-type: none"><li>Corporate development, business direction, and sustainability initiatives</li><li>Talent development</li><li>Employee health, safety, and well-being</li><li>Talent attraction and retention</li><li>Diversity, Equity and Inclusion</li><li>Flexibility in performing day-to-day activities</li><li>Enhancement on technology enablement</li></ul>                    | <ul style="list-style-type: none"><li>Fostering long-term employee value by cultivating a purpose-driven culture to become an organisation we are proud to belong to</li><li>Advocating open and transparent communication through meetings and townhalls</li><li>Promoting a culture of appreciation through annual Voice of Employee survey, Alliance Heroes and ManCo Appreciates You initiatives</li><li>Offering various career opportunities for professional growth and nurturing talent pipelines through development programmes</li><li>Organising employee engagement and well-being initiatives through the Sports Club, Employee Engagement Committees, and Fit@Alliance</li></ul> | <ul style="list-style-type: none"><li>inAlliance intranet portal </li><li>Employee survey </li><li>Department meetings </li><li>Townhalls </li><li>Training sessions </li><li>Mentoring programmes </li><li>Rewards and recognition programmes </li><li>Social activities </li></ul> | <b>Pillar 3</b> <ul style="list-style-type: none"><li>Ethics and Compliance</li><li>Talent Management</li><li>Employee Engagement, Health, Safety, and Well-being</li><li>Diversity, Equity, and Inclusion</li></ul> |
| <b>VALUE TO OUR STAKEHOLDERS</b> <ul style="list-style-type: none"><li>Supportive work environment that encourages innovation, values diversity and promotes well-being with flexible work arrangements</li><li>Benefits programme that supports physical, mental, financial, and career needs</li><li>Structured learning and development programmes for continuous growth and career progression</li></ul> |  | <b>VALUE FOR ABMB</b> <ul style="list-style-type: none"><li>Engaged and committed employees play a vital role in achieving business goals</li><li>A future-ready workforce fosters innovation and transformation, ensuring that the Bank remains relevant and competitive</li><li>Enthusiastic brand advocates with strong product knowledge contribute to improved customer experiences and brand advocacy</li></ul>  |  |
| <div><div></div><div>Customers</div></div>  |  |  |  |
| <ul style="list-style-type: none"><li>Fairness and transparency</li><li>Ability to support and meet financial needs</li><li>Progressive advancement in products and solutions relevant to needs</li><li>Personal data protection and security</li><li>Positive customer experience</li></ul>   | <ul style="list-style-type: none"><li>Leveraging on the Bank’s transformation strategy, Acceler8, to focus on good advice and relevant solutions to meet customers’ evolving needs</li><li>Ensuring continuous focus on enhancing the Bank’s products to deliver innovative and effective solutions</li><li>Actively managing and monitoring customers in high ESG risk sectors</li><li>Delivering on our G.R.E.A.T promise, built on five core principles known as Good Advice, Relevant Solutions, Ease, Accuracy, and Timeliness</li></ul>  | <ul style="list-style-type: none"><li>Physical branches </li><li>Networking events </li><li>The Bank’s corporate website </li><li>The Bank’s social media channels </li><li>Net Promoter Score (“NPS”) Surveys </li><li>Market research </li></ul>   | <b>Pillar 1</b> <ul style="list-style-type: none"><li>Sustainable and Responsible Financing</li><li>Customer Experience</li><li>Customer Data Privacy</li><li>Digitalisation</li></ul>                               |
| <b>VALUE TO OUR STAKEHOLDERS</b> <ul style="list-style-type: none"><li>Tailored solutions and advice provided through insights into customer challenges and needs</li><li>Ongoing innovation of products and services, especially in areas like digitalisation and sustainability</li></ul>  |  | <b>VALUE FOR ABMB</b> <ul style="list-style-type: none"><li>Strong brand reputation strengthened by customer loyalty and positive recognition</li><li>Increased opportunities to support existing customers while growing and protecting the Bank’s portfolio</li></ul>  |  |

## Key Stakeholder Engagement

| Interests and Concerns   | Addressing Stakeholder Expectations  | Mode of Engagement (Frequency of Engagement)  | Sustainability Pillars and Material Matters  |
|--|--|---|--|
| <div> <b>Business Partners</b></div>  |  |   |  |
| <ul style="list-style-type: none"><li>• SME sustainability adoption</li><li>• Preferential green financing offerings to drive adoption and uptake of sustainability solutions</li><li>• Joint advocacy initiatives</li></ul>   | <ul style="list-style-type: none"><li>• Continuously improving the Sustainability Impact Programme (“SIP”) to provide thought leadership, advisory, and beyond banking solutions to the business community</li><li>• Sponsoring the development of SME climate assessment tool and climate action plan launched as “PROGRESS” (PROmoting Green RESilient &amp; Sustainable SMEs)</li><li>• Offering preferential financing and green solutions</li><li>• Supporting and providing resources to partners for their awareness programmes and client engagements</li><li>• Commissioning SME ESG report that provides insights into readiness of SMEs to meet regulatory, market, and financial demand while unlocking new market opportunities</li></ul> | <ul style="list-style-type: none"><li>• Physical meetings </li><li>• Events (webinars, panel discussions, green exhibitions) </li><li>• Social media channels </li><li>• The Bank’s corporate website </li><li>• Speaking engagements </li></ul> | <b>Pillar 1</b> <ul style="list-style-type: none"><li>• Economic Performance</li><li>• Sustainable and Responsible Financing</li></ul> <b>Pillar 2</b> <ul style="list-style-type: none"><li>• Climate Change</li></ul> <b>Pillar 3</b> <ul style="list-style-type: none"><li>• Climate Change</li></ul> |
| <b>VALUE TO OUR STAKEHOLDERS</b> <ul style="list-style-type: none"><li>• Support industry sustainable business practices through advisory, tools and industry insights</li><li>• Strong, purpose-driven partnerships fostered through continuous collaboration and shared values</li></ul> |  | <b>VALUE FOR ABMB</b> <ul style="list-style-type: none"><li>• Drive mutual growth through strategic collaboration and knowledge sharing</li><li>• Enhanced innovation and solution development by leveraging industry expertise and diverse perspectives</li></ul>  |  |
| <div> <b>Suppliers, Vendors</b></div>   |  |   |  |
| <ul style="list-style-type: none"><li>• Fair and transparent procurement practices</li><li>• Sustainable supply chain</li><li>• Environmental and social responsibility</li></ul>  | <ul style="list-style-type: none"><li>• Ensuring fair treatment of vendors and suppliers by enforcing the Bank’s Procurement Policy and Standard Operating Procedures while making purchasing decisions</li><li>• Adopting best governance (including risk management and compliance), environmental and social practices in our supply chain via the ESG Supplier Self-Assessment Questionnaire (“SAQ”)</li></ul>   | <ul style="list-style-type: none"><li>• The Bank’s e-Procurement System </li><li>• The Bank’s corporate website </li><li>• Supplier briefings </li></ul>   | <b>Pillar 1</b> <ul style="list-style-type: none"><li>• Climate Change</li></ul> <b>Pillar 2</b> <ul style="list-style-type: none"><li>• Sustainable Procurement</li><li>• Climate Change</li></ul> <b>Pillar 3</b> <ul style="list-style-type: none"><li>• Climate Change</li></ul>                     |
| <b>VALUE TO OUR STAKEHOLDERS</b> <ul style="list-style-type: none"><li>• Stable business relationships built on trust and respect</li><li>• Suppliers are encouraged to adopt environmentally and socially responsible practices</li></ul>   |  | <b>VALUE FOR ABMB</b> <ul style="list-style-type: none"><li>• Supplier relationships are strengthened by upholding fairness and transparency in procurement processes</li><li>• Sustainable practices within the supply chain are fostered, aligning with the Bank’s commitment to ESG responsibilities</li></ul>   |  |



## Key Stakeholder Engagement

| Interests and Concerns  | Addressing Stakeholder Expectations   | Mode of Engagement (Frequency of Engagement)   | Sustainability Pillars and Material Matters  |
|---|---|--|--|
| <div>  <b>Communities</b> </div>   |   |  |  |
| <ul style="list-style-type: none"> <li>Community development</li> <li>Economic empowerment</li> <li>Education</li> <li>Health and Community Well-being</li> <li>Sustainability/Environmental Awareness</li> </ul>   | <ul style="list-style-type: none"> <li>Collaborating with strategic partners to advocate economic empowerment</li> <li>Providing lifelong financial literacy education for schoolchildren</li> <li>Promoting environmental preservation and social businesses</li> <li>Encouraging women empowerment, diversity, and gender equity</li> <li>Promoting volunteerism, under the Employee Volunteerism Programme ("EVP")</li> <li>Providing financial assistance through SocioBiz crowdfunding platform, and Zakat Microfinancing</li> </ul> | <ul style="list-style-type: none"> <li>Community programmes </li> <li>The Bank's corporate website </li> <li>The Bank's social media channel </li> <li>Collaboration with NGO partners </li> </ul> | <b>Pillar 2</b> <ul style="list-style-type: none"> <li>Corporate Social Responsibility</li> <li>Financial Inclusion</li> </ul> |
| <b>VALUE TO OUR STAKEHOLDERS</b> <ul style="list-style-type: none"> <li>Accessibility to banking services</li> <li>Provide access to essential needs such as necessities, education, and healthcare, while fostering financial literacy</li> <li>Support for social businesses and environmental awareness among youth, women empowerment, diversity and gender equity</li> </ul> |   | <b>VALUE FOR ABMB</b> <ul style="list-style-type: none"> <li>Foster public trust to expand our presence and influence</li> <li>Identify community needs to discover opportunities to support the underserved</li> </ul>  |  |

## Material Matters

Our material matters are prioritised based on the interests and expectations of our stakeholders. This allows us to allocate resources more effectively, manage risks proactively, and align our strategy with stakeholder expectations.

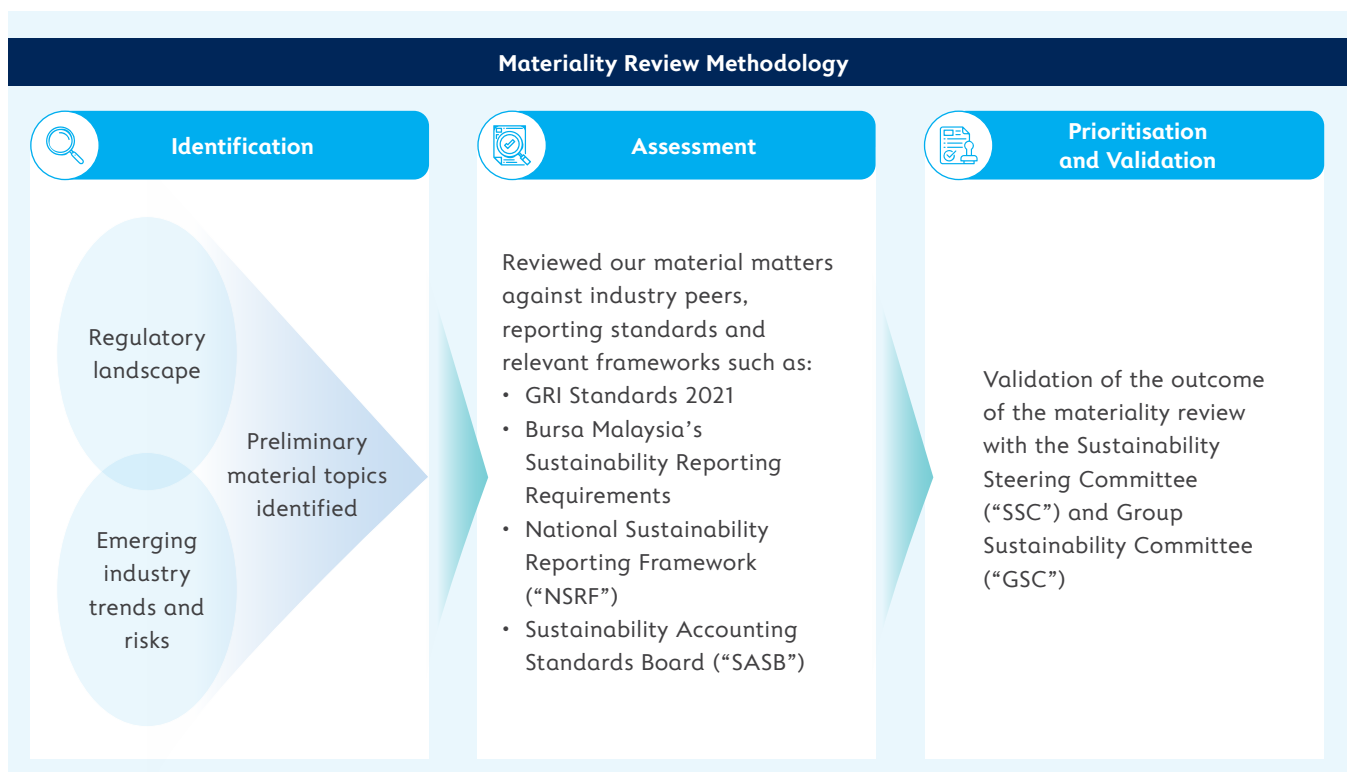
### Key Takeaways from Previous FY2024 Materiality Assessment

We conducted a materiality assessment in FY2024 involving both internal and external stakeholders through online surveys and focus group discussions. This was to understand the importance of each material matter to our stakeholders, and the current and potential impacts of these material matters to the economy, environment and society.

### Key Updates of FY2025 Materiality Review

In FY2025, we conducted a materiality review to ensure that our material matters continue to encompass the essential topics and aspects that significantly influence our value creation process and by considering the diverse interests and expectations of our stakeholders.

The materiality review for FY2025 followed the methodology outlined below:



As a result of our comprehensive materiality assessment, we have identified 15 material matters that are crucial to be managed and reported.

## Material Matters

### The Bank's Material Sustainability Matters



#### ECONOMIC/GOVERNANCE

##### Customer Data Privacy

Protecting our customers' personal data by implementing robust measures to prevent unauthorised access and potential exploitation



##### Impact/Significance

- By upholding ethical and robust data protection practices, we help safeguard customer rights, prevent security breaches, and ensure the responsible use of technology

##### Our Response

- Established a comprehensive data privacy policy and conducted regular employee training and awareness programmes to strengthen cybersecurity culture
- Adopted recognised frameworks, such as the National Institute of Standards and Technology ("NIST") Cybersecurity Framework and operate a Security Operations Centre ("SOC") for real-time threat monitoring and incident response
- Perform ongoing compliance reviews, regulatory engagements, and implement a Vulnerability Management Programme aligned with regulatory guidelines to protect digital assets

##### Customer Experience

To be a true partner that proactively supports our customers through every stage of their financial journey



Deepening relationship with customers and building trust

##### Impact/Significance

- Enhancement of service quality and accessibility helps to build trust, strengthen customer relationships and meet evolving expectations

##### Our Response

- Operationalised the G.R.E.A.T principles in delivering the Alliance Customer Promise
- Implemented a closed-loop feedback system to strengthen collaboration with stakeholders and drive continuous improvement
- Ensured fair and responsible customer engagement, guided by regulatory standards and a commitment to customers' best interests

##### Digitalisation

Offering new mediums to improve efficiency and productivity of business processes as well as financial solutions



##### Impact/Significance

- Accelerating digital innovation and transformation drives improved operational efficiency, customer engagement and long-term competitiveness

##### Our Response

- Rolled out various digital initiatives to enhance customer experience, including virtual credit cards, digital onboarding, and AI-powered credit assessment tools for MSMEs
- Introduced cloud-based solutions to improve employee autonomy, convenience and flexibility



## Material Matters



## ECONOMIC/GOVERNANCE

**Economic Performance**

Creating and delivering sustainable economic value and wealth for stakeholders to ensure the Bank's long-term sustainability

**Impact/Significance**

- Delivering sustainable financial growth and long-term value creation for stakeholders through resilient and responsible business strategies

**Our Response**

- Conducted regular risk management and capital adequacy assessments, including comprehensive stress testing across all business areas
- Maintained proactive risk oversight and strategic capital allocation to navigate economic challenges
- Ensured continued value creation for stakeholders despite a challenging economic environment

**Ethics and Compliance**

Conducting business ethically (e.g., anti-corruption, anti-money laundering, code of conduct, code of ethics) while complying with legal, operational core and aligning with our values

**Impact/Significance**

- Upholding the highest standards of integrity and transparency which in turn fosters a strong ethical culture and ensure compliance with laws and regulations

**Our Response**

- Upheld a strong culture of integrity, transparency and accountability through clear code of conduct, anti-bribery policies, and a secure whistleblowing framework
- Reinforced ethical principles regularly through employee training and awareness initiatives

**Sustainable and Responsible Financing**

Identifying and incorporating sustainability expectations into our business strategy, financing products, and services to generate long-term value for stakeholders and contribute towards a just, inclusive and environmentally sustainable economy; and

Delivering tailored solutions to customers to facilitate the effective adoption and adaptation towards sustainable business practices and lifestyles

**Impact/Significance**

- Integrating ESG considerations into financing decisions supports sustainable development and mitigate long-term climate and sustainability-related risks
- Enabling growth of new sustainable banking business

**Our Response**

- Launched sustainable financing solutions and leveraged national initiatives to support businesses in their low-carbon transition
- Set a target to achieve RM15 billion in new sustainable banking business by FY2027
- Established a Sustainable Product Framework (SPF) and strengthened internal capabilities to support customers' sustainability goals

## Material Matters



### ECONOMIC/GOVERNANCE

#### Sustainable Procurement

Ensuring our procurement principles and practices are fair, transparent and ethical



##### Impact/Significance

- By embedding sustainability criteria into our procurement processes, we strive to promote responsible sourcing, ethical supply chains, and positive environmental and social outcomes

##### Our Response

- Maintained ethical and transparent procurement practices by aligning purchases with internal policies, requiring supplier compliance with our code of conduct
- Simplified procurement processes by adopting an eProcurement system
- Ensuring a sustainable supply chain through inclusion of environmental and human rights considerations via the ESG Supplier Self-Assessment Questionnaire ("SAQ")

#### Business Continuity and Risk Management

Strengthening integrated risk management and compliance frameworks to mitigate disruptions, ensure regulatory adherence, and support long-term commercial sustainability;



Fostering a strong risk-aware culture across the organisation while adapting to emerging trends to maintain business resilience and safeguard economic and societal stability

##### Impact/Significance

- Ensuring business resilience through proactive risk management to protect stakeholders' interest and business continuity

##### Our Response

- Enhanced climate risk evaluation and embedded climate and sustainability considerations into governance, policies, and business strategies, with regular discussions at the Board and committee levels, in alignment with BNM's Climate Risk Management and Scenario Analysis ("CRMSA") policy document



### ENVIRONMENTAL

#### Climate Change

Managing the Bank's climate-related risks and opportunities;



Proactively supporting the Bank's customers as they transition towards a low-carbon economy; and

Bank's practices for environmental risk assessments for business transactions and financing activities

##### Impact/Significance

- Addressing climate-related risks and opportunities by reducing emissions, supporting low-carbon transitions, and aligning with climate-resilient strategies

##### Our Response

- Embedded management of climate-related risks and opportunities into our strategy, including expanding green financing solutions such as solar panel financing and green mortgages
- Conducted scenario analyses on physical and transition risks using Network for Greening the Financial System ("NGFS") frameworks to enhance climate risk assessment
- Developing a roadmap towards Net Zero by 2050
- Developed a GHG Emissions Reduction Strategy targeting a 20% reduction in Scope 1 and 2 GHG emissions by FY2027 against the FY2020 baseline

## Material Matters



## ENVIRONMENTAL

**Conserving the Environment**

Implementing measures to minimise environmental impact through water, waste and biodiversity management and other initiatives to manage the Bank's environmental footprint through ensuring effective energy and emissions management within our business operations

**Impact/Significance**

- Implementing resource-efficient practices and responsible environmental stewardship to preserve natural ecosystems and reduce ecological impact

**Our Response**

- Established baselines for water consumption and recyclable waste to track environmental conservation efforts
- Applied sustainable practices across operations, including water conservation, recycling initiatives and plastic awareness programmes
- Prioritised the use of eco-friendly materials that meet green certification standards, where possible



## SOCIAL

**Corporate Social Responsibility**

Support communities by fostering meaningful partnerships and engaging in corporate social responsibility ("CSR") activities that create opportunities for long-term, inclusive and sustainable impact

**Impact/Significance**

- Creating positive social impact through community engagement, inclusive development and initiatives that support societal well-being

**Our Response**

- Guided by our CSR Strategy Framework, we anchored community investments on four key focus areas aligned with the Bank's business strategy, while promoting employee volunteerism and expanding financial literacy initiatives through programmes like the AEIOU Challenge
- Provided financial relief for flood-affected individuals and businesses through measures such as loan moratoria, repayment modifications and fee waivers

**Diversity, Equity and Inclusion**

Ensuring fair opportunities and treatment for all employees while fostering a diverse and inclusive workforce that cultivates a culture of belonging, where individual differences are respected and celebrated

**Impact/Significance**

- Fostering a diverse and inclusive workplace that values equity, empowers individuals and drives innovation through diverse perspectives

**Our Response**

- Fostered an inclusive culture by valuing diverse experiences and removing personal details such as age, gender, and religion from hiring practices, while strengthening equal opportunity efforts
- Reinforced a safe workplace by introducing the Guidelines on Workplace Harassment & Discrimination, with training for employees

## Material Matters



### SOCIAL

#### Employee Engagement, Health, Safety and Well-being

Creating a conducive working environment through employee engagement, promoting employee welfare and benefits, as well as protection of human rights, health, safety and well-being



##### Impact/Significance

- Promoting a supportive and safe work environment that prioritises employee well-being and engagement fosters employee loyalty and long-term productivity

##### Our Response

- Cultivated a holistic work environment guided by AGILE values—Accountability, Growth-Driven, Integrity, Leadership and Excellence
- Our efforts prioritise transparent communication, employee well-being and workplace diversity, fostering a culture where everyone feels valued and empowered to thrive

#### Financial Inclusion

Ensuring accessible and affordable financial services for all, fostering economic empowerment, and reducing inequality



##### Impact/Significance

- Expanding access to affordable and appropriate financial services to communities, contributing to equitable economic growth

##### Our Response

- Fostered financial inclusion and empowering communities, including SMEs and micro-enterprises, with the right tools and support systems
- Enabled sustainable growth and long-term resilience through initiatives such as the Economic Empowerment Programme (“EEP”), Zakat Microfinancing, and #SupportLokal

#### Talent Management

Attracting and retaining a high-performing workforce through continuous capability building



##### Impact/Significance

- By providing a rewarding and promising career to our employees, we are able to attract and retain talents which are vital to drive success of our business

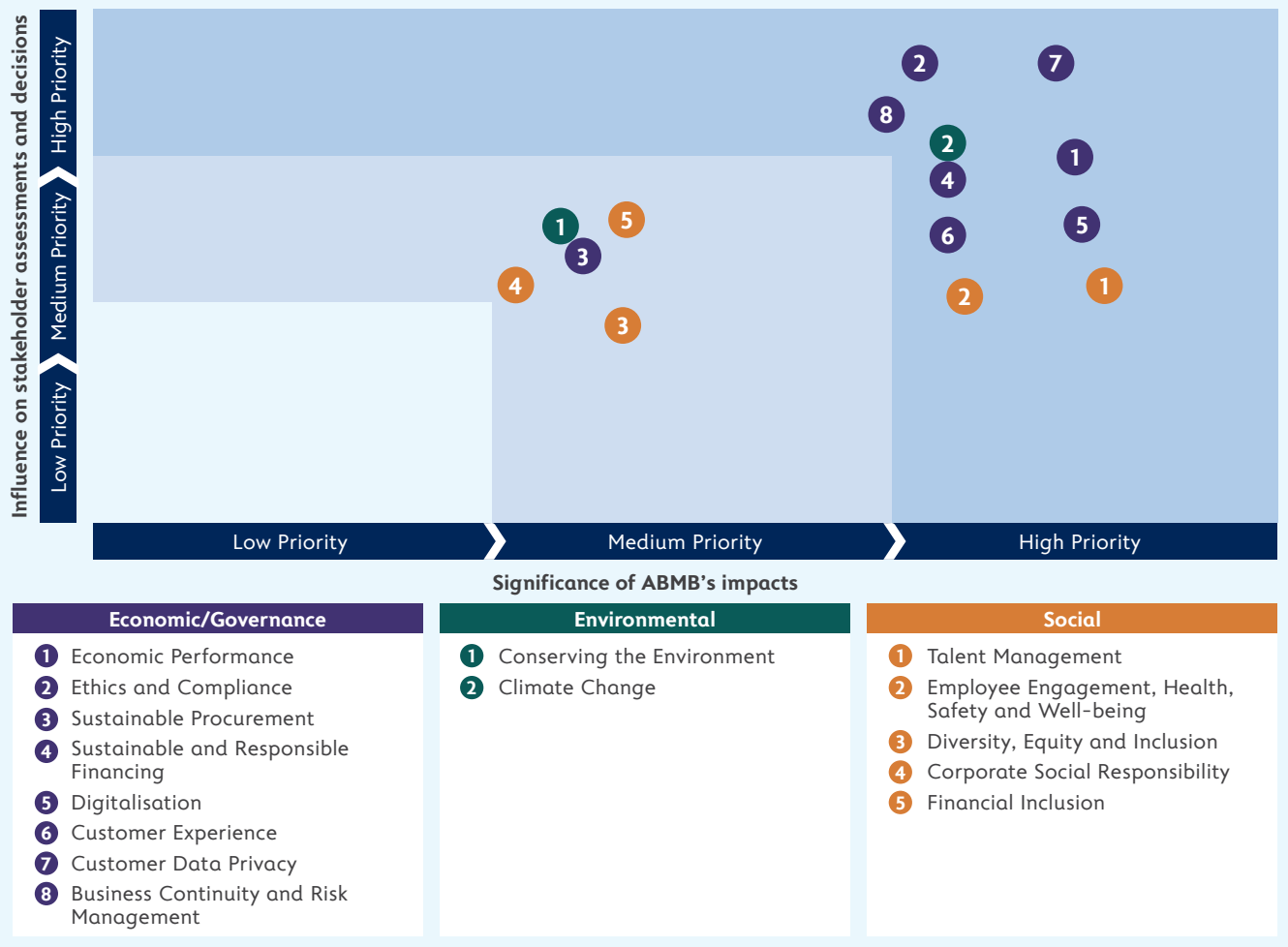
##### Our Response

- Established a robust talent management to ensure that we build a resilient, future-ready workforce that drives long-term value creation
- Invested in employee capability building, inclusive leadership and an inspiring culture, aligning our people strategy not only with our ESG goals but also the overall improvement on our operational performance which reinforces our commitment to social responsibility



## Material Matters

Our materiality assessment results are presented in the following Materiality Matrix:



## Key Observations

Our materiality matrix reflects the prioritisation of 15 material matters, considering both their impact on the Bank and their significance to our stakeholders. While the materiality review suggested general alignment with industry peers and standards, we have refined our list with strategic updates and enhancements to better reflect our dedication to ESG principles. These key changes are outlined below:

## Business Continuity and Risk Management

This is a new material matter included to reflect our commitment to strengthening risk management and compliance frameworks to mitigate disruptions, ensure regulatory adherence, and support long-term commercial sustainability

Notable changes in our material matters, as compared to the FY2024 materiality assessment also include shifts in priority for one key material matter which is summarised as below:

## Employee Engagement, Health, Safety and Well-being

**Shifted from medium to high priority** to highlight the Bank's enhanced focus on sustainability capability building and inclusivity at employee engagements

## Outlook

We recognise that sustained growth requires an adaptive approach to Material Sustainability Matters. Therefore, we will continue to prioritise regular reviews of our material matters to ensure that Alliance Bank's growth, and our strategic priorities, align with evolving business, regulatory and sustainability landscapes.

Our 15 identified material matters are actively monitored and managed through our Sustainability Strategy Framework, which is now seamlessly embedded within Acceler8, the Bank's growth transformation strategy. This integrated approach ensures that sustainability drives our growth, ensuring lasting value for Alliance Bank and our stakeholders.



For more details, please refer to 'Our Sustainability Approach' in the Sustainability Statement.

# Scope and Boundary

## SCOPE AND BOUNDARY

The Sustainability Statement (“Statement”) outlines Alliance Bank Group (“Alliance Bank” or “the Bank”) significant Economic, Environmental, Social and Governance (“EESG”) activities across its operations. This covers all business segments, subsidiaries and joint venture operations (where relevant) for the financial year 2025 (“FY2025”), unless stated otherwise, and reflects our engagement with both internal and external stakeholders throughout Malaysia.

For a fully comprehensive view of our sustainability strategy and performance, this statement should be read in conjunction with our ESG-related disclosures in our 2025 Annual Report and Corporate Governance Report.

This Statement has been reviewed and approved by Alliance Bank’s senior management and the Board of Directors.

## REPORTING PERIOD

All information disclosed in this Statement covers the financial year from 1 April 2024 to 31 March 2025 (“FY2025”), unless otherwise indicated. Any significant restatements of data compared to previous years are duly highlighted within the respective sections.

## REPORTING STANDARDS AND FRAMEWORK

This Statement aims to align with the following international and local sustainability standards, frameworks, and guidelines:

- Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements
- Bursa Malaysia’s Sustainability Reporting Guide (3<sup>rd</sup> Edition)
- Task Force on Climate-related Financial Disclosures (“TCFD”), Application Guide for Malaysian Financial Institutions
- National Sustainability Reporting Framework (“NSRF”) which addresses the use of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures and the Sustainability Accounting Standards Board (“SASB”) Industry Standard

Additionally, this Statement has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards 2021.



*Further details on the above can be found in the tables and indices on pages 133 to 146.*

## STATEMENT OF ASSURANCE

To maintain the credibility of our Sustainability Statement, we regularly review and assess the level of transparency of our disclosures. Several indicators have been subjected to a limited independent assurance by SIRIM QAS International Sdn. Bhd.



*For further details of the scope of assurance, please refer to the Statement of Assurance on page 157.*

## FEEDBACK

We are committed to continually enhancing our sustainability initiatives and disclosures. We welcome all feedback on this statement.

For further enquiries and feedback, please contact:

**Roy Heong Beng Wai**

Chief Sustainability Officer  
sustainability@alliancefg.com

## INTRODUCTION TO ALLIANCE BANK

At Alliance Bank, we foster a robust sustainability culture within our Bank as well as our community. This is done through integrating sustainability into all aspects of our operations whilst simultaneously empowering our stakeholders to adopt ESG practices that generate value for their businesses, communities and the environment. Upon recognising the significant impact of climate change, we are committed to environmental stewardship and working towards a sustainable future for all. We aim to lead by example and hope to continue seeing success in our sustainability goals and aspirations.

## OUR PURPOSE, VISION AND SUSTAINABILITY POINT OF VIEW

We believe that sustainability is an extension of our brand purpose, and that banking should be more than just a transactional experience. Rooted in our Brand Purpose as The Bank for Life, we are deepening our commitment to sustainability through supporting our customers at every stage of their financial journey. Through various initiatives, we aim to encourage our customers to embrace ESG best practices. Furthermore, aligned with our mission of Building Alliances to Improve Lives, we aim to create a meaningful impact on sustainability in collaboration with our people, customers and community. We foster collaborations and ecosystems that drive financial and social empowerment for our people and planet.



## FY2025 Key Sustainability Performance Highlights

### ECONOMIC



**RM2.27 billion**

in total economic value generated<sup>1</sup>

**Over 560 million**

approved under our Sustainability Impact Programme ("SIP")

**Over 1,000**

companies benefitted from our Climate assessment tool and action plan (PROGRESS)

**RM14.4 billion**

in new sustainable banking business since FY2022 to FY2025

Maintained our **4-star FTSE4Good ESG Rating**, placing in the top quartile of PLCs in the FTSE Bursa Malaysia EMAS index

**96%**

of our procurement spent on local suppliers

Acted as a Joint Principal Advisor, Joint Lead Arranger and Joint Lead Manager for **Avaland Berhad's RM1 billion Sukuk Murabahah Programme**, which allows for Sustainability-Related Sukuk issuance

Partnered with Asia CarbonX Change Plt ("CarbonX") to **launch the Islamic Sustainability Financing Programme ("ISF Programme")**

Launched the **Sustainability Enhancement Programme ("SEP")**, with Bursa Malaysia, to improve sustainability performance and disclosures for public listed companies, alongside the Green Supply Chain Programme

**Rolled out the Sustainable Product Framework ("SPF")**

### ENVIRONMENT



**17.8% reduction**

in Scope 1 and Scope 2 greenhouse gas ("GHG") emissions against FY2020 baseline

**12.9%** decrease in energy consumption against FY2020 baseline<sup>3</sup>

Established our **Recyclable Waste Baseline** as **159,426kg**

**712 KG** of recyclables collected through IPC Recycling Drive with employees

Conducted **ESG enhancement and GHG calculation workshops** to 1,058 business attendees nationwide via our strategic partnership with UNGCMYB

Launched national ESG Report titled **"The Path to Sustainable Impact – Sectoral Insights of Malaysian SMEs (ESG 2.0 Report)"** by Minister of Natural Resources and Environmental Sustainability

Reduced C5a%<sup>2</sup> of portfolio to

**21.1%**

Conducted an ESG workshop for **53 of Alliance Bank suppliers** to support their sustainability transition

Jointly organised with the Malaysian Investment Development Authority ("MIDA"), our **carbon tax advisory workshop** for over 50 companies in impacted sectors

<sup>1</sup> Economic value generated from revenue.

<sup>2</sup> C5a refers to Bank Negara Malaysia's Climate Change and Principle-based Taxonomy ("CCPT") classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused nor any initiative to transition to more sustainable practice.



## FY2025 Key Sustainability Performance Highlights

## SOCIAL



**53%** of women holding managerial roles

Offered **flood relief assistance** and launched a fundraising campaign through the SocioBiz platform

**169,186** total training hours for employees

**Zero** work-related fatalities

Launched the **seventh edition of the AEIOU challenge** and expanded its **reach to approximately 39,270 schoolchildren**

**RM2.8 million** amount invested in communities, impacting over 44,500 lives

Provided **RM450,000 in no-cost microfinancing to 103 asnaf entrepreneurs** by partnering with LZS and AIM

**Zero** cases of non-compliance with labour standards

Organised the annual **Alliance Bank Heritage Run** for the second year.

**Zero** reported substantiated complaints concerning human rights violations

**90%** score in the Sustainable Engagement Index

Partnered with CGC Digital Sdn Bhd ("CGC Digital") to **launch The Alliance Digital SME Startup Financing**, a digital guaranteed scheme, to help new companies capitalise on their early growth opportunities

Empowered growth opportunities for entrepreneurs with **RM2 million in prize value, via our BizSmart® Challenge Programme**

## GOVERNANCE



**Zero** incidents of corruption

**Zero** complaints concerning breaches of customer privacy

**7,420** hours of training on anti-bribery and corruption for our employees

**Zero** reported cases of employee non-compliance with our Anti-Bribery and Corruption ("AB&C") policy

## Our Sustainability Journey

| FY2020<br>and prior  | FY2021 | FY2022  | FY2023  |
|--|--------|---|---|
| Exploratory and Initial Efforts  |        | Foundation Building and Helping Customers with Sustainability Goals   |   |
| <ul style="list-style-type: none"> <li>We initiated community initiatives designed to strengthen financial resilience and well-being</li> <li>We have integrated ESG principles into our customer support frameworks in response to the growing need for businesses to mitigate their environmental impact</li> <li>We defined our sustainability purpose, governance, and strategy, formalising our sustainability journey</li> </ul> |        | <ul style="list-style-type: none"> <li>We focused on enhancing our sustainability capabilities, strengthening risk management and infrastructure, and improving sustainability disclosures</li> </ul> | <ul style="list-style-type: none"> <li>We continued to support our customers in adopting sustainable practices and facilitating their transition to a low-carbon economy</li> <li>In FY2023, we set sustainability goals, established thought leadership, and supported our customers in navigating the evolving ESG landscape</li> </ul> |

## EMBEDDING ESG AT THE HEART OF OUR

|   |  |  |   |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>Constituent of the FTSE4Good Bursa Malaysia (F4GBM) Index since 2015</li> <li>Launched “SocioBiz”<sup>1</sup></li> <li>Supported green business initiatives through the Eco-Biz Dream Project</li> </ul> | <ul style="list-style-type: none"> <li>Established the Sustainability Steering Committee (“SSC”)</li> <li>Developed the Sustainability Framework</li> <li>Performed BNM Climate Change and Principle-based Taxonomy (“CCPT”) portfolio baselining</li> </ul> | <ul style="list-style-type: none"> <li>Established our Sustainability Strategy Framework (FY2022–FY2025)</li> <li>Established the Group Sustainability Committee (“GSC”)</li> <li>Developed new sustainable business targets and sector exclusions</li> <li>Achieved RM2.1 billion in new sustainable banking business</li> <li>Established our GHG emissions baseline</li> <li>Rolled out an ESG Screener and ESG Risk Acceptance Criteria</li> </ul> | <ul style="list-style-type: none"> <li>Introduced Acceler8 2027 strategy</li> <li>Doubled our new sustainable banking business target to RM10 billion by FY2025</li> <li>Reduced the C5<sup>2</sup> proportion of our portfolio to 35%</li> <li>Announced a 20% reduction target in Scope 1 and 2 GHG emissions by FY2027 against the FY2020 baseline</li> <li>Strengthened our ESG thought leadership and sustainable financing propositions for businesses</li> <li>Developed an internal sustainability skills and competency framework</li> <li>Developed a supplier ESG due diligence checklist</li> </ul> |
|---|--|--|---|

## Our Sustainability Journey

| FY2024  | FY2025  | FY2026 and Beyond   |
|---|---|---|
| Securing Impact of Sustainability   | To be The Bank for Life   | Advancing Sustainability Impact   |
| <ul style="list-style-type: none"> <li>We prioritised the enhancement of our risk management practices and development of our workforce's competencies, while developing tailored products and solutions for our customers</li> </ul>   | <ul style="list-style-type: none"> <li>This year, we further integrated sustainability into our business strategies, processes, and operations, which enables us to support our customers in their transition</li> <li>We continue to fortify our approach in managing climate and environmental risks, to protect the Bank's and our customers' businesses, cultivating a strong sustainability culture within our Bank</li> </ul>   | <ul style="list-style-type: none"> <li><b>Moving forward, we will continue to enhance our portfolio of sustainability solutions and expand opportunities in green and social financing</b></li> <li><b>Furthermore, we will continue to support our customers on their journey toward a low-carbon transition and the development of climate resilience</b></li> <li><b>We will further embed ESG considerations in our business and risk strategies and processes, while continuing to prioritise a strong sustainability-driven culture within our Bank</b></li> <li><b>Continue to accelerate our efforts towards achieving our Net Zero commitment by 2050</b></li> </ul> |
| BUSINESS AND OPERATIONS   |   |   |
| <ul style="list-style-type: none"> <li>Increased our sustainable business targets to RM15 billion by FY2027</li> <li>Rolled out the Bank's Sustainable Product Framework ("SPF") to enable sustainable finance offerings</li> <li>Enhanced management of climate-related risks</li> <li>Reduced the C5<sup>2</sup> proportion of our portfolio to 31%</li> <li>Developed and rolled out our Net Zero Roadmap</li> <li>Advanced emissions profiling and reduction efforts</li> <li>Improved our FTSE4Good ESG Rating</li> <li>Established key ESG partnerships and affiliations</li> </ul> | <ul style="list-style-type: none"> <li>Achieved RM14.4 billion in total sustainable banking business</li> <li>On track to achieve a C5a<sup>2</sup> portfolio proportion of less than 20% by FY2030</li> <li>On track to achieve 20% reduction in Scope 1 and 2 GHG emissions by FY2027 against our FY2020 baseline</li> <li>Strengthened our climate and environmental risk management practices through scenario analysis</li> <li>Identified climate-related opportunities for our Bank</li> </ul> |   |

<sup>1</sup> A digital social crowdfunding platform to help disadvantaged individuals start or expand a business or learn skills to earn sustainable livelihoods and positively impact the community.

<sup>2</sup> From 2024 onwards, BNM has replaced its C5 classification with C5a. C5a refers to BNM's CCPT classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused nor any initiative to transition to more sustainable practices.



# Our Sustainability Approach

## Sustainability Strategy Framework








## Our Sustainability Approach

### Fulfilling our Sustainability Purpose

Driven by our commitment to make a positive environmental and social impact, we are strengthening our sustainability management practices to benefit the environment, our employees and our communities whilst simultaneously assisting our customers in adopting more sustainable business practices. Our Acceler8 strategy reinforces this commitment to build an ESG-focused organisation.

|   |                                   |  |
|---|-----------------------------------|--|
|  | <b>Consumers</b>                  | We promote sustainable living among our consumers by offering a range of sustainable financing products and services, empowering them to contribute towards a more sustainable future.   |
|  | <b>Employees</b>                  | Our people are at the heart of the Bank's sustainability efforts. We are dedicated to fostering an engaged workforce that recognises the importance of sustainability and its influence on our business, the communities we support, and the well-being of our planet. By promoting education, empowerment and collaboration, we aim to cultivate a shared sense of responsibility and inspire impactful actions toward a more sustainable future. |
|  | <b>Business Customers/Partner</b> | We believe that ESG proficiency can offer a competitive edge to our business customers. To support this, we aim to help businesses develop profitable solutions through our distinctive 3As Approach - "Advocacy," "Advice," and "Answers." In doing so, we empower our customers and partners to give back to both the community and the planet.  |



### ABMB's Progress Towards Net Zero

Alliance Bank affirms our sustainability commitment towards net zero, which continues to underscore our commitment to supporting both the Bank and our customers in their sustainability journey, transitioning towards a lower carbon footprint and a more sustainable future.

**We have embarked on our journey towards Net Zero through a high-level roadmap which is structured around two broad phases:**

- **Phase 1** focuses on maximising customer engagement to obtain data on customer's decarbonisation plans and targets. This phase also aims to enhance our database and quality of our data, which is critical in informing our sustainability strategies.
- **Phase 2** will build upon these foundations to define and implement the Bank's longer-term strategy towards achieving Net Zero Emissions by 2050.

Key milestones achieved:

1

#### Calculation of Financed Emissions:

We have calculated our baseline financed emissions and subsequently, for FY2024 and identified 8 high-emitting sectors within our portfolio namely palm oil, construction, real estate, iron and steel, forestry & logging, power generation, oil & gas and coal. This serves as a crucial foundation for setting meaningful targets and tracking our progress. More information on our financed emissions results coverage, including our retail and financial markets segments can be found in our corporate website Our Environment | Alliance Bank Malaysia.

2

#### Targeted Customer Engagement:

We shortlisted the top 100 high-emitting customers across three pilot sectors. These customers remain our top priority, with the goal of supporting them in developing decarbonisation plans and setting reduction targets.

3

#### Equipping Our Front-liners:

Recognising the importance of equipping our front-liners for effective customer engagement, we are developing a suite of tools, including handbooks and dedicated training programmes to support our relationship managers in these efforts. These initiatives aim to build internal capability and ensure we can meaningfully support our customers with their decarbonisation journey.

The Bank's Net Zero Roadmap is, however, also dependent on several factors such as evolving government policies, technology developments, data availability and quality. This roadmap represents our steadfast commitment and fiduciary duty to both the broader environment and our customers, as we work to achieve our overall Net Zero 2050 commitment.

## Our Sustainability Approach

### Executing Our Sustainability Strategy

Our three topline goals guide our sustainability purpose and strategy, where we have made significant progress towards achieving them.

| Sustainable Business  | Sustainable Society  | Sustainable Workplace   |
|---|--|---|
|  <b>Grow our sustainable banking business</b>  |  <b>Help our customers adopt sustainable lifestyles and business practices</b>  |  <b>Reduce the Bank's greenhouse gas ("GHG") emissions footprint</b>   |
| Target  |  |   |
| Achieve RM15 billion in new sustainable banking business by FY2027 since FY2022 to FY2025 <sup>1</sup>  | Ensure C5a% <sup>2</sup> of portfolio is <20% by FY2030  | Reduce Scope 1 and 2 GHG emissions by 20% by FY2027 against our FY2020 baseline   |
| Approach  |  |   |
| <p>As part of Alliance Bank's Sustainability Strategy Framework, growing our sustainable banking business is a key measure of progress. To achieve this, we tailored engagement strategies for Corporates, SMEs and Consumers, offering advocacy, advice and practical solutions. We also formed strategic partnerships with leading businesses and NGOs to support the growth of our sustainable portfolio.</p> <p>Moving forward, we will continue to focus on providing relevant banking solutions, innovative products and a strong customer experience within our sustainability strategy.</p> | <p>Our focus on sustainability adoption is driven by the value we offer our customers. Through a network of green technology partners, we provide advisory services and solutions that drive cost efficiencies and growth, supporting customers in their transition journey.</p> <p>We continue to enhance our product offerings for both retail and non-retail banking to meet diverse needs, while investing in workforce training to better support our customers on their sustainability journey. Delivering positive social impact remains a key priority in our framework.</p> | <p>As we work towards our Net Zero goals, our approach focuses on reducing the Bank's GHG emissions footprint, including our employees, supply chain and, importantly, our customers' financed emissions. To achieve this, we emphasise the adoption of green technology, operational efficiency and fostering a sustainable culture among our employees.</p> <p>Additionally, with support from external partnerships, we will continue collaborating with customers in high-emission sectors to develop and implement sector-specific decarbonisation roadmaps and initiatives.</p>   |
| Achievement as of FY2025  |  |   |
| Achieved RM14.4 billion in new sustainable banking business since FY2022  | C5a%* of portfolio was reduced to 21%, on track to achieve our FY2030 target of 20%  | Reduced emissions by 17.8% against our FY2020 baseline  |
| Our Key Efforts   |  |   |
| <ul style="list-style-type: none"> <li>Developed new sustainable financing propositions for businesses</li> <li>Rolled out the Sustainable Product Framework ("SPF")</li> <li>Achieved over RM560 million approval under the Sustainability Impact Programme ("SIP")</li> <li>Signed Memorandum of Understanding ("MOU")s with key partners for Green Supply Chain Programme</li> <li>Engaged over 30 public listed companies ("PLCs") to reduce their supply chain carbon footprint as part of the Bank's Green Supply Chain Programme</li> </ul>  | <ul style="list-style-type: none"> <li>Partnered with various organisations to help our customers understand and adopt sustainable business practices</li> <li>Commissioned ESG 2.0 'The Path to Sustainable Impact' with partners to understand ESG maturity levels and challenges faced by SMEs</li> <li>Generated over 1,000 climate reports as part of our Climate Assessment Tool (PROGRESS)</li> <li>Strengthened our sustainability and climate-related risk management to align with BNM's CRMSA</li> </ul>  | <ul style="list-style-type: none"> <li>Upskilled our people and improved internal processes to be more sustainable</li> <li>Continued execution of the GHG emissions reduction strategy</li> <li>Calculated the Bank's Scope 3 financed emissions for 8 high emitting sectors for the second year</li> <li>Continued the implementation of our Net Zero Roadmap</li> <li>Achieved a 90% sustainability index score in our annual Voice of Employee survey, reflecting strong employee awareness of the Bank's ESG goals</li> <li>Conducted a workshop to help &gt;50 vendors and suppliers with awareness and understanding of ESG-related matters</li> <li>Established our Recyclable Waste Baseline as 159,426kg</li> <li>Collected 712 kg of recyclables through IPC Recycling Drive with our employees</li> </ul> |

<sup>1</sup> New sustainable banking business target to be revised upon achievement.

<sup>2</sup> C5a refers to BNM's CCPT classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused nor initiative to transition to more sustainable practices.

## Our Sustainability Approach

By embedding our Sustainability Strategy Framework within the Acceler8 strategy, we have developed nine sustainability commitments that are progressively rolled out and updated when necessary. These commitments, which are linked to the Bank's material matters as outlined in the Materiality Matrix (page 61), act as key principles guiding our sustainability journey. We continue to actively engage with key stakeholders, as highlighted in the Key Stakeholder Engagement section (page 50 to 54), to capture a broad range of perspectives. Furthermore, these nine commitments enhance our contribution towards advancing the United Nations Sustainable Development Goals (UN SDGs).

The SDGs represent a set of interconnected global objectives established by the UN to drive efforts towards ending poverty, safeguarding the planet, and promoting peace and prosperity by 2030. Out of the 17 SDGs, the Bank has aligned its initiatives with the 15 goals most relevant to its business activities.



For further information, please refer to <https://sdgs.un.org/goals>.



## Our Sustainability Approach

The table below presents the Bank's nine sustainability commitments and their alignment with our material matters and the UN SDGs. This integration strengthens our efforts to support and contribute more effectively to the global sustainability agenda.

| Our Commitment                                | Description  | UN SDGs Supported  |
|---|--|--|
| Improve the ESG profile of our portfolio      | We are deeply committed to enhancing our ESG profile by incorporating sustainable practices into our operations. Specifically, we are focused on increasing our sustainable financing and investments, which will allow us to support environmentally and socially responsible initiatives to enable a just transition to a low carbon economy. Additionally, we are actively working with our customers to encourage the adoption of more sustainable practices.  |        |
| Enhance our risk management infrastructure    | We have incorporated sustainability and climate-related risks as an integral part of our risk management framework to ensure we are equipped to address these emerging risks. Our approach is aligned with the guidelines set by BNM's CCPT, CRMSA and Climate Risk Stress Testing (CRST).   |    |
| Improve the Bank's ESG practices              | We are constantly looking for opportunities to enhance sustainability and climate-related risk management including risk mitigation and reporting in alignment to BNM's CRMSA.   |          |
| Improve our capability and engagement efforts | We are focused on improving our people's capability and engagement efforts related to sustainability at all levels, starting with our Board and Senior Management, who regularly attend training on sustainability matters. We also provide sustainability training to employees and train our Sustainability Champions within each division. In addition, we promote employee engagement through sustainability-related initiatives and activities to inculcate ESG awareness and a sustainability-centric culture within the Bank. |     |



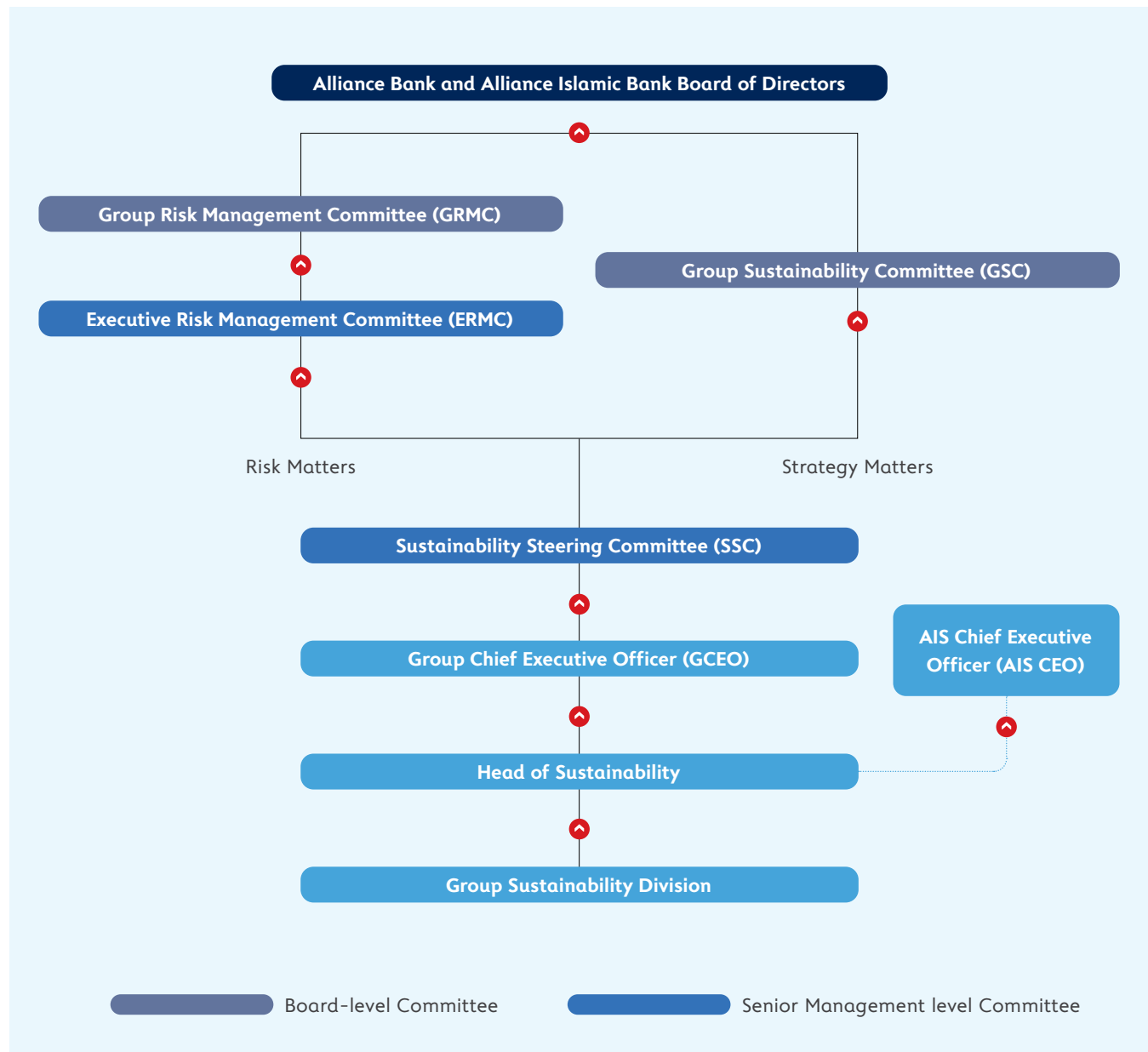
## Our Sustainability Approach

| Our Commitment                                | Description  | UN SDGs Supported  |
|---|--|--|
| Enhance disclosures and communication         | We are committed to helping our stakeholders understand our sustainability goals and initiatives through on-going communication efforts. We strive to achieve this by adopting internationally recognised sustainability reporting frameworks.           |   |
| Rollout sustainability solutions              | We will continuously develop and offer sustainability solutions for our customers through various types of green/social financing, investment and advisory propositions.   |   <br>   |
| Strengthen engagement and advocacy            | We will advocate for sustainability through continuously developing our internal capabilities and increasing our sustainability communications and brand presence.   |    |
| Enhance risk mitigation/management/reporting  | We are committed to going beyond preparing the foundation of our ESG risk infrastructure, to enhancing the identification, management, mitigation and reporting of sustainability and climate-related risks in alignment to BNM's CRMSA.                 |   |
| Proactive monitoring of customers' ESG impact | In line with our purpose to create meaningful sustainability impact, we will put in place measures to monitor the ESG impact of our customers and take proactive measures to introduce incentives/disincentives for sustainability related propositions. |   <br>   |

# Upholding Strong Governance Practices for Sustainable Growth

## Sustainability Governance

In line with our commitment to sustainability, we implemented a governance structure in 2021 to guide our sustainability efforts. This framework has been instrumental in driving progress towards our sustainability goals while embedding sustainability considerations into our decision making. It also enhances our ability to manage climate-related risks and evaluate opportunities, carefully considering their trade-offs.



## Upholding Strong Governance Practices for Sustainable Growth

### Board-level Oversight

#### Alliance Bank and Alliance Islamic Board of Directors

The Board of Directors, as the Bank's highest governing body, sets the tone from the top and oversees sustainability strategies, policies, and processes. The Board discusses sustainability matters including climate-related topics at least quarterly.

#### Group Sustainability Committee ("GSC")

The GSC is the dedicated Board-level sustainability committee to support the Board in the governance of sustainability and climate-related matters of the Group, and ensures the Group's strategies, goals and principles pertaining to sustainability are aligned with the Group's sustainability commitments.

The GSC is chaired by Ms Susan Yuen Su Min (Independent Director of Alliance Bank, and its members are Ms Cheryl Khor Hui Peng (Independent Director of Alliance Bank), Mr Chia Yew Hock Wilson (Non-Independent Non-Executive Director of Alliance Bank) and Dato' Ahmad Hisham bin Kamaruddin (Independent Director of Alliance Islamic Bank).

The GSC's primary responsibilities are:

- To review and recommend to the Board for approval of sustainability strategies, priorities and targets proposed by Management, which takes into account environmental risks and opportunities including but not limited to risks and opportunities arising from climate change.
- To provide oversight on integration of sustainability and climate-related risks with existing risk management infrastructure, to safeguard the Bank's resilience against the adverse impacts of climate change.
- To provide oversight and input to management 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.
- To review issues relating to sustainability arising from independent audits, assurance reports, and any matters on sustainability that are highlighted by regulators or consultants.

#### Group Risk Management Committee ("GRMC")

The GRMC is a Board-level risk committee that oversees management of enterprise risks which include sustainability. The GRMC deliberates sustainability and climate-related risks as and when required and includes considerations of the broader sustainability strategy.

#### Other Board Committees

To ensure effective governance, specific sustainability aspects are embedded within the oversight of the following two Board committees:

1. The Group Nomination & Remuneration Committee ("GNRC"), which oversees the design and operations of the Group's remuneration system, ensures the linkage of senior management remuneration to performance against specific sustainability and climate-related targets; and
2. The Group Audit Committee ("GAC"), which provides independent oversight of the Group's financial reporting and internal control system, ensures checks and balances within the Group, reviews audit reports which include observations pertaining to the Bank's ESG practices.

## Upholding Strong Governance Practices for Sustainable Growth

| Management of Sustainability   |  |
|--|--|
| Sustainability Steering Committee (“SSC”)  |  |
| <p>The SSC is responsible for steering, coordinating and implementing the Bank’s sustainability strategies, policies and procedures. The SSC is also responsible for managing and monitoring the Bank’s material sustainability matters including climate-related matters.</p> <p>The SSC recommends sustainability-related frameworks, policies, goals, metrics and initiatives to the GSC for review and endorsement/approval.</p> <p>The SSC is chaired by the Group Chief Executive Officer (“GCEO”) and comprises the Senior Management with key leads from the relevant divisions involved in the sustainability workstreams. It convenes at least quarterly, or as and when required, and provides regular reports on the Bank’s sustainability initiatives to the GSC and Board.</p> |  |
| Executive Risk Management Committee (“ERMC”)   |  |
| <p>The ERMC monitors material climate-related risks and ensures such risks are considered within the Group’s risk management and control framework and across the 3 Lines of Defence to safeguard the Bank’s resilience against adverse impacts of climate change.</p>   |  |
| Sustainability Execution   |  |
| Group Chief Executive Officer (“GCEO”)   | Alliance Islamic Bank Chief Executive Officer (“AIS CEO”)  |
| <p>The GCEO provides oversight on the integration of sustainability and climate-related matters across the Bank’s strategy, frameworks, policies and processes.</p>  | <p>As Alternate Chairman of the SSC, the AIS CEO spearheads the coordination of the Bank’s sustainability strategies across the Bank’s operations. The AIS CEO also integrates Value-based Intermediation elements from the Islamic Banking space into the Group’s sustainability strategy to create positive community and environmental impact.</p>  |
| Head of Sustainability   | Sustainability Workstreams   |
| <p>The Head of Sustainability drives the coordination, implementation and execution of the sustainability strategy framework through various sustainability initiatives to achieve the Bank’s topline goals. Supported by the Group Sustainability Division, sustainability initiatives are implemented in collaboration with various divisions which have been organised into five sustainability workstreams.</p>  | <p>Five sustainability workstreams comprising of all business units and various support functions (such as Group Risk Management, Group Credit, Group Finance, Group Human Resource, Group Strategy and Transformation), catalysed and coordinated by the Group Sustainability Division, collaborate to implement initiatives that contribute to the Bank’s overall sustainability strategy and topline goals.</p> |



Further details on Alliance Bank’s governance structure can be found in the Corporate Governance section on page 204, and on our Corporate Governance website ([Corporate Governance | Alliance Bank Malaysia](#)).



## Upholding Strong Governance Practices for Sustainable Growth

### Sustainability Target Operating Model

To ensure continued alignment with evolving industry standards and effectively advance the Bank's sustainability agenda across all operations, the Bank recognises the importance of refreshing and future-proofing its Sustainability Target Operating Model ("TOM"). In line with this, the Bank is taking proactive steps to address existing gaps in resourcing its climate-related activities by conducting competency and resourcing analysis. Strengthening our foundational capabilities through targeted upskilling initiatives for our employees remains a key priority, supporting our long-term ambition to be The Bank for Life and embedding sustainability into our culture and operations.

### Integrating Climate-related Risks into the Three Lines of Defence

The Bank has taken proactive measures to manage our exposures to climate-related risks across our banking business and operations. We have embedded these risks into our internal control frameworks across the three lines of defense to ensure the robust management of material climate-related risks.

The Enterprise Risk Management Framework provides a governance and overarching risk management architecture for managing risks arising from banking business and operations.



Further details of our approach to sustainability-related and climate-related risks can be found in the Addressing the Challenge of Climate Change section of this report in page 113.

| Board of Directors   |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>Board-level Committees - GSC, GRMC</li> <li>Management-level Committees - SSC, ERM</li> </ul>                         |  |  |
| 1 <sup>st</sup> Line of Defence  | 2 <sup>nd</sup> Line of Defence  | 3 <sup>rd</sup> Line of Defence  |
| <ul style="list-style-type: none"> <li>Lines of Business</li> <li>Support Units</li> </ul>   | <ul style="list-style-type: none"> <li>Group Risk Management</li> <li>Group Compliance</li> <li>Shariah Review</li> </ul>  | <ul style="list-style-type: none"> <li>Group Internal Audit</li> </ul>   |
| <p>Business units are the primary risk owners, responsible for managing risks within the Bank's business activities, aided by Business Support functions</p> | <p>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.</p> <p>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.</p> <p>Shariah Review Team, under Group Compliance, conducts reviews on the operations of Alliance Islamic Bank Berhad to ensure its products comply with Shariah principles. Review results and any identified non-compliances are reported to Alliance Islamic Bank Berhad's Shariah Committee.</p> | <p>Group Internal Audit is responsible for conducting independent assessment and providing assurance on the adequacy and effectiveness of the Bank's internal controls related to processes, risks and governance functions.</p> |

## Upholding Strong Governance Practices for Sustainable Growth

### Embedding ESG-linked Remuneration to Senior Management Performance

The Bank's overall 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 the sustainability agenda, incorporating ESG elements into employee key performance indicators ("KPIs"). The climate change and sustainability KPIs covering new sustainable banking business, the reduction of the Group's greenhouse gas emissions and proportion of the C5a portfolio are integrated into the Group's corporate scorecard.

This scorecard directly influences the performance evaluations and remuneration of the Group CEO, Senior Management and key sustainability champions as well as subject matter experts ("SMEs"). The Board sets the tone from the top by reviewing and approving the Group's balanced scorecard, while the Group Sustainability Committee ("GSC") provides oversight on the sustainability and climate related goals, performance measures, strategic plans and implementation to ensure we uphold our commitments and deliverables of the sustainability KPIs.

Additionally, the executive remuneration structure incorporates the Bank's performance in sustainability and climate-related goals, influencing short-term incentive bonus funding at the group, division and individual levels. A long-term incentive plan, which may include the Bank's key sustainability and climate-related goals, is currently under review.

### Keeping Our Stakeholders Informed

The Bank maintains constant and effective communication with our stakeholders on corporate information, including climate change and sustainability matters, through quarterly briefings and online platforms such as our corporate website. The Investor Relations team engages with the investing community 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. These briefings include information about the Bank's sustainability progress towards its sustainability goals. Furthermore, our sustainability disclosures can be found on our website, and we regularly respond to enquiries regarding sustainability matters from regulators, rating agencies and the public.



For more information, please refer to Our Commitment/Performance Management section on our corporate website at <https://www.alliancebank.com.my/About-Us/Career-Centre/Our-Commitment>.

## Sustainable Business



Building an ESG-focused organisation is a top priority under our business strategy, Acceler8. We are committed to generating ongoing value creation for the Bank and our stakeholders through embedding sustainability in our business strategy and daily operations through a top-down approach.

Recognising our leadership in the financial services industry, we are dedicated to creating sustainable financing options that generate economic value for our stakeholders. We aim to grow our sustainable banking business to RM15 billion by FY2027 by offering tailored solutions to our customers to help support them in their transition and better equip them to adapt and mitigate against the challenges of climate change.

### Driving Sustainable Finance

**FY2025:**  
**RM14.4 billion**

*FY2024: RM12.6 billion*

*FY2023: RM8.1 billion*

Grow **RM15 billion** in  
new sustainable banking  
business by FY2027\*

| Material Matters                             | FY2025 Achievements  |
|--|--|
| <b>Sustainable and Responsible Financing</b> | <ul style="list-style-type: none"> <li>• Sustainability Impact Programme (“SIP”) provided more than RM560 million in financing to support business clients’ sustainability transitions</li> <li>• Launched the Sustainability Enhancement Programme (“SEP”), with Bursa Malaysia, to improve sustainability performance and disclosures for public listed companies, alongside the Green Supply Chain Programme</li> <li>• In FY2025, AIS acted as the Lead Manager for the following sustainable bonds &amp; sukuk: <ul style="list-style-type: none"> <li>- A sustainability-linked sukuk for a public listed company; and</li> <li>- A medium-term note aligned with the International Capital Market Association (“ICMA”)’s Sustainability-linked Bond principles</li> </ul> </li> <li>• Acted as a Joint Principal Advisor, Joint Lead Arranger and Joint Lead Manager for Avaland Berhad’s RM1.0 billion Sukuk Murabahah Programme and supported their inaugural issuance of sustainability sukuk amounting RM300.0 million</li> <li>• Received sustainability awards for helping businesses transition to greener practices, including: <ul style="list-style-type: none"> <li>- Qorus Reinvention Awards Asia Pacific 2025 - Silver winner for SME Bank of the Year;</li> <li>- ASEAN Banking Awards 2025 - ESG Award;</li> <li>- ESG Business Awards 2024 - Cross-Sector Collaboration Award; and</li> <li>- Qorus Best SME Banking Awards 2024 - Gold winner for SME Partnership of the year.</li> </ul> </li> </ul> |

\* New sustainable banking business target to be revised upon achievement.

## Sustainable Business

| Material Matters                               | FY2025 Achievements  |
|--|--|
| <b>Climate Change</b>                          | <ul style="list-style-type: none"> <li>Partnered with Asia CarbonX Change Plt (“CarbonX”) to launch the Islamic Sustainability Financing Programme (“ISF Programme”), including the Low Carbon Transition Facility-i</li> <li>Signed a Memorandum of Understanding (“MOU”) with Solarvest to accelerate green financing and renewable energy projects in Malaysia</li> </ul>   |
| <b>Business Continuity and Risk Management</b> | <ul style="list-style-type: none"> <li>Reduced the C5a*% of our portfolio to 21.1%. We are on track for the achievement of our Topline Goal 2: Ensure C5a% of portfolio is &lt;20% by FY2030</li> </ul>  |
| <b>Customer Experience</b>                     | <ul style="list-style-type: none"> <li>Total number of digital users (online and mobile) reached 769,345, indicating a 10.9% increase compared to FY2024</li> <li>Expanded Virtual Credit Cards (“VCC”) offerings: <ul style="list-style-type: none"> <li>Integrated with Samsung Pay and Google Pay</li> <li>Ability to directly apply for the VCC via the MetaFin Digital App, Malaysia’s first DIY digital platform for insurance and personal financial services</li> <li>Manage and pay maintenance fees, rental charges and subscriptions to popular platforms such as Netflix through the MyTaman App</li> </ul> </li> </ul>  |
| <b>Digitalisation</b>                          | <ul style="list-style-type: none"> <li>Partnered with CGC Digital Sdn Bhd (“CGC Digital”) to launch The Alliance Digital SME Startup Financing, a digital guaranteed scheme, to help new companies capitalise on their early growth opportunities</li> <li>The Bank Statement Analyser (“BSA”), a sophisticated AI-drive tool was introduced to improve customer experience and streamline the financial processes. The tool aims to refine our credit approach, enabling faster, better and more personalised banking solutions for MSMEs</li> <li>We also launched the eKYC project targeted to sole-proprietors and Sdn Bhd companies, to seamlessly onboard customers digitally, providing convenience, paperless and a hassle-free customer experience</li> </ul> |
| <b>Customer Data Privacy</b>                   | <ul style="list-style-type: none"> <li>Maintained strong data security with no major breaches reported throughout the year</li> <li>Successfully implemented year-round programmes to enhance continuous learning and staff awareness on compliance and customer data protection, including e-learning modules, branch roadshows, and internal communications</li> </ul>   |
| <b>Economic Performance</b>                    | <ul style="list-style-type: none"> <li>Increase in revenue to RM2,269.9 million</li> <li>Increase in total economic value distributed to RM1,742.5 million</li> <li>Increase in total economic value retained to RM527.5 million</li> </ul>  |

\* From 2024 onwards, BNM has replaced its C5 classification with C5a. C5a refers to BNM’s CCPT classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused nor any initiative to transition to more sustainable practices.



## Sustainable Business

## INTEGRATING SUSTAINABLE AND RESPONSIBLE FINANCING

We help new and existing customers address challenges such as climate change through financing.

**Relevant material matters:**

- Sustainable and Responsible Financing
- Climate Change
- Business Continuity and Risk Management

Our strategy's focus on sustainability continues to guide our long-term direction of ensuring our products and services deliver positive impacts across all stakeholder groups, including customers, communities, and the environment. We partner with customers to fund environmentally sound projects and support their shift to a low-carbon future through managing environmental risks. In implementing our strategy to manage sustainability risks and opportunities, our customer assessments now include environmental factors, and we provide sustainable financing products, ESG advisory and green technology solutions to facilitate their transition. These practices are aimed at mitigating physical, financial and transition risks for both our stakeholders and the Bank itself.

Our Business Banking Team works in close coordination with the Group Strategy and Transformation Team to actively promote Sustainable Financing and conduct educational roadshows for customers seeking to enhance their business operations and sustainability awareness. This collaborative effort supports high carbon-emitting industries in embarking on a sustainable business transition towards lower carbon emissions, while providing lower-emitting industries with insights into relevant best practices. As a result of these initiatives, our momentum for green financing has been on the rise.

**The Sustainable Product Framework**

In 2023, we established our Sustainable Product Framework ("SPF") to lay the foundation for a phased approach to managing sustainability across the Bank's operations. The SPF is designed to strengthen our internal capacity and infrastructure to support customers in achieving their sustainability goals.

The framework defines the scope of eligible facilities and serves as a guide to direct financing activities towards sustainable outcomes. In doing so, it reinforces our commitment to facilitating our customers' transition to a low-carbon economy, while aligning with the Bank's asset growth targets and overall sustainability ambitions.

Recognising that our business resilience is closely linked to our customers' ability to manage climate-related risks, we have integrated periodic customer assessments into our lending practices. The business units, in collaboration with the Strategic Partnerships & Innovation team, engages directly with clients to understand their ESG challenges and to propose practical improvement or mitigation measures.

To further embed climate considerations into our core processes, Relationship Managers ("RMs") conduct ESG reviews during onboarding and on a periodic basis using the Climate Change and Principle-Based Taxonomy ("CCPT") Screener developed by Group Climate and Sustainability Risk. This tool enables us to classify customers' economic activities in terms of their contributions to climate change mitigation and adaptation, while gaining deeper insight into their readiness for a low-carbon transition. To ensure consistency and independence in the assessment, Group Credit performs a separate review of the CCPT classification for each facility, in alignment with the CCPT Screener.

The SPF has also driven progress in the creation of sustainability-linked offerings, such as sustainability-linked loans for our corporate business units and green government scheme SME loans.

Looking ahead, we aim to broaden the SPF's integration across the organisation and strengthen internal capabilities for effective implementation. This will be supported by ongoing training and awareness-building efforts. We will also continue to track evolving market trends and regulatory changes to ensure the framework remains effective and aligned with best practices.

## Sustainable Business

### Driving Sustainable Financing Propositions

In alignment with our commitment to driving sustainability initiatives within the industry, we have developed and launched innovative sustainable financing products and propositions to help facilitate sustainable adoption among Malaysian business whilst growing our sustainable banking portfolio. Sustainability is a core aspect of our long-term strategy, ensuring our offerings benefit customers, communities and the environment.

Since FY2023, we have leveraged the Low Carbon Transition Facility (“LCTF”) by Bank Negara Malaysia to empower SMEs with sustainable solutions. Through this, we have launched a collateral-free solar panel financing scheme with loans up to RM10 million at preferential interest rates and a loan tenure of up to 10 years, as well as extended financing options to customers installing rooftop solar panels, providing a zero-cost option by supporting Registered Solar Photovoltaic Investors (“RPVI”). Alongside these initiatives, we also offer financial support for bioenergy and wastewater projects, therefore significantly boosting sustainability practices and facilitating the transition of local SMEs.

In FY2025, our Sustainability Impact Programme (“SIP”) provided over RM560 million in financing to support business customers sustainability transitions. This included over RM110 million via our Green Supply Chain Programme with major corporations.



### Solarvest and Alliance Bank Forge Strategic Partnership to Accelerate Green Financing & Renewable Energy Projects in Malaysia

Alliance Bank has partnered with Solarvest, a leading clean energy solutions provider, to accelerate the adoption of sustainable energy solutions in Malaysia. Through this partnership, Solarvest will leverage its expertise by identifying and introducing potential customers as well as providing technical support for clean energy projects, while we will contribute through providing tailored financing schemes and acting as the primary banking partner.

The signed Memorandum of Understanding (“MOU”) details a collaborative framework where Solarvest will connect Alliance Bank with potential customers seeking green financing for commercial, industrial and large-scale solar ventures. Correspondingly, Alliance Bank will develop preferential financing options for Solarvest’s renewable energy projects, provide ESG guidance and support project funding and financial viability assessments.

Both parties organised a series of nationwide workshops to help businesses understand the potential benefits of leveraging renewable energy and raising awareness on the latest technologies available along with green financing to support solar project implementations.



## Sustainable Business

## Transitioning Customers

We remain committed in our journey towards Net Zero and acknowledge that we play a vital role in facilitating our customers' transition. We have reduced the C5a% of our portfolio to 21.1%, and are on track for the early achievement of our Topline Goal 2: Ensure C5a% of portfolio is <20% by FY2030. Moving forward, we intend to continue supporting our customers in improving their CCPT classification and with their transition financing needs, whilst assisting them in their journey towards a low-carbon economy.

As the Bank closely monitors our customers in ESG-sensitive sectors, moving forward, we plan to begin identifying key customers that are exposed to transition risks due to upcoming regulations, such as carbon pricing, as well as physical risks, such as flooding. The Bank also plans to continue building capabilities through enhanced training for Relationship Managers to equip them with the expertise and tools necessary to effectively support our customers in their transition and ultimately foster long-term partnerships.

## Green Mortgage

We are accelerating sustainable community development through strategic alliances with leading developers—including UEM Sunrise, Sunway Property, Malton, IJM Land, Eastern & Oriental, Avaland, Gamuda Land, Mah Sing, SkyWorld and UOA. Our tailored green mortgage solutions offer preferential interest rates and expedited approvals, designed to empower eco-conscious homeownership. Building on this momentum, we are now extending these initiatives to commercial properties, driving sustainability across Malaysia's real estate landscape.

## SME Express Loan ("SXL")

To make sustainable initiatives more accessible and affordable for SMEs, we offer financing solutions for up to RM2,000,000 with flexible repayment tenures of up to 10 years and a simplified, hassle-free application process.

## PROGRESS Tool

To support SME climate action, we launched our PROGRESS digital Tool (PROmoting Green REsilient & Sustainable SMEs) in FY2024 via a collaboration with the UN Global Compact Network Malaysia & Brunei ("UNGCMYB"). The tool conducts peer benchmarking and generates a personalised climate transition plan to help facilitate SMEs on their sustainability journey. Depending on the SME's climate maturity, they can benefit from preferential green loan rates and working capital financing from the Bank. In FY2025, the tool was enhanced with a new Corporate Dashboard feature, providing corporate customers participating in the Bank's green supply chain programme with a comprehensive overview of their suppliers' climate performance. This enables them to make more informed decisions and supports the development of effective decarbonisation strategies.

## Green Loan

Our Corporate Banking division has reached a key sustainability milestone by providing a green loan to a leading property developer. This loan, aligned with green loan principles, support the development of an environmentally friendly property featuring energy-efficient designs and sustainable materials. Furthermore, the developer aims to achieve GreenRE Gold Rating. Through funding and supporting projects as such, we aim to mitigate the environmental impact as well as promote responsible business practices within the property sector.

## Sustainable Business

### Sustainability Impact Programme (“SIP”)

The Sustainability Impact Programme (“SIP”) supports customers in transitioning and maximising emerging sustainability opportunities using a 3As approach: Advocacy, Advice and Answers.

|  <b>Advocacy</b>   |  <b>Advice</b>  |  <b>Answers</b>   |
|---|--|--|
| <p>Promote awareness through thought leadership, research, impactful events and initiatives to foster ESG practices among our customers, partners, employees and the community.</p> | <p>Partnerships with industry experts to deliver capacity building, advisory and practical tools that will ensure our customers are ESG ready.</p> | <p>Delivering green banking and beyond banking solutions that are tailored to support our customers in their transition to a low-carbon economy.</p> |

Through **Advocacy**, we educate on the importance of ESG adoption and how impactful it can be on their businesses. We provide **Advice** on capacity building and practical tools, such as PROGRESS, which offers climate assessments and transitions plans. **Answers** encompasses both banking and beyond banking solutions including financing and green technology offerings at preferential rates.

This programme is designed to boost Malaysian businesses’ profitability, efficiency and global competitiveness and is strengthened through partnerships with organisations, such as the UN Global Compact Network Malaysia & Brunei, Bursa Malaysia, Malaysian Green Technology and Climate Change Corporation, GreenRE and others.

Our SIP is designed to assist our customers in transitioning to more sustainable business practices to ensure they remain competitive. Our relationship managers and strategic partnerships team regularly engage with our customers to develop targeted solutions, including supply chain improvements, based on the challenges identified. Throughout the engagements, we offer assistance in areas such as climate actions, waste and pollution management, supply chain decarbonisation and social impact. We are also committed to expanding our solutions to include ecosystem preservation and biodiversity.

### Sustainability Enhancement Programme (“SEP”)

With the support from Bursa Malaysia, Alliance Bank has developed the SEP, expanding on our successful collaboration on Bursa Malaysia’s Centralised Sustainability Intelligence (“CSI”) solution. The programme aims to support Public Listed Companies (“PLCs”) on the ACE market and newly listed companies that adopt Bursa Malaysia’s CSI solution to improve their ESG rating and prepare for sustainability disclosure requirements.

Participating companies can access the SEP offerings upon fulfilling the Bank’s financing requirements and by subscribing to the CSI solution. This includes a comprehensive FTSE4Good Assessment and Optimisation Report that identifies gaps, benchmarks performance and provide tailored solutions that enable companies to improve their FTSE4Good ratings. Furthermore, the programme also offers an AI-powered sustainability report generator and preferential banking incentives.

To help participating companies to integrate sustainability into their supply chains, the SEP also offers valuable resources such as climate assessments and ESG training to develop greener operations. The Bank has allocated RM1 billion in preferential funding for SME suppliers to PLCs that have signed up for the CSI Solution, incentivising sustainability improvements and disclosures. To be eligible, PLCs must register with Bursa Malaysia’s CSI Solution and establish a banking relationship with Alliance Bank through financing or deposits.



## Sustainable Business



## Driving Innovative Sustainable Financing Solutions

To empower SMEs in their sustainability journey, Alliance Islamic Bank has partnered with Asia CarbonX Change Plt (“CarbonX”) to launch the Islamic Sustainability Financing Programme (“ISF Programme”), including the Low Carbon Transition Facility-i.

The purpose-built sustainability programme offers green and transition financing solutions to help SME businesses in their sustainability journey, reduce carbon emissions and acquire Renewable Energy Certificates (RECs). Through this partnership, CarbonX will act as an intermediary and facilitate the acquisition and registration of RECs for solar or other RE financing customers, enabling them to confidently claim renewable energy usage, reduce Scope 2 emissions as well as offer the customers the opportunity to monetise their RE attributes via RECs.

This partnership represents our commitment to building an ESG-focused organisation through developing innovative sustainable financing solutions to empower and encourage businesses to adopt sustainable practices, reduce their carbon footprint and enhance their competitiveness in the global market.



## Fostering Partnership in Sustainable Finance Programme

Alliance Islamic Bank and AmlInvestment Bank Berhad have become the Joint Principal Advisors, Joint Lead Arrangers and Joint Lead Managers for Avaland Berhad’s RM1.0 billion Islamic Medium-Term Notes (“Sukuk”) programme.

In accordance with the Securities Commission (“SC”) Malaysia Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (“LOLA Guidelines”), the Sukuk Programme will enable the award-winning property developer to issue Sustainable and Responsible Investment (“SRI”) Sukuk, ASEAN Sukuk, SRI-linked and ASEAN sustainability-linked Sukuk to fund amongst others, sustainable developments, land acquisition and capital expenditures.

Avaland Berhad intends to utilise this new programme to fund future launches in its three brand tiers:

- AVA Luxe: an upscaled luxury brand offering a high-end and prestigious development;
- AVA Prime: a brand catering to the middle-income segment with great emphasis on lifestyle and wellness; and
- AVA Risa: an affordable housing solution.

RAM Rating Services Berhad assigned the Sukuk Programme a long-term credit rating of AA3 with a stable outlook, reflecting Avaland’s successful transformation and strong earnings visibility supported by RM852 million in unbilled sales as of 31<sup>st</sup> March 2024.

We are proud to have been able to support Avaland Berhad in their sustainability journey and are confident that the sustainability sukuk issuance will create long-term generational value for its buyers and the wider community. Our Corporate Bonds & Sukuk team bring deep industry and product expertise and we hope to continue offering our customers tailored sustainable financing options, aligning with our commitment to make a positive impact to all stakeholders.



## Sustainable Business

### ADVANCING THE CUSTOMER EXPERIENCE

We ensure GREAT customer experience through innovation and operational excellence.

#### Enhanced Customer Experience through Digitalisation

#### Relevant material matters:

- Customer Experience
- Digitalisation

Alliance Bank is dedicated in providing outstanding customer experience. Our Alliance Customer Promise, which is built on five core principles known as G.R.E.A.T - Good Advice, Relevant Solutions, Ease, Accuracy and Timeliness - ensures we consistently meet our customers' expectations. It empowers our employees to consistently deliver on our brand promise, whether through product adoption, digital channels, or employee engagement, we ensure every interaction reflects our commitment to superior customer service.

Our complaint management process prioritises timely and effective resolutions, supported by data-driven insights. In FY2025, we achieved an average resolution time of three working days, consistently delivering satisfactory outcomes to customers. Additionally, we have a closed-loop feedback system that enables close collaboration with stakeholders to address issues promptly and prevent recurrence, resulting in 67 process improvements implemented during the year. Complaint trends are reported monthly to the Management Committee and biannually to the Board, ensuring strong oversight of efforts to address customer concerns and uphold high service quality standards.

We continue to drive digitalisation to stay ahead, using technology to promote sustainable practices and enhance customer experience. Our fully digital e-KYC solution enables customers to open savings accounts or apply for loans and credit cards via our allianceonline mobile app, eliminating the need for branch visits. The Branch-in-a-Tablet initiative allows Relationship Managers to open accounts and process loans at customers' preferred locations, while businesses benefit from a streamlined '1-day, 1-visit' service.

Our digital initiatives continue to gain traction, as seen in the growing usage of our mobile and online platforms. In FY2025, overall digital banking users rose by more than 10% year-on-year (YOY), while active mobile app users increased by 6% YOY—demonstrating strong customer adoption and engagement across our digital ecosystem.

#### Total Number of Digital Users (Online and Mobile)

| FY            | Business Banking <sup>1</sup> | GCB            | Total          |
|---------------|-------------------------------|----------------|----------------|
| <b>FY2025</b> | <b>66,171</b>                 | <b>703,174</b> | <b>769,345</b> |
| FY2024        | 63,418                        | 630,028        | 693,446        |
| FY2023        | 55,003                        | 539,331        | 594,334        |
| FY2022        | 47,442                        | 463,997        | 511,439        |

#### Total Number of Active\* Mobile App Users

| FY            | Business Banking <sup>1</sup> | GCB            | Total          |
|---------------|-------------------------------|----------------|----------------|
| <b>FY2025</b> | <b>54,511</b>                 | <b>256,855</b> | <b>311,366</b> |
| FY2024        | 49,115                        | 245,331        | 294,446        |
| FY2023        | 35,820                        | 185,509        | 221,329        |
| FY2022        | 19,071                        | 132,497        | 151,568        |

\* Effective May 2024 reporting to BNM, the definition of 'active' is defined as users who have at least one (1) financial transaction made. Prior to 2024, 'active' was defined as users who have at least 1 login and user status is Active.

<sup>1</sup> Business Banking comprises of Group Business and Transaction Banking ("GBTB") and Group Corporate and Institutional Banking ("GCIB")

## Sustainable Business

**Virtual Credit Card (“VCC”)**

In April 2023, Alliance Bank Malaysia Berhad launched its Visa Virtual Credit Card (“VCC”), designed to offer a safer and more secure option for digital transactions through the introduction of a “Dynamic Card Number” (“DCN”) feature. Accessible via the allianceonline mobile app, the VCC enables users to generate an unlimited number of unique, one-time-use 16-digit card numbers for each online transaction—safeguarding their primary account from exposure and enhancing protection against fraud and data theft. Since its launch, the VCC has driven an 84% increase in credit card users, with more than 70,000 VCCs approved in FY2025—underscoring the importance of digital innovation and our commitment to sustainable banking.

In FY2025, we have continued to expand our VCC offerings through collaborating with MetaFin, Malaysia’s first DIY digital platform for insurance and personal financial services. Through this partnership, users can now enjoy direct application of the VCC via the MetaFin Digital App and thus, enhanced convenience and flexibility. Additionally, we have collaborated with MyTaman, a smart community security app, to enable MyTaman users to effortlessly manage and pay their maintenance fees, rental charges and subscriptions to popular platforms such as Netflix.

**BizSmart® Mobile App**

Business can use our BizSmart® Mobile App to manage their business account, submit and approve transactions remotely. It also enhances security through serving as a personalised security token for login validation and transaction authorisation, thus providing greater protection for our customers against financial scams and fraudulent activity.

Our app allows business owners to conveniently make employee salary payments and statutory contributions through employee pre-registration, while also enabling fixed deposit online placements and withdrawals. Our BizSmart® Chatbot, BOB, was developed to provide instant self-help via WhatsApp messaging 24/7, including weekends and public holidays. In FY2025, we further enhanced the app’s security by introducing a kill switch and a cooling-off period—key controls implemented to strengthen our fraud countermeasures in line with market best practices.

**BizSmart® eTrade**

Alliance Bank pioneered mobile trade financing in Malaysia with our BizSmart® eTrade platform. Our award-winning service allows for paperless submission, swift approvals, and disbursements of funds within 24 hours. Business owners can also manage their trade finance and payments remotely, 24/7, using their mobile phones.

Furthermore, we have recently expanded our platform to include a wider range of trade finance products and services, such as Letters of Credit and Bank Guarantees. Customers can now perform both domestic and international transfers to over 190 countries through eTrade transactions. In FY2025, we continued to enhance our offerings with the introduction of the Summary of Invoice feature, which allows customers to upload files for bulk eTrade applications—enabling the submission of up to 50 invoices in a single application and significantly improving the overall customer experience.

**Revolutionise SME Operational Processes**

To enhance our credit approach for MSMEs, our Digital SME team (“DSME”) has introduced the Bank Statement Analyser (“BSA”). This advanced tool uses analytic algorithms to streamline operations and is part of our ongoing strategy to make banking solutions faster, better and more personalised in order to broaden financial access for more MSMEs. The BSA has played an instrumental role in the launch of our Straight Through Processing (“STP”) business loan initiative aimed at digitalising the loan application and approval process from start to finish with same-day approvals.

## Sustainable Business

### Enhancing Customer Satisfaction through Trust and Fair Treatment

Alliance Bank is guided by BNM's policy document in the issuance of our Product Disclosure Sheet. This is to ensure pertinent information about our products and services which is foundational to our customers' satisfaction. The objective of the Product Disclosure Sheet is to:

- Promote customer's awareness and understanding of the financial products and services;
- Facilitate consistency in the disclosure of essential information on the financial products and services;
- Minimise mis-selling of the financial products and services;
- Ensure that financial products and services sold are appropriate to the needs and resources of the customer and;
- Promote informed decision-making by the customer.

We are also guided by BNM's Fair Treatment of Financial Consumers policy to ensure that our interactions with customers are conducted with fair treatment and consideration for their best interests.

To gauge customer loyalty and their likelihood of recommending our products and services, we utilise the Net Promoter Score (NPS). This strategic tool allows us to assess the effectiveness of our customer relationship strategy and ensures that we consistently meet and exceed customer expectations. Through the NPS results, we are able to pinpoint areas for improvement and implement strategic measures to address any customer concerns and enhance overall customer satisfaction levels.

In FY2025, the Bank achieved a composite Net Promoter Score ("NPS") of 39, marking a 6-point increase from the previous year. This notable improvement reflects our continued focus on delivering effective, customer-centric solutions, enhancing the ease of transactions via our web and mobile platforms, and ensuring fast approvals through our eKYC account openings. Looking ahead, we aim to further equip our Relationship Managers to engage more proactively with our customers, while refining our internal protocols to provide an even more seamless and consistent customer experience.





## Sustainable Business



## Accelerating Digital Transformation

**Alliance Bank and CGC Digital Ease Access to Financing for New Businesses: Alliance Digital SME Startup Financing**

Alliance Bank has strategically partnered with CGC Digital, a wholly owned FinTech subsidiary of Credit Guarantee Corporation Malaysia Berhad (“CGC”), to launch The Alliance Digital SME Startup Financing, a digital guarantee scheme.

The scheme seeks to simplify working capital access for new companies to fuel their early growth. The collaboration enables more businesses without collateral to obtain financing, offering RM20,000 to RM100,000 loans through a streamlined online application requiring only a six-month bank statement.

Furthermore, Alliance Bank has introduced the Bank Statement Analyser (“BSA”), a sophisticated AI-drive tool, to improve customer experience and streamline the financial processes. As part of a Proof-of-Concept with CGC Digital, the BSA aims to refine our credit approach, enabling, faster, better and more personalised banking solutions for MSMEs, thereby broadening financial access. This tool showcases our dedication to leveraging cutting-edge technology.



## Alliance Bank elevates digital banking with Visa VCC integration

To enhance the convenience of digital banking, Alliance Bank has integrated its Visa Virtual Credit Card (“VCC”) with Samsung Pay and Google Pay. This enables seamless usability for online and in-store transactions, streamlines the management of finances and businesses and offers more robust security.

A first in Malaysia and the region, our VCC uses Dynamic Card Number (“DCN”) technology. This generates single-use or subscription-based temporary card numbers, enhancing online transaction security and reducing fraud risks. Cardholders also gain control through customisable settings, such as adjusting the expiry dates and transaction limits.



Our VCC is Near Field Communication (“NFC”) enabled, allowing consumers to make secure, contactless payments using Samsung Wallet and Google Wallet on mobile and wearable devices, catering to the rising demand for this technology. We are focused on providing this feature for Android users first, with Apple Pay integration planned for the future.

This integration offers a seamless payment experience, combining online, DuitNow, QR scans, JomPAY and now in-store transactions with credit card acceptance, providing an ESG-friendly payment solution. Furthermore, the NFC technology eliminates the need for physical cards, reducing plastic usage and bridging the gap between online and offline transactions. This initiative reflects our commitment to deliver a smooth, secure and contactless payment solution to our customers.

## Sustainable Business

### SAFEGUARDING CUSTOMER DATA

#### Relevant material matters:

- Customer Data Privacy

Protecting customer data privacy maintains a top priority at Alliance Bank, particularly as we increase our digital operations. We continue to recognise the importance of integrating robust controls to maintain the trust of our customers and stakeholders and ensure that we adhere to the Personal Data Protection Act 2010, Financial Services Act 2013, Islamic Financial Services Act 2013 amongst other relevant laws. Furthermore, we have implemented a comprehensive internal Personal Data Privacy Policy, that governs the collection, use, and protection of our customers' data. Access to this data is limited to authorised staff, whilst physical documents are securely stored in locked cabinets at a designated secure location and any obsolete materials are securely destroyed.

We strengthen our cybersecurity by regularly assessing and improving our infrastructure to prevent breaches and data leaks. In addition, we ensure that our employees are regularly trained on the appropriate measures to take to prevent cyber-attacks through e-Learning modules and staff bulletins.

#### Safeguarding Personal Data Protecting Customer Privacy – Five Core Functions

We safeguard personal data and customer privacy through robust security controls, processes and procedures detailed in our Security Operational Procedure ("SOP") and Security Incident Response Procedure ("SIRP"). These frameworks provide a structured approach to mitigating cybersecurity risks, encompassing threat detection and timely, effective responses to cyber incidents.

To effectively address dynamic cybersecurity risks, we manage them by leveraging the National Institute of Standards and Technology ("NIST") five core functions. We implement these functions continuously across our technology to build an operational culture that can adapt to dynamic cybersecurity challenges.

#### Identify

Develop a comprehensive understanding of cybersecurity risks across systems, people, assets, data and capabilities using established frameworks, policies, and SOPs.

#### Protect

Implement safeguards such as endpoint protection with antivirus, malware protection and data leak prevention to mitigate potential cybersecurity events.

#### Detect

Establish activities to promptly identify cybersecurity events through tools like Security Incident Event Management ("SIEM") and continuous Security Operations Center ("SOC") monitoring.

#### Respond

Take decisive actions upon detecting cybersecurity events, including conducting thorough gap analyses, identifying root causes and implementing permanent corrective actions or mitigations.

#### Recover

Maintain resilience plans and swiftly restore impacted services following cybersecurity events, leveraging ongoing SOC monitoring and distributed denial of-service ("DDoS") protection services as needed.

Our Security Operations Centre ("SOC") provides central, operational oversight of system security, utilising Security Information and Event Management ("SIEM") tools for real-time monitoring. This enables swift detection and response to both internal and external cyber threats. We continuously update our cybersecurity infrastructure to align with the latest risk and threat mitigation advancements.

To actively enhance our cybersecurity posture, Alliance Bank maintains regular dialogue with regulatory bodies, including the Cyber Security Task Force ("CSTF"). In addition, we subject ourselves to rigorous assessments to ensure continuous compliance and resilience, including:

- Annual Payment Card Industry Data Security Standard ("PCI DSS") certification audits.
- Bi-annual General IT Control Audits conducted by external auditors, covering internal and external vulnerability assessments and penetration testing at both application and server levels.

## Sustainable Business

Furthermore, our comprehensive Vulnerability Management (“VM”) Programme adheres to BNM Risk Management in Technology (“RMIT”) guidelines, ensuring the security of our Bank’s digital assets.

| Tech Layers             |                    |                    |
|-------------------------|--------------------|--------------------|
| System Management       | Content Security   | Network Security   |
| Application Security    | End-point Security | Security Operation |
| Governance & Compliance |                    |                    |

### DELIVERING STRONG ECONOMIC VALUE

We deliver consistent and sustainable economic value to our stakeholders.

**Relevant material matters:**

- Economic Performance

To sustain our lending strength and support our expansion, we are committed to maintaining our strong capital foundation and ensuring robust liquidity levels.



For further information, please refer to the “Management Discussion and Analysis” section on page 30 to 43 of this Annual Report.

In order to prepare for potential macroeconomic challenges, such as Gross Domestic Product (“GDP”) decline, rising interest rates, increasing unemployment rates amongst others, we regularly perform thorough risk-management and capital adequacy assessments. This includes stress tests across all business areas of the Bank. Our proactive risk management and strategic capital allocation has enabled us to deliver significant economic value to our stakeholders, despite facing numerous challenges.



## Sustainable Business

FY2025  
TOTAL ECONOMIC VALUE GENERATED

**RM2,270.0 million\***

*\*includes revenue & share of results of joint venture*

FY2025  
TOTAL ECONOMIC VALUE DISTRIBUTED

**RM1,742.5 million**

FY2025 OPERATING COSTS  
(excluding personnel expenses and  
community investments)

**RM302.3 million**



FY2025 ALLOWANCES FOR EXPECTED  
CREDIT LOSSES

**RM188.5 million**



FY2025 EMPLOYEE AND WAGES BENEFITS

**RM684.5 million**



FY2025 COMMUNITY INVESTMENTS  
(administrative expenses – donation)

**RM0.7 million**



FY2025 PAYMENTS TO GOVERNMENT  
– TAXATION AND ZAKAT

**RM242.2 million**



FY2025 PAYMENTS TO PROVIDERS OF  
CAPITAL – CASH DIVIDENDS PAID TO  
SHAREHOLDERS

**RM324.3 million**



FY2025  
TOTAL DIRECT ECONOMIC VALUE RETAINED

**RM527.5 million**



## Sustainable Society



### Relevant stakeholders:



### Relevant material matters:

- Climate Change
- Financial Inclusion
- Sustainable Procurement
- Corporate Social Responsibility

At Alliance Bank, we aim to support sustainable communities and society, aligning with our Topline Goal 2 - to help customers adopt sustainable lifestyles and business practices. As a community-centric bank, we strive to positively impact businesses and consumers. We intend on doing so through embracing a holistic approach, partnering with stakeholders to drive sustainable outcomes across the ecosystem and investing in meeting the diverse needs of communities and small businesses. In FY2025, we reduced the C5a% of our portfolio to 21%, making good progress in our Topline Goal 2 target and being on track for early achievement. Our progress serves as a testament to the Bank's commitment to supporting our customers in their transition and the success of our initiatives in fostering a more sustainable ecosystem amongst our stakeholders.

### Empowering Sustainable Living

#### FY2025:

Reduced to **21.1%**

FY2024: Reduced to 31.0%

FY2023: Reduced to 35.0%

Ensure **C5a\*% of portfolio**  
is <20% by FY2030

| Material Matters           | FY2025 Achievements  |
|----------------------------|--|
| <b>Climate Change</b>      | <ul style="list-style-type: none"> <li>• Launched our ESG 2.0 report titled 'The Path to Sustainable Impact - Sectoral Insights of Malaysian SMEs' in collaboration with Monash University Malaysia, Zurich Malaysia, UN Global Compact Network Malaysia &amp; Brunei ("UNGCMYB"), SME Corporation Malaysia, Malaysian Green Technology and Climate Change Corporation ("MGTC"), and INCEIF University</li> </ul>  |
| <b>Financial Inclusion</b> | <ul style="list-style-type: none"> <li>• Launched our seventh edition of the BizSmart® Challenge Accelerator Edition, attracting a record-breaking 593 submissions, the highest since its inception in 2013</li> <li>• Began a 3-year partnership with UN Global Compact Network Malaysia &amp; Brunei ("UNGCMYB") to improve sustainability levels of SMEs</li> <li>• Signed a MoU with UNGCMYB and InvestSarawak to provide climate inclusive financing</li> <li>• Invited to speak at the UN Global Compact Leaders Summit in New York in September 2024</li> <li>• Launched five (5) impactful campaigns on the SocioBiz Platform</li> <li>• Launched the 4<sup>th</sup> edition of the Alliance Islamic Economic Empowerment Programme ("EEP") 4.0 where 25 micro-entrepreneurs were onboarded</li> </ul> |

## Sustainable Society

| Material Matters                       | FY2025 Achievements   |
|--|---|
| <b>Sustainable Procurement</b>         | <ul style="list-style-type: none"> <li>• Channeled 96% of procurement spend to local suppliers</li> <li>• Enhanced the Supplier Self-Assessment Questionnaire (“SAQ”) to include a more comprehensive ESG screening criteria</li> <li>• Signed MoU to participate in the Sustainable Vendor Financing Programme (SVFP) for Oil &amp; Gas Services and Equipment (“OGSE”) Sector in collaboration with PETRONAS</li> <li>• Signed MoU with SD Guthrie to support palm oil plantations’ business division with climate improvements engaging suppliers across the value chain</li> </ul>        |
| <b>Corporate Social Responsibility</b> | <ul style="list-style-type: none"> <li>• Launched the seventh edition of the AEIOU challenge and expanded its reach to approximately 39,270 schoolchildren</li> <li>• Organised the second edition of the Alliance Bank Heritage Run which attracted close to 4,000 participants</li> <li>• Carried out volunteering and community outreach programmes for the Bank’s staff to be involved through the Employee Volunteerism Programme (“EVP”) throughout FY2024-2025</li> <li>• Offered flood relief assistance and launched a fundraising campaign through the SocioBiz platform</li> </ul> |

### DRIVING CHANGE BEYOND BUSINESS

We partner with our stakeholders to create sustainable outcomes across the business ecosystem and society at large.

#### Enabling Financial Inclusion for SMEs

#### Relevant material matters:

- Financial Inclusion
- Climate Change

Alliance Bank recognises the critical role SMEs play in driving the nation’s economic engine, whilst understanding the unique challenges they face. The Bank is deeply committed to empowering these businesses through tailored financial solutions, digital innovation and a strong focus on sustainable practices. We believe that by fostering the growth and resilience of SMEs, we are contributing to a more prosperous and sustainable future for Malaysia.

To further empower MSMEs, particularly those lacking collateral, the Bank has launched RM2 billion in new guarantee schemes with Credit Guarantee Corporation Malaysia Berhad (“CGC”) and Syarikat Jaminan Pembiayaan Perniagaan Berhad (“SJPP”). Our SME Banking division was the first in Malaysia to launch a Business Credit Card that comes with CGC. This initiative is part of our ongoing effort in giving financial solutions to the underserved segment, which is mainly made up of MSMEs. We aspire to grow SMEs together by building a robust credit history, hence enabling them to access larger funding support with an enhanced business credit profile.

Additionally, we have introduced a new supply chain financing programme, new digital capabilities including eKYC for business customers and implemented the Bank Statement Analyser to streamline credit assessments and expand financial access for SMEs.

Our commitment to developing innovative banking and non-banking solutions for SME growth and resilience has led to the Bank’s recognition as the “Best SME Bank in Malaysia” by The Asian Banker’s Global Excellence in Retail Financial Services Award 2024 and The Digital Banker’s Global SME Banking Innovation Awards 2024. Additionally, Alliance Bank made history by being the only Malaysian bank shortlisted for the Qorus SME Banking Awards 2024, eventually winning for our Sustainability Impact Programme (“SIP”).

These successes underscore the Bank’s commitment to providing outstanding services to our customers through innovative and personalised financing solutions to foster SMEs growth. Moving forward, we seek to continue our long-standing relationship with the SME sector and support our customers in overcoming their dynamic challenges.

## Sustainable Society

**BizSmart® Challenge Accelerator Edition**

The Alliance Bank BizSmart® Challenge is an initiative by the Bank designed to support and accelerate the growth of high-potential SMEs in Malaysia. It aims to help promising SME companies to advance their next growth phase through providing coaching and brand exposure, connecting them with investors as well as offering preferential financing to selected finalists.

In FY2025 we launched our seventh edition of the challenge, attracting a record-breaking 593 submissions, the highest since its inception in 2013. The challenge expanded its eligibility criteria to Malaysian-registered SMEs that have been operating between 1 to 10 years with an annual sales turnover of RM500,000 to RM40 million.

The recent BizSmart® Challenge offered a unique opportunity: the top 30 finalists were able to pitch to 1337 Ventures 5x Capital, Credit Guarantee Corporation Malaysia Berhad (“CGC”) as well as Cradle Fund’s MYStartup for potential investment and partnerships. The top 10 finalists and 3 wild cards were then able to compete for a prize package worth up to RM2 million and were also offered mentoring as well as access to RM20 million in preferential financing from Alliance Bank.

The BizSmart® Challenge Accelerator Edition demonstrates the Bank’s ongoing commitment to supporting business growth through comprehensive banking and non-banking solutions.

**Participating in Associations**

Alliance Bank maintains its commitment to being a sustainability-focused institution through strategic partnerships with leading ESG-focused associations. By working closely with regulators and industry peers, we facilitate knowledge sharing which enables us to contribute to shaping sustainability policy as an industry-leader. The Bank actively participates in industry associations and regulator-industry committees, including The Association of Banks in Malaysia (“ABM”) ESG Committee, the Joint Committee on Climate Change (“JC3”) and its various focus groups such as the SME Focus Group (“JC3 SFG”), the Climate Change and Principle-based Taxonomy Implementation Group (“CCPT IG”) and the Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”). We have also promoted the Simplified ESG Disclosure Guide (“SEDG”) organised by Capital Markets Malaysia (“CMM”) and proactively forged strategic partnerships with leading organisations such as Bursa Malaysia, UNGCMYB, MGTC, SME Corp, amongst others. We aim to cultivate a powerful ecosystem that accelerates Malaysia’s progress towards a sustainable, low-carbon future.

**Alliance Bank commits RM1 billion in preferential financing for SMEs utilising Bursa Malaysia’s CSI platform**

To empower SMEs embracing sustainability, we are excited to have introduced RM1 billion in preferential financing to support SMEs participating in Bursa Malaysia Bhd’s new Centralised Sustainability Intelligence (“CSI”) platform, enabling them to integrate ESG principles into their business and enhance their competitive edge.



## Sustainable Society

### Partnership with SME Corporation Malaysia

In a collaborative effort with SME Corporation Malaysia, we are taking proactive steps to drive thought leadership and directly assist small and medium-sized enterprises (“SMEs”) in adopting lower carbon practices. Our strategy involves in-depth engagements with these businesses to gain a comprehensive understanding of their specific challenges and problems, which will then inform the development of practical and actionable solutions designed to overcome these obstacles.



### Partnership with Malaysian Green Technology and Climate Change Corporation (“MGTC”)

By partnering with MGTC, Alliance Bank can offer a wide range of MYHIAU-certified green technology solutions. These solutions have been approved by the Malaysian government, assuring their quality and granting access to further tax incentives under the Green Investment Tax Exemption (“GITE”) and Green Investment Tax Allowance (“GITA”) programmes.



### UN Global Compact Network Malaysia & Brunei (“UNGCMYB”)

Alliance Bank has remained as one of the participating companies of UN Global Compact, pledging our support to uphold its Ten Principles, concerning human rights, labour standards, environmental protection and anti-corruption.



**Global Compact**  
Network  
Malaysia & Brunei

In FY2024, we entered a 3-year exclusive partnership with UNGCMYB to improve sustainability levels of SMEs and meet client demands. This includes the following initiatives:

- **Advocacy & Awareness:** Collaborates on thought leadership, marketing initiatives like press releases, workshops, research and conferences to promote ESG awareness to SMEs nationwide
- **Advisory:** Provides the PROGRESS Climate Diagnostic tool and exclusive green solutions to help SMEs assess and improve their ESG performance
- **Inclusive financing:** Provides green financing to incentivise climate action amongst SMEs nationwide
- **Ecosystem engagement:** State & global level partnerships to drive adoption of sustainability amongst SMEs via large scale supplier ecosystems
- **Capacity Building:** Offers expertise and resources for SMEs to develop and implement climate transition action plans

In September 2024, we were invited to speak at the UN Global Compact Leaders’ summit in New York in promoting ESG adoption amongst Malaysian SMEs. The prestigious summit, held during the UN General Assembly high-level week attended by over over 1,500 global leaders from various sectors and more than 85 countries. Our Group Chief Strategy & Transformation Officer, Dr Aaron Sum, offered insights into Alliance Bank’s ongoing support for Malaysian SMEs in adopting and navigating the often-complex ESG landscape, highlighting our Sustainability Impact Programme’s 3As Approach: Advocacy, Advice and Answers.

Currently, we are collaborating with the UNGCMYB to support SMEs in adopting sustainable practices through various activities such as the SME ESG Symposium. Furthermore, we also have a tripartite MoU with UNGCMYB and InvestSarawak to help accelerate ESG adoption amongst SMEs in Sarawak through conducting ESG workshops and providing Climate Inclusive Financing.



## Sustainable Society



## Enhancing sustainability and ESG adoption among local SMEs

## ESG 2.0 'The Path to Sustainable Impact – Sectoral Insights of Malaysian SMEs'

As a result of the success of Alliance Bank's inaugural ESG survey report in 2023 (ESG 1.0), the Bank produced the follow-up report titled 'The Path to Sustainable Impact – Sectoral Insights of Malaysian SMEs' (ESG 2.0) in collaboration with Monash University Malaysia, Zurich Malaysia as knowledge partners; and with UN Global Compact Network Malaysia & Brunei ("UNGCMYB"), SME Corporation Malaysia, Malaysian Green Technology and Climate Change Corporation (MGTC) and INCEIF University as supporting partners.

Launched by YB Nik Nazmi Nik Ahmad, Minister of Natural Resources and Environmental Sustainability, at the SME ESG START Symposium 2025 held at Monash University Malaysia, the report aims to provide valuable insights into the collective perspectives of local businesses and SMEs regarding the adoption of ESG practices and their crucial role in enhancing business resilience.

ESG 2.0 found that general ESG awareness levels have increased nearly six times since the ESG 1.0 report was launched in 2023, and this was driven by a focus on sustainable business practices and efforts made by the government, corporates and NGOs in Malaysia. Furthermore, cost savings and meeting market demands were primary motivations for ESG implementation amongst SMEs that adopted sustainable practices.

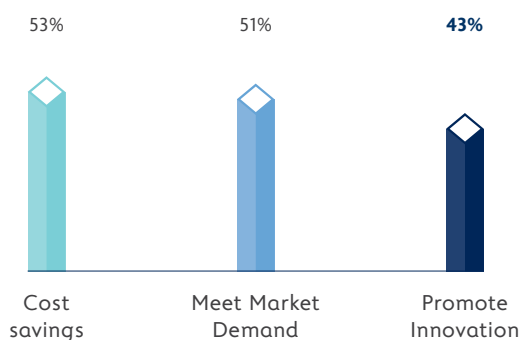


## Sustainable Society

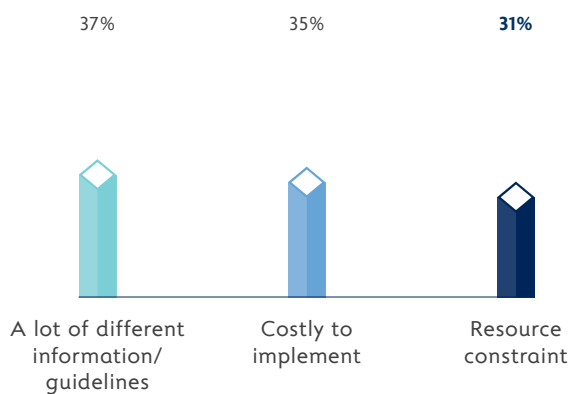
Key findings of the study are:

**80% of SMEs in Malaysia  
had a general level of ESG awareness**

**The top 3 motivations for ESG implementation  
amongst SME ESG adopters**

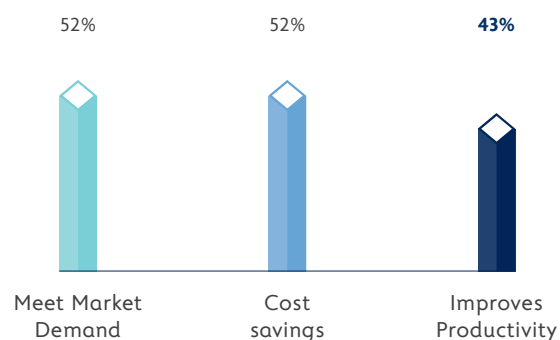


**The top 3 challenges when adopting ESG**

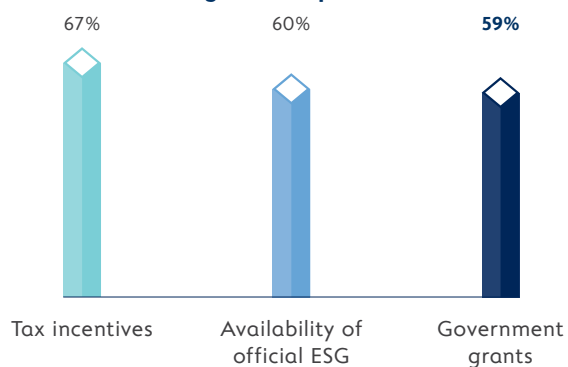


**60% of SMEs in Malaysia had a  
general level of ESG adoption**

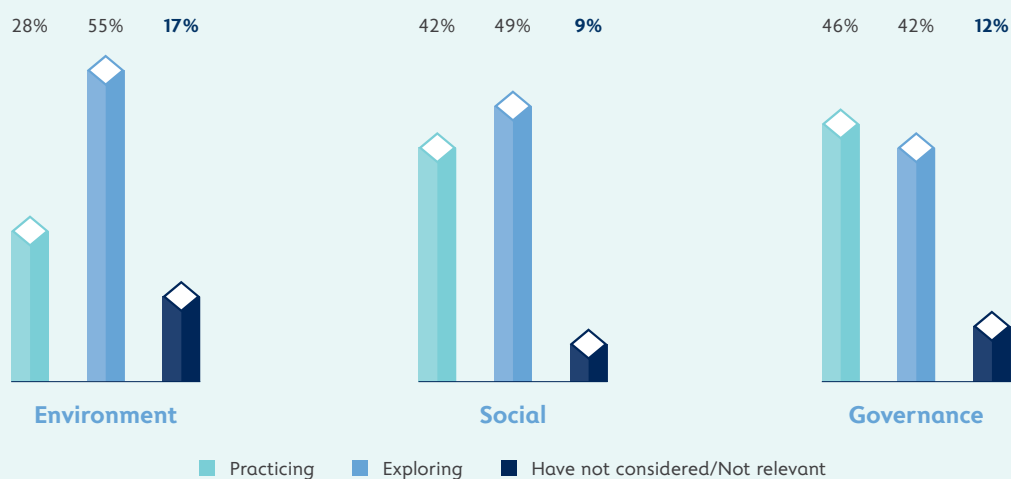
**The top 3 motivations for ESG implementation  
amongst SME non-ESG adopters**



**The 3 key support required to  
encourage ESG implementation**



### Adoption Level of Three ESG Pillars by SMEs



## Sustainable Society

## Embedding a Sustainable Supply Chain

## Relevant material matters:

- Sustainable Procurement

At Alliance Bank, we understand that sustainability requires a broad approach, extending beyond our own operations and into our own supply chain. Upon recognising this, we are committed to achieving fairness, transparency and accountability in our procurement practices, aligning every purchase with our Procurement Policy and Standard Operating Procedures. This fosters fair supplier treatment and builds long-term beneficial partnerships.

We require suppliers to follow our Code of Conduct and Procurement Integrity terms, which are included in our Purchase Order terms. Our e-Procurement system streamlines all cost quotations and tenders for our suppliers, promoting fair competition and facilitating efficient evaluation. We also conduct due diligence, for both potential and current suppliers, and perform on-site visits, when necessary, to ensure they meet our standards and expectations.

Our supply chain management prioritises social and environmental responsibility alongside cost and speed, supporting our ESG goals. Since FY2023, we have integrated ESG into our Procurement Policy and Procedures, as we recognise the dynamic and interconnected nature of issues across the supply chain. We have implemented the ESG Supplier Self-Assessment Questionnaire ("SAQ") in our e-Procurement system which utilises ESG criteria, including anti-bribery and corruption practices, for supplier screening. In FY2025, 654 vendors completed the SAQ, and we hope to continuously improve our SAQ to further promote sustainable practices within our supply chain.

In FY2025, we have organised and invited suppliers to participate in several ESG workshops aimed at promoting awareness and understanding of ESG-related matters. We ensure that vendors and suppliers are kept informed about industry-trends as well as ongoing commitments towards ESG initiatives. This focus aligns with our ESG commitments and our dedication to local economic development and job creation. Moving forward, we will continue to implement initiatives that encourage our suppliers to adopt more sustainable practices.

Proportion of  
Spending on Local  
Procurement

FY2025

96%

FY2024

94%

FY2023

92%

FY2022

87%

## Sustainable Society

### IMPROVING COMMUNITY WELL-BEING

We invest to meet the needs of our communities, including the underserved.

#### Corporate Social Responsibility

#### Relevant material matters:

- Corporate Social Responsibility

At Alliance Bank, we believe that the well-being of our communities is fundamental to our success. This belief drives us to actively engage and partner with local communities, in line with our mission of “Building Alliances to Improve Lives.” In FY2025, we invested over RM2.8 million in community initiatives, positively impacting more than 44,500 beneficiaries and reaffirming our commitment to community welfare and empowerment.

Our efforts go beyond financial contributions—we also encourage our employees to give back through our Employee Volunteerism Programme, fostering a culture of service and community engagement. In addition, the seventh edition of our AEIOU Challenge, a financial literacy awareness programme, reached 39,270 schoolchildren nationwide this financial year. Our SocioBiz platform continues to empower the B40 community through entrepreneurship, playing a particularly crucial role during the heavy flooding across Kedah, Kelantan, Terengganu, Sabah and Sarawak. These initiatives underpin our commitment to responsible growth, and we will continue to strengthen them to build a more resilient and thriving community.

In FY2025, we enhanced our CSR Strategy Framework to strengthen its alignment with The Bank for Life initiative, reinforcing our commitment to building stronger, more sustainable communities while enhancing our reputation as a socially responsible, community-focused financial institution. We have also refreshed our four focus areas to better align with our target beneficiaries:

#### Alliance Bank's CSR Strategy Framework

| Target Beneficiaries/<br>Focus | Underserved Communities<br>Asnaf, B40<br>Communities, B40<br>Microentrepreneurs      | Local/Small Businesses<br>Local and MSME<br>businesses that have<br>limited access to<br>funding, training and<br>networks | Children/Youth<br>Primary/<br>Secondary<br>Schoolchildren<br>University<br>students | The Environment<br>Sustainability,<br>Environmental<br>Preservation and<br>Awareness |
|--------------------------------|--|--|---|--|
| Key Impact Areas               | Economic<br>Empowerment  | Education  | Health and<br>Community<br>Well-Being   | Sustainability and<br>Environmental<br>Preservation                                  |
| Programmes                     |  |  |   |  |
|                                | EEP  | Sihat Express  | Zero Wastage Program  |  |
|                                | Collaborative Impact Programmes (together with strategic partners)                   |  |   |  |
|                                | Employee Volunteerism Programme (“EVP”)  |  |   |  |



## Sustainable Society

| Through A Life Cycle Approach   |  |   |  |
|---|--|---|--|
| Economic Empowerment  | Education  | Health & Community Well-Being   | Sustainability & Environmental Preservation  |
| Provide support to the underprivileged communities through economic empowerment programmes that create sustainable income livelihood and decent jobs. | <p>Equip children/youth with the knowledge and skills necessary to make informed financial decisions and achieve financial stability.</p> <p>Raise awareness and encourage sustainable practices within the community to protect and preserve the environment.</p> | Support programmes that provide or increase access to healthcare services for those within hard-to-reach places (e.g. rural communities) through tele-healthcare, and access to time-sensitive medical assistance (e.g. AED) in more urban areas. | <p>There is an urgent need to address climate change, and to protect the environment from further degradation and biodiversity loss.</p> <p>In our efforts to support innovative and climate change mitigation projects, with a strong focus on environmental awareness.</p> |

## Alliance Bank's Heritage Run 2024

Building on the success of its inaugural edition, the Alliance Bank Heritage Run 2024 attracted close to 4,000 participants. Held in historic George Town, Penang, the Heritage Run welcomed participants from all around the world to celebrate heritage, community and participating in sustainability efforts, whilst supporting local businesses. The event featured a new 12-kilometre competitive race and a redesigned 7-kilometre route that offered an immersive experience through the UNESCO-listed landmark. The event's aim was to encourage community spirit, foster cultural immersion and support sustainability-initiatives, underscoring Alliance Bank's ambition to become a leading ESG-focused organisation.



## Sustainable Society

### Flood Recovery and Adaptation Efforts

Recognising the growing impact of climate change, we continued to provide financial relief for flood-affected individuals and businesses through loan moratoria, repayment modifications and fee waivers. Application for this programme is extended based on regional flood occurrences. We also provide support to our employees affected by floods.

In FY2025, we began utilising scenario analyses to better understand our customers' flood risk impact. We plan to use these results to guide us in flood management initiatives and financing flood resilience projects. Additionally, we collaborate with our insurance partner to provide flood insurance products which can be taken up by our customers. The development of these initiatives demonstrate our commitment to support customers in recovery and adaptation efforts against the acute effects of climate change.

### Our Zakat Contribution

In FY2025, Alliance Islamic Bank ("AIS") allocated RM1 million in *zakat* (Islamic tithes) to various *asnaf* (underprivileged) beneficiaries, some of whom were identified by our partners i.e., *Lembaga Zakat Selangor* ("LZS"), *Amanah Ikhtiar Malaysia* ("AIM"), *Lembaga Zakat Negeri Kedah* ("LZKN"), *Yayasan Kebajikan Negara* ("YKN"), *Accelerate Global*, *Rumah Pengasih Warga Prihatin* ("RPWP"), *Yayasan Pelangi Malaysia* ("YPM"), *International Islamic University Malaysia* ("IIUM"), *Tabung Baitulmal Sarawak*, *Charity Right Malaysia* and others.

We continued to help *asnaf* communities through the following initiatives:

- » Alliance Islamic Bank Zakat Microfinancing ("AZAM"), provided RM450,000 in no-cost microfinancing to 103 *asnaf* entrepreneurs by partnering with LZS and AIM. In return, AIS will obtain *Zakat Wakalah* of RM225,000 to be distributed to AZAM recipients with *Amanah Ikhtiar Malaysia* ("AIM");
- » Alliance Islamic Bank Economic Empowerment Programme ("EEP") which assisted *asnaf* entrepreneurs to improve their livelihood;
- » Collaborated with LZKN to financially support *asnaf* paddy farmers to purchase harvest equipment;
- » Partnered with YPM and RPWP to distribute Raya clothing to *asnaf* communities;
- » Helped underprivileged students at IIUM to pay for their outstanding tuition fees;
- » Distributed food boxes to *asnaf* families in Sarawak in partnership with YKN; and
- » Distributed food boxes to *asnaf* families in Klang Valley during the holy month of Ramadhan in collaboration with Charity Right Malaysia.

Employees of Alliance Bank and Alliance Islamic Bank have contributed to the community support through returned *zakat* (*zakat wakalah*), totalling RM91,654 from individual *zakat* payments made to *Pusat Pungutan Zakat - Majlis Agama Islam Wilayah Persekutuan*. These funds were used to provide aid and essential supplies to *asnaf* families impacted by natural disasters, as well as to deliver religious talks to Muslim communities.

In a significant development, AIS has also received approval from LZS to receive *zakat wakalah* contributions from both individuals and corporates specifically for the AZAM programme. This will enable the Bank to scale up the initiative by expanding the pool of available funds for micro-entrepreneurs.

## Sustainable Society

**Fostering Sustainability with Local Communities**

This financial year saw the launch of the seventh edition of Alliance Bank's AEIOU Challenge, an award-winning education initiative that seeks to raise awareness of good money management amongst schoolchildren aged 9 to 12. In its most recent edition, the AEIOU challenge has expanded its reach to approximately 39,720 schoolchildren, representing an almost a 30% increase from the previous iteration.

To facilitate participation, the AEIOU Challenge offered comprehensive comic creation and financial education guidance through roadshows and online resources. The teachers were also equipped with the necessary skills to guide students through online briefings via the Train-the-Trainers programme. Simultaneously, the AEIOU Mobile App offered ongoing access to financial videos and comic strips from the AEIOU Challenge, to support lifelong education and ensure continued learning post-challenge, in support of the Ministry of Education's 2027 School Curriculum Framework.

The recent AEIOU Challenge, themed 'Spot the Scams: Be a Financial Superhero!', emphasised financial literacy for navigating the digital age and avoiding scams. The campaign included the AEIOU Comic Challenge, which seeks to foster creative learning, as well as the AEIOU Financial e-Game Challenge, which aims to educate students on financial skills through interactive modules: Save, Plan, Spend.

Since its launch in 2015, the challenge has positively impacted 180,000 school children across Malaysia, with over 200,000 submissions for its Comic and e-Games Challenges. The programme has also empowered close to 2,000 teachers to deliver financial literacy workshops, reaching out and engaging with more than 1,500 schools. The AEIOU Challenge embodies our goal of becoming 'The Bank for Life' and is an integral part of our efforts to help Malaysians enhance their financial literacy through offering a platform to learn smart money management.

**Providing Support to Flood Victims**

To alleviate the financial strain caused by floods, Alliance Bank offers a Flood Relief Assistance Programme for affected customers. The relief package includes loan moratoria of up to six months, loan repayment adjustments and waivers of fees and charges for affected customers and businesses nationwide. The Bank also offers payment relief on conventional loans and Islamic financing facilities, as well as waives fees and charges for selected services such as replacement of debit and ATM cards, cheque books and passbooks damaged during the flood.

In addition, we have previously launched a Flood Relief fundraising campaign on our SocioBiz platform to support communities affected by the recent floods in Kelantan, Kedah and Terengganu, which was subsequently extended to aid victims in Sabah and Sarawak. Running from December 2024 to February 2025, the raised funds will be directed to the Malaysian Relief Agency (MRA), a trusted partner renowned for its disaster relief efforts. To amplify the impact, the Bank matched every RM1 donated with RM2, up to RM250,000 to support essentials, home repairs and post-flood recovery.

## Sustainable Society

### Fostering Financial Well-being Among Communities

#### Relevant material matters:

- Financial Inclusion

Recognising its pivotal role in building a thriving and equitable society, Alliance Bank is deeply invested in fostering financial inclusion and empowering communities. We are committed to developing innovative solutions, educational programmes and community partnerships that breaks down barriers and promotes sustainable growth for all. We continue to foster community financial well-being through various initiatives, including SocioBiz, Economic Empowerment Programme (“EEP”), Zakat Microfinancing and #SupportLokal.

These initiatives are rooted in the Bank’s commitment in uplifting communities through economic inclusion and empowering businesses that contribute positively to the society and the environment.

#### SocioBiz

SocioBiz is a Shariah-compliant social funding platform that champions social empowerment by supporting underprivileged individuals and communities through entrepreneurship. It offers the public a meaningful way to give back by donating to initiatives that enable beneficiaries to achieve financial independence, acquire new skills and generate sustainable livelihoods. For FY2025, 5 impactful campaigns have been successfully launched on the SocioBiz platform:

Support Hulu Langat Microentrepreneurs Thrive!

Flood Relief Campaign: Rebuilding Lives in Kelantan, Terengganu, Kedah, Sabah and Sarawak

MySURI Seragam Project: Uplifting Single Mothers and Students in Langkawi & Klang Through Sustainable Income

Lift B40 Communities Out of Poverty Through Food Entrepreneurship

Empowering Low-Income Entrepreneurs: Join Us in Making a Difference

One of the flagship campaigns for the year is the MySURI Seragam Project: Uplifting Single Mothers and Students in Langkawi & Klang Through Sustainable Income. This initiative, in partnership with Suri Inspirasi Sdn. Bhd., aims to empower 50 B40 women by equipping them with

sewing skills. These women will sew uniforms for 1,000 underserved schoolchildren, providing them with a sense of dignity while easing the financial burden on their families. The campaign targets a fundraising amount of RM70,000, which will be used to purchase materials for the uniforms. In doing so, this not only supports access to education but also creates a stable source of income for the participating women.

In addition, SocioBiz played a vital role in facilitating a flood relief assistance from December 2024 to February 2025, aimed at assisting communities impacted by severe flooding. In partnership with the Malaysian Relief Agency (MRA)—a well-established humanitarian organisation—the campaign focused on a two-phase response: providing immediate essentials followed by longer-term recovery support. To amplify the impact, the Bank matched every RM1 donated with RM2, up to RM250,000, effectively tripling the contributions made by the public.

Looking ahead, we remain committed to expanding the reach and impact of SocioBiz. By continuing to empower communities and enabling meaningful fundraising initiatives, we aim to promote economic inclusion and support the growth of sustainable, community-based businesses.

To date, SocioBiz has raised close to RM1.9 million over the past five years, an achievement that reflects the growing strength of collective social responsibility.



## Sustainable Society

## Alliance Islamic Bank Economic Empowerment Programme (“EEP”) 4.0

Launched in December 2020, Alliance Islamic Bank’s EEP aims to improve the economic well-being of micro-entrepreneurs from the *asnaf* and B40 communities. It provides comprehensive training in entrepreneurial, financial and digital skills, and has benefitted 173 participants since its inception.

Building on the achievements of EEP 1.0 in 2021, EEP 2.0 in 2022 and EEP 3.0 in 2024 the latest instalment—EEP 4.0—was launched in February 2025 in collaboration with Accelerate Global Sdn. Bhd. A total of 25 micro-entrepreneurs were successfully onboarded and will undergo four months of structured training and coaching, with the programme set to conclude in July 2025.

## Zakat Microfinancing

Alliance Islamic Bank’s social finance initiatives are driven by a strong Social Funding Strategy, ensuring targeted support for those in need. Through partnerships with social enterprises and State Religious Authorities, we rigorously verify recipient eligibility, especially *asnaf* status. Our Zakat Policy and Procedures document outlines our calculation methods, eligibility criteria, partner onboarding and governance.

In September 2022, Alliance Islamic Bank launched “*Zakat and Microfinance*,” Malaysia’s first book on *zakat* microfinancing. This groundbreaking initiative, developed in collaboration with experts from Universiti Kebangsaan Malaysia and *Pusat Pungutan Zakat*, aims to foster equitable development by using *zakat* funds to support underprivileged micro-entrepreneurs. This research and consultation led to the launch of our flagship Alliance Islamic Bank Zakat Microfinancing Programme (“AZAM”).

This programme demonstrates our innovative *zakat* distribution model. By using *zakat* funds to create a revolving fund, we provide profit-free loans (*Qard*) to *asnaf* micro-entrepreneurs. This not only empowers them financially but also ensures the sustainability of *zakat* funds through repayment recycling. This approach, aligned with Value-Based Intermediation (“VBI”), reinforces our commitment to financial inclusion. Through this programme, Alliance Islamic Bank disbursed RM225,000 in FY2025, benefiting 45 *asnaf* micro-entrepreneurs. Additionally, RM65,000 was disbursed to 13 new recipients using *zakat wakalah* funds from the first round, further expanding our outreach to *asnaf* micro-entrepreneurs.

So far, we have disbursed RM450,000 to 103 *asnaf* micro-entrepreneurs in Selangor. We are committed to continuing this support, with plans to distribute another RM225,000 to an additional 45 recipients by Q1 FY2026.

Alliance Islamic Bank will grow its Islamic social finance propositions by introducing blended financing—i.e., a combination of *zakat* and commercial funds—to support emerging *asnaf* entrepreneurs. This structure allows us to offer financing at a profit rate lower than the prevailing commercial rate, enabling recipients to scale their businesses more affordably and sustainably.

Furthermore, AIS has launched the AIS TEJA Programme, our iTEKAD Programme in March 2025, in collaboration with MADCash Sdn Bhd, and *Jabatan Wanita dan Keluarga Sarawak*. The programme will provide access to seed capital, structured training and access to microfinancing to 50 women microentrepreneurs in Sarawak.

## Sustainable Society

### Halal in One Programme

Alliance Islamic Bank's Halal in One ("HiO") programme remains a leader in helping businesses enter the halal market. It offers comprehensive support, including halal certification assistance, Shariah-compliant financing and global market access. Recently, we have focused on digitalisation, providing training and online marketplace access through partnerships with Halal Development Corporation ("HDC"), HQC Commerce Sdn Bhd and the International Institute for Halal Research. HiO has helped over 50 SMEs access markets and enabled 10 SMEs achieve halal certification in FY2025. Since its inception, the programme has granted over RM2 billion in business financing for Alliance Bank.

### #SupportLokal

To help local businesses grow and expand their customer reach, the SupportLokal programme offers assistance in enhancing their online presence. Through this flagship initiative, onboarded businesses are featured on our digital platforms which on average managed to garner more than 20k audience reach per post.

In FY2025, our commitment deepened through the hosting of on-site community events, notably during the Alliance Bank BizSmart® Business Conference 2024 and the Alliance Bank Heritage Run 2024, where SupportLokal's merchants (Kloth, Plus Eatery, Senyumm, Rabbit Teeth Gourmet) and partners (Christy Ng, Signature Market, Chriszen and more) were invited to participate and to setup their booths at no cost. We also forged partnerships with merchants located near to our branches, enabling collaborative promotions to drive foot traffic and customer engagement.

## Sustainable Workplace



### Relevant stakeholders:



### Relevant material matters:

- Ethics and Compliance
- Business Continuity and Risk Management
- Climate Change
- Conserving the Environment
- Talent Management
- Employee Engagement, Health, Safety and Well-being
- Diversity, Equity and Inclusion

With a strong focus on action and accountability, we are dedicated to integrating sustainability into our operations, embodying the principle of “We walk the talk”. At Alliance Bank, we understand the need to balance our business activities with responsible environmental stewardship, social accountability and long-term economic sustainability to ensure lasting and meaningful value to all our stakeholders.

To align with global sustainability objectives, we have enhanced our policies and procedures to prioritise ESG considerations and continue incorporating climate-related factors into our risk assessments and decision-making processes.

Guided by our commitment to strengthening the Bank’s ESG practices, we strive to cultivate a sustainable workplace that reflects our ethical values through empowering our employees to contribute towards a more sustainable future.

### Progress Towards Net Zero

FY2025:

**17.8%** total reduction

FY2024: 18.3% total reduction

Reduce Scope 1 and 2  
GHG emissions **by 20%**  
**by FY2027** against our  
FY2020 baseline.

## Sustainable Workplace

| Material Matters  | FY2025 Achievements  |
|---|--|
| <b>Ethics and Compliance</b>                              | <ul style="list-style-type: none"> <li>Maintained our FTSE4Good ESG Rating to be among the top quartile PLCs in the FTSE Bursa Malaysia EMAS Index</li> <li>Zero reported incidents of corruption and employee non-compliance with our AB&amp;C policy</li> <li>3,710 employees received anti-bribery and corruption training, totaling 7,420 training hours</li> <li>Strengthened ESG disclosures via the implementation of our disclosure adoption plan</li> </ul>   |
| <b>Business Continuity and Risk Management</b>            | <ul style="list-style-type: none"> <li>Enhanced the Business Continuity Management (“BCM”) governance and implemented a robust BCM programme and methodology to improve organisational resilience. This initiative ensures a coordinated and effective response to incidents, support continuity of critical functions, minimises material impacts and protect key stakeholders’ interest, reputation, brand and value-creating activities</li> <li>Conducted Climate Scenario Analysis to assess exposure to climate-related risks</li> <li>Enhanced internal liquidity management to meet regulatory requirements under BNM Liquidity Management Policy Document</li> <li>Enhanced stress testing methodology to strengthen our climate resilience</li> <li>Introduced Digital, Cloud and AI Risk Management Frameworks to manage significant risks associated with the use of new technologies in driving efficiency</li> </ul> |
| <b>Climate Change</b>                                     | <ul style="list-style-type: none"> <li>Achieved a 17.8% reduction in Scope 1 and Scope 2 GHG emissions against our FY2020 baseline</li> </ul>  |
| <b>Conserving the Environment</b>                         | <ul style="list-style-type: none"> <li>Established our Recyclable Waste Baseline as 159,426kg</li> <li>Collected 712 kg of recyclables through IPC Recycling Drive with our employee</li> </ul>  |
| <b>Talent Management</b>                                  | <ul style="list-style-type: none"> <li>Provided 169,186 training hours for employees (an average of 40 learning hours per employee)</li> </ul>   |
| <b>Employee Engagement, Health, Safety and Well-being</b> | <ul style="list-style-type: none"> <li>Achieved a score of 90% in the Sustainable Engagement Index (“SEI”)</li> <li>Zero reported cases of non-compliance with labour standards</li> </ul>   |
| <b>Diversity, Equity and Inclusion</b>                    | <ul style="list-style-type: none"> <li>The female representation in our workforce is 62%</li> <li>Zero incidents of discrimination reported</li> </ul>   |



## Sustainable Workplace

## ENSURING ETHICAL AND RESPONSIBLE BUSINESS

We uphold the utmost adherence to responsible business practices and compliance requirements.

## Ethical Business Practices

**Relevant material matters:**  
Ethics and Compliance

We are committed to carrying out our business operations with integrity, transparency and compliance to ethical and regulatory standards. We have established the following policies as means to reinforce our ethical culture and ensure that every employee upholds these principles while protecting both individual and organisational well-being and reputation.

## Alliance Bank Code of Conduct

## Scope:

The Bank has established a Code of Conduct that outlines the principles and standards of business and ethical conduct that Directors and employees are required to adhere to, ensuring the promotion and maintenance of the highest level of professionalism and exemplary conduct at all times.

## How we embed and promote ethics and compliance in our day-to-day operations

- Staff orientation programmes
- Compliance culture within the Bank
- AB&C-related trainings (i.e. virtual AB&C learning sessions, branch roadshow, annual AB&C e-Learning programmes)
- Code of Conduct e-learning
- Staff communications via the inAlliance intranet portal

## Whistleblowing Policy

## Scope:

The Bank implemented a Whistleblowing Policy to guide and facilitate the reporting of any misconduct related to the Code of Conduct, including bullying, harassment, corruption and bribery without the fear of reprisals.

## How we embed and promote ethics and compliance in our day-to-day operations

- Designated channels for reporting
- Whistleblowing Policy on inAlliance intranet portal for employees
- Whistleblowing Statement on corporate website for external stakeholders (<https://www.alliancebank.com.my/Anti-Bribery-and-Corruption-Policy>)

Core areas set out in our Code of Conduct include, among others:

## Core areas of conduct

Compliance with laws, regulations, internal policies and procedures

Misuse of information and insider trading

Avoidance of conflict of interest

Reject bribery and corruption

Misuse of position

Respect customer confidentiality and data privacy

Stay alert to money laundering, terrorism, and fraud

## Sustainable Workplace

The Alliance Bank Code of Conduct is reviewed every two years, with necessary updates incorporated to align with evolving requirements and circumstances. Both the Code of Conduct and Whistleblowing Policy are readily available to all employees via the inAlliance intranet portal in English. Employees can raise grievances through established channels defined in the Bank's Collective Agreements. Additionally, a Whistleblowing Statement is published on the corporate website, providing external stakeholders including vendors, contractors and customers—a platform to report concerns in accordance with the Bank's Whistleblowing Policy.

To uphold transparency and accountability, whistleblowing complaints can be submitted anonymously, with confidentiality maintained when necessary. The Group Audit Committee ("GAC") Chairman, an Independent Non-Executive Director, oversees the Whistleblower Policy's implementation and monitors complaints and investigations. Furthermore, senior executives, including the GAC Chairman, Board Chairman, Group Nomination and Remuneration Committee Chairman and Group CEO, actively participate in whistleblower processes to ensure key findings are reported to the Bank Board and principal subsidiary boards.

The Bank has a comprehensive Consequence Management Framework to address instances of misconduct, negligence, and regulatory, operational or risk-related breaches.

This framework evaluates the severity of violations and enforces appropriate disciplinary measures to mitigate risks and uphold compliance with internal and external regulations. Additionally, the Bank adheres to the Procedures on Disciplinary Action & Disciplinary Management Policy. Matters related to regulatory, operational and risk issues are escalated to Group Compliance and/or Group Risk Management, as outlined in the Code of Conduct/Compliance Guide: Reporting of Regulatory Breaches or relevant guidelines issued by GHR, Group Compliance or Group Risk Management. All complaints and cases are reported to the appropriate heads unless exceptional circumstances require an alternative approach.

### Anti-Bribery and Corruption

We uphold a strict zero-tolerance policy against bribery and corruption, ensuring that all business dealings and relationships are conducted with professionalism, fairness and integrity. This commitment is reinforced through our Code of Conduct, Anti-Bribery and Corruption ("AB&C") Policy and Gifts & Entertainment Policy, which set the minimum conduct standards and key principles for managing bribery and corruption risks within the Bank's operations. Employees can access these policies via the inAlliance intranet portal, while the AB&C Policy is also available to external stakeholders on our corporate website. <https://www.alliancebank.com.my/Anti-Bribery-and-Corruption-Policy>.

#### Objectives of the AB&C Policy

To set out the minimum standards of conduct in respect of bribery and corruption for directors and employees and complements the core principles of the Code of Conduct

To protect the reputation of the Bank by preventing and/or detecting bribery and corruption risks

To provide high level guiding principles on how to address bribery and corruption risks and issues which may arise in the business activities of the Bank

To ensure the Directors and employees understand:

- their responsibilities in ensuring compliance with the Policy;
- the consequences of non-compliance with the Policy; and
- the relevant laws and regulations relating to bribery and corruption in Malaysia.

## Sustainable Workplace

The Bank's AB&C Policy outlines due diligence requirements when dealing with third parties, associated persons and customers. It covers key processes such as the pre-approval and declaration of gifts and entertainment, as well as the assessment of donations and corporate sponsorships. Any actual or suspected violations of the AB&C Policy can be reported through our whistleblowing channel, as detailed in our Whistleblowing Policy.

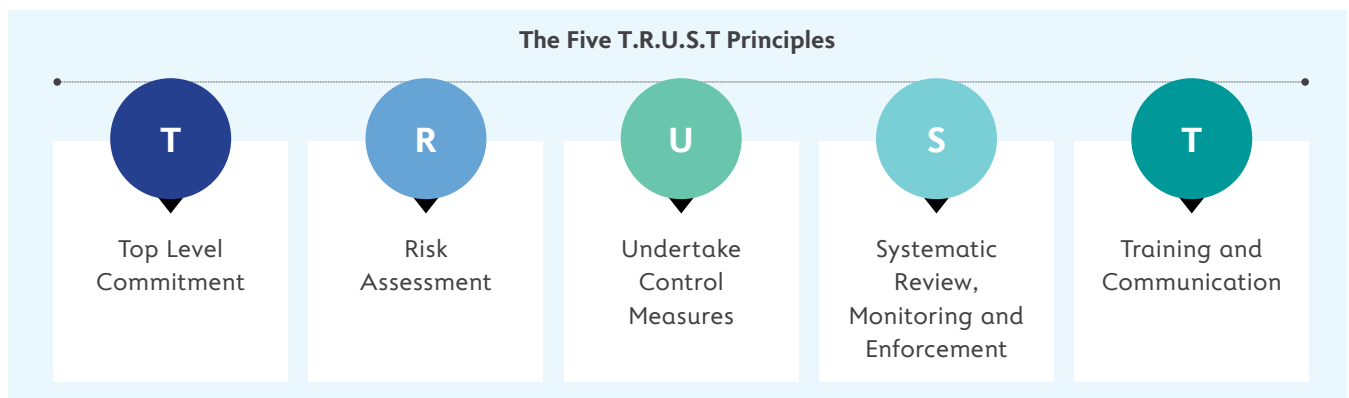
The Group Risk Management Committee, a Board-level committee, is responsible for overseeing the Bank's regulatory compliance, including the effectiveness of AB&C policies and procedures. The Bank adopts a bribery and corruption risk assessment approach to identify, analyse, and mitigate both internal and external risks. The corruption risk assessment procedures for intermediaries such as contractors or agents include conducting due diligence assessments during onboarding and annual vendor accreditation reviews. Risk and Compliance Officers conduct assessments and evaluate control measures through the Bank's Risk & Control Self-Assessment ("RCSA") process, while Group Risk Management reviews and validates these risks as part

of ongoing RCSA monitoring. Additionally, the AB&C Procedures incorporate Bribery and Corruption Risk Assessment Factors, providing a comprehensive framework for managing risks arising from key activities.

To enhance awareness, AB&C-related topics are embedded into employee induction programmes, and policy updates are regularly communicated through various engagement initiatives, including training sessions. Directors and employees are required to complete AB&C training tailored to their roles, operational context and legal jurisdictions. This includes an annual AB&C e-learning module, where a minimum passing score of 70% is required.

### The AB&C e-Learning Programme covers the following topics:

- Definition and elements of bribery and corruption;
- The five principles of T.R.U.S.T.;
- Key anti-bribery and corruption principles, gifts and entertainment;
- Roles and responsibilities of the Board, Senior Management and employees; and
- Scenarios and case studies



## Sustainable Workplace

### FY2025 Performance

**25%**

of our operations underwent assessment for corruption-related risks

**0**

reported incidents of corruption

**0**

cases of employee non-compliance with our AB&C policy

**3,710**

employees received anti-bribery and corruption training, totaling

**7,420**

training hours

Suppliers and vendors are informed of

**AB&C Policy**

during the contract signing stage

To date, none of our employees have been disciplined or dismissed due to non-compliance with anti-corruption policies.

### Anti-Money Laundering, Countering Financing of Terrorism and Countering Proliferation Financing

Money laundering, terrorism financing and proliferation financing continue to pose significant threats to the global financial services industry, driven by technological advancements and globalisation. The Bank remains vigilant in addressing these risks by continuously enhancing its control measures and staying abreast of the latest regulatory developments.

The Bank's Anti-Money Laundering, Counter Financing Terrorism and Counter Proliferation Financing ("AML/CFT/CPF") framework is designed to align with regulatory requirements and international best practices, including the Financial Action Task Force ("FATF") recommendations. The framework ensures that the staff:

- Carry out effective customer due diligence during establishment of business relationships with the customers
- Screen customers and transactions against relevant international and local sanctions and watchlists
- Monitor and report suspicious activity in accordance with the local regulatory requirements
- Conduct ongoing staff training to promote awareness and to keep abreast with the latest AML/CFT/CPF developments

All employees, including Directors and Senior Management, receive regular training on the Bank's AML/CFT/CPF requirements to ensure they are well-equipped to fulfil their roles effectively. This includes completing a mandatory annual AML/CFT/CPF e-learning module, with a minimum passing score of 70%. To date, no employees have been disciplined or dismissed for non-compliance with AML/CFT/CPF policy.

Throughout FY2025, the Bank has continued to invest in technology and training to strengthen its capability to detect and prevent the Bank from being used as a conduit for money laundering, terrorism financing and proliferation financing ("ML/TF/PF"). The Bank's institutional ML/TF/PF risk assessment (IRA) has been revised and completed to identify and manage ML/TF/PF risks at the enterprise level. The IRA aims to:

- Identify and assess inherent risks across customers, geographies, products and services, delivery channels and considering the outcome of National Risk Assessment
- Evaluate the effectiveness of the Bank's existing AML/CFT/CPF controls
- Develop risk mitigation plans to address the ML/TF/PF risks identified

### FY2025 Performance

**3,717**

employees underwent training on AML/CFT,

totaling **9,293** training hours



## Sustainable Workplace

## MANAGING OUR ENVIRONMENTAL FOOTPRINT

We implement initiatives to minimise our impact on the environment.

## Addressing the Challenge of Climate Change

## Relevant material matters:

Climate Change, Business Continuity and Risk Management

Recognising the urgency of climate change actions, we actively work to mitigate its impact by embedding management of climate-related risks and opportunities into our strategy. This includes expanding green financing solutions, such as solar panel financing and green mortgages, while exploring emerging sustainable financing opportunities.

Over the past year, we have strengthened our climate risk management and disclosures, aligning with TCFD, IFRS S2, SASB industry-specific standards and BNM's Climate Risk Management and Scenario Analysis ("CRMSA") policy document. We have conducted scenario analyses for both physical and transition risks, leveraging scenarios from the Network for Greening the Financial System ("NGFS") to enhance our assessment of forward-looking climate-related financial risks and opportunities.

## Identify, Assess and Prioritise Climate-Related Risks and Opportunities

Climate change presents a significant risk to long-term value creation. To address this, we have refined our risk evaluation to better understand climate risk drivers and their transmission through macroeconomic and microeconomic channels. The identification, assessment and management of climate-related risk including physical, transition and liability risks are integral to ensuring resilience and facilitating a just and orderly transition to a low-carbon economy. Relevant risk management techniques and tools are also applied to keep exposures within our defined risk appetite.

Identifying and managing these risks is crucial for ensuring resilience and facilitating a just transition to a low-carbon economy. Climate-related risks—spanning physical and transition risks—could impact our operations, reputation and asset values.



## Sustainable Workplace

|                 | Climate Related Risks  | Potential impact to our Business Strategy  | Management Actions  | Time Horizon <sup>1</sup> |
|-----------------|--|--|---|---------------------------|
| Physical Risk   | <b>Acute</b><br>e.g. Storms, floods, fires, landslides                       | <ul style="list-style-type: none"> <li>The Bank's operations may be affected by damage to physical infrastructure resulting from the increasing frequency and severity of extreme weather events</li> <li>Impacts credit quality and increases default risk due to customers' property damage and business interruptions from extreme weather events such as flood</li> <li>Potential damage to properties used as collateral may result in a higher Loss Given Default ("LGD")</li> </ul> | <ul style="list-style-type: none"> <li>Provide insurance coverage for customers operating in high flood-risk areas</li> <li>Engage customers in high flood risk area to develop flood adaptation plans and offer financing to support resilience efforts</li> <li>Enhance risk acceptance criteria by applying more stringent assessment on financing or investments in areas where physical climate risks cannot be adequately mitigated</li> </ul>  | Short-term                |
|                 | <b>Chronic</b><br>e.g. Rising temperatures, rising sea levels                | <ul style="list-style-type: none"> <li>Abrupt climate events may lead to sudden deposit withdrawals, impacting the Bank's liquidity position</li> <li>Impacts investment income and may lead to potential write-downs of affected securities within the Bank's portfolio</li> </ul>  | <ul style="list-style-type: none"> <li>Use geo-coding and postcode-level profiling to assess damage rates of customers with flood-risk exposure</li> </ul>  | Medium to long-term       |
| Transition Risk | <b>Policy and Regulation</b><br>e.g. Net Zero policy, energy transition      | <ul style="list-style-type: none"> <li>Higher costs for compliance with environmental regulations</li> <li>Heightened risk of asset devaluation due to potential for certain assets to become stranded</li> <li>Decreased profitability due to potential impact of carbon tax to client, leading to an increase in probability of default ("PD")</li> </ul>  | <ul style="list-style-type: none"> <li>Prohibit lending to financing coal-fired power plants, coal mines and oil extraction using unconventional methods, such as hydraulic fracturing</li> <li>Expand scenario analysis to include impact from Carbon Border Adjustment Mechanism ("CBAM") and Malaysia Carbon tax</li> <li>Continue building capabilities through enhanced training for Relationship Managers, equipping them with sector-specific knowledge of high-emitting industries</li> </ul> | Short to long-term        |
|                 | <b>Technology Development</b><br>e.g. Energy efficient technologies          | <ul style="list-style-type: none"> <li>Emerging opportunities and technologies for low-carbon solutions in the market leading to potential increase in revenue</li> <li>Rise in risk of old technology that has become obsolete and inefficient</li> </ul>   | <ul style="list-style-type: none"> <li>Identify strategic financing opportunities in support of new low-carbon technologies</li> </ul>  | Medium to long-term       |
|                 | <b>Consumer Sentiment and Preference</b><br>e.g. Solar, Sustainable products | <ul style="list-style-type: none"> <li>Shift in preference towards low-carbon practices, products and services</li> </ul>  | <ul style="list-style-type: none"> <li>Expand our green financing solutions, such as solar panel financing and green mortgages, while exploring emerging sustainable opportunities</li> </ul>   | Short to long-term        |

<sup>1</sup> "Short-term" indicates a duration of up to 1 year; "Medium-Term" indicates a duration of 1 year to 3 years; "Long-term" indicates a duration of more than 3 years.

## Sustainable Workplace

We have integrated our transition plan into our broader sustainability strategy, outlining clear timelines and actions to address climate change and environmental concerns. We aim to help our customers adopt more sustainable practices and create meaningful impact on the environment, our people and the community, in support of a just and orderly transition towards a low-carbon economy. Our sustainability programmes are designed to support customers, employees, communities, vendors and business partners across five dimensions: improving ESG profiles, enhancing risk management infrastructure, advancing internal ESG practices, building capability and engagement, and strengthening disclosures and communications. The Transition Plan reflects both regulatory expectations and our own GHG reduction commitments. It also ensures we prioritise supporting affected communities to make necessary adjustments while mitigating short-term impacts. We will regularly review and update this plan to reflect new initiatives and evolving developments.

### Protecting our Portfolio by Managing Our Climate-related Risks

To effectively manage climate-related risks, we have developed a robust Climate Risk Management Framework that embeds climate and sustainability considerations into our governance, policies and business strategies. We have also quantified climate-related risks within our ICAAP Material Risk Assessment, ensuring they are properly accounted for in our overall risk management. This involves recognising and assessing the relative importance of climate-related risks that impact our business by creating an initial risk universe, followed by quantification of inherent risk, mitigation, mitigation effectiveness and residual risk before assigning likelihood and impact scores to each risk across short and medium timeframes.

The findings from this assessment are discussed at our Board of Directors, GSC and SSC meetings, where we also address broader climate-related topics, including:

1. Integration of BNM's CCPT into our business activities and operations - including tightening of the CCPT Screener in line with industry practice
2. Climate risk identification and management
3. Implementation of the GHG emissions reduction strategy
4. Developments in the carbon marketplace
5. New and revised regulatory requirements and industry trends

We understand the importance of equipping our board of directors with the necessary skills to navigate climate-related risks and offer various training opportunities on topics such as sustainable financing, carbon markets and ISSB compliance amongst others. The full list of climate-related trainings in FY2025 can be found on page 125.

### Managing the Transmission of Climate-Related Risks to Our Financial Risks

**Credit Risk:** We include the assessment of physical and transition risk in our credit underwriting and periodic review process.

**Operational Risk:** We include physical risk considerations in our business continuity management and vendor management process.

**Market Risk:** We manage our market risk by including the potential impact of physical risk and transition risk on our market securities.

**Liquidity Risk:** We manage our liquidity risk by including regular simulation to identify among other factors, whether physical risks events have any impact on market liquidity.

## Sustainable Workplace

### Addressing Physical Risks

**Credit Risk:** Credit risk management will involve aggregation of risks and commensurate limit assignment, pricing and collateralisation for physical risks.

**Operational Risk:** Our operating premises in flood prone locations are fixed with flood barriers while our business continuity plans include flood considerations. Our vendors are required to provide physical risk assessments and mitigation plans where necessary. These plans are reviewed periodically to ensure mitigating actions are up to date.

We are in the process of conducting climate scenario analysis and climate risk stress testing to identify vulnerabilities in facing physical and transition risks, including flood risk which is increasingly causing economic losses and dislocation of communities. Previously, we have installed floodgates at three branches and mandated flood prevention measures in our record management. We also assessed flood risk during credit underwriting and reviews, minimising loan portfolio exposure. Despite this, we remain vigilant, continuously monitoring flood severity to protect against potential impacts on the well-being of our people, customers and the Bank's portfolio.

Despite minimal current exposure, we closely monitor flood warnings and nation-wide climate events to identify potential risks. Business units are prepared to offer flood-related customer financing moratoria and other assistance needed to assist customers affected by flood. Flood assistance is tracked by our lines-of-businesses ("LOBs") as part of our credit risk management process, with the aggregated position and loan quality reported to Senior Management and the Board.

We have engaged with our insurance partner to offer flood insurance solutions and are regularly updating our policies and protocols to better manage the risks to our customers and the Bank's portfolio.

### Risk Appetite

Sustainability is an integral part of our business and risk management strategy. Recognising this, the Bank has a risk appetite framework that ensures relevant risk appetite statements, key risk indicators and metrics are used to control and monitor performance. This includes the risk appetite for environmental, social and governance matters. Regarding the Bank's management of our CCPT profile, Lines of Businesses ("LOBs") are given a reduction target of their C5a portfolio.

### ESG Risk Assessment Tools

To manage climate-related risk, our sustainable lending and investment practices are also guided by our in-house risk assessment tools, namely our CCPT Screener, which is based on the BNM CCPT requirements, ESG Risk Acceptance Criteria ("RAC") and Prohibited Lending List. Furthermore, we have begun utilising scenario analysis and stress testing to assess potential impacts to the Bank's portfolio and operations, and mitigate the exposures accordingly. We also ensure that stakeholders are involved in the portfolio review process of business units, where remedial actions are formulated, and results are monitored.

#### i. Climate Change and Principle-Based Taxonomy ("CCPT") Screener Tool

The ESG Screener Tool helps our relationship managers to identify customers who require help in adopting sustainable practices using our business solutions. This tool is also used to assess our customers' ESG risks and commitments. In doing so, we are able to categorise our customers based on BNM's CCPT guidelines. As part of this assessment, customers may determine time-bound remedial action plans for any identified climate-related risk has not been adequately mitigated. We continue to actively engage with our customers to support them on their journey to transition to a low-carbon economy.



## Sustainable Workplace

### ii. ESG Risk Acceptance Criteria (“RAC”)

The ESG RAC framework assists us in evaluating a company’s inclination to practise sustainability in its business operations, for example, in evaluation of providing financing to customers. The RACs have been developed by referencing the Value-based Intermediation Financing and Investment Impact Assessment Framework (“VBIAF”), CCPT and other international standards. In addition to our general RAC, we also apply additional industry-specific RACs to ESG-sensitive sectors in alignment with our seven ESG Principles which may arise from the financing of corporate and commercial customers’ activities.

#### Sectoral RACs

|   |                          |
|---|--------------------------|
|    | Agribusiness             |
|    | Oil & Gas                |
|   | Manufacturing            |
|  | Wholesale & Retail Trade |
|  | Mining & Query           |
|  | Forestry & Logging       |

As part of our approach to managing climate-related risk, we aim to ensure that all mandatory criteria outlined under the RACs are met by our customers. In cases where an application does not fully meet these criteria but is supported by a strong justification, this will be escalated to a higher level of approving authority for further consideration.

### iii. Prohibited Lending

The Bank’s credit policy prohibits the funding of projects or activities that cause severe environmental and social harm or are illegal. We have taken a firm stance against financing coal-fired power plants, coal mines and oil and extraction using unconventional methods such as hydraulic fracturing.

Our credit policy excludes lending to prohibited sectors such as (but not limited to) arms trading, forestry logging and others. Permitted financing are subject to sectoral ESG Risk Acceptance Criteria during onboarding assessment and annual review as part of the Credit Risk Management Framework.

#### Monitoring our Climate-related Risks

We continuously monitor our involvement in ESG-sensitive sectors and our participation in these sectors is informed by the evolution of our exposure. As of 31 March 2025, our exposure to ESG-sensitive sectors remains low at 4.5% (RM1.96 billion) of the Bank’s total non-retail exposure. The breakdown is as follows:

| ESG Sensitive Sectors  |      |                      |      |
|------------------------|------|----------------------|------|
| Palm Oil               | 3.5% | Mining and Quarrying | 0.3% |
| <b>RM1,542 million</b> |      | <b>RM147 million</b> |      |
| Oil and Gas            | 0.4% | Forestry and Logging | 0.3% |
| <b>RM153 million</b>   |      | <b>RM119 million</b> |      |

In addition to this, we actively track our CCPT composition, in alignment with our Topline Goal 2 target to reduce C5a <20% by 2030. Moving forward, we will continue to proactively engage with our customers in these sectors to better understand their needs and challenges faced, enabling us to provide more targeted support and solutions to facilitate their transition toward a low-carbon economy. To strengthen this effort, the Bank is developing key enablers to equip our front-liners to effectively engage with customers, such as handbooks and dedicated training programmes.

## Sustainable Workplace

### Climate Scenario Analysis Approach

BNM issued its first Climate Risk Stress Testing (“CRST”) Methodology Paper in 2024, which expects financial institutions in Malaysia to undertake a CRST exercise to assess their potential vulnerabilities to various climate scenarios. The aim of the 2024 BNM CRST Exercise is to:

- Improve understanding and appreciation among board, senior management and staff of financial institutions (“FI”) on how the business and operations could be impacted by climate-related risks
- Explore novel approaches that could lead to better identification and measurement of an FI’s exposures to climate change
- Identify current gaps, specifically those related to data, measurement, methodology, technology and capabilities as well as potential solutions to these challenges

Alliance Bank has commenced our CRST exercise to assess the resilience of our portfolio and identify material climate-related risks and is on track to finalise our assessment and report our CRST results to BNM within the stipulated timeline.

We have leveraged on long term scenarios referenced from the Network for Greening the Financial System (“NGFS”) and short term scenario based on Representative Concentration Pathway (“RCP”), aligned to scenarios outlined by BNM’s CRST. Initial findings from the analysis indicate that the proportion of our portfolio significantly exposed to flood-related impacts remains low.

| Risk                         | Scenarios                                    | Time Horizon         | Description   | Policy Ambition |
|------------------------------|--|----------------------|---|-----------------|
| Transition and Physical Risk | Net Zero 2050 (“NZ 2050”)                    | 2050<br>(Long term)  | <ul style="list-style-type: none"> <li>• Orderly scenario</li> <li>• Limits global warming to 1.5°C by relying on strong climate policies and significant green technology breakthroughs to rapidly reduce greenhouse gas (GHG) emissions</li> <li>• High transition risk, relatively low physical risk</li> </ul>  | 1.4°C           |
|                              | Divergent Net Zero 2050 (“DNZ 2050”)         | 2050<br>(Long term)  | <ul style="list-style-type: none"> <li>• Disorderly scenario</li> <li>• Reaches net-zero by 2050 but with higher costs, due to divergent policies introduced across sectors and a quicker phase out of fossil fuels</li> <li>• Medium to higher transition risks compared to the NZ 2050 scenario, while the impact from physical risk on the economy will be lower than the NDCs scenario</li> </ul> | 1.5°C           |
|                              | Nationally Determined Contributions (“NDCs”) | 2050<br>(Long term)  | <ul style="list-style-type: none"> <li>• Hot house world scenario</li> <li>• The NDCs scenario assumes both implemented and pledged policy measures are fully implemented but remains inadequate to facilitate an orderly transition</li> <li>• Relatively low transition risk, moderate to severe physical risk</li> </ul>   | 2.3°C           |
| Acute Physical Risks         | RCP 8.5 (1-in-200 severity)                  | 2050<br>(Short term) | <ul style="list-style-type: none"> <li>• Short-term acute physical risk scenario, considering a one-off 1-in-200 years flood event which is significantly more severe than past flood events in Malaysia</li> <li>• Considers a future where no global policy change is adopted, leading to a climate pathway with the highest increase in physical risks</li> </ul>                                  | N/A             |

Assessing the potential impact of physical and transition risk on the credit risk of our loan portfolio is essential to understanding the overall financial stability of the Bank, identifying vulnerabilities within the portfolio and implementing effective risk management strategies to safeguard against future losses.

## Sustainable Workplace

### Climate-related Opportunities

We recognise the essential role financial institutions play in directing capital toward the net zero transition. Our approach integrates environmental and social considerations with stakeholder expectations, particularly in complex and high-emitting industries. We have established a structured process for assessing and prioritising climate-related opportunities, to identify quick wins within our key sectors and in considering emerging opportunities for the Bank. We plan to continue using this approach to expand sustainable financing and transitioning customers to sustainable operations. By strategically capitalising on these opportunities, we align our business with evolving market trends, ensuring long-term resilience and readiness for a low-carbon future.

#### Sustainable Finance Solutions

- We have launched innovative sustainable financing products, earning recognition and awards that reinforce our commitment to driving sustainability within the industry
- To this end, we have developed financing solutions, that span across customer segments in retail and non-retail. These include, but not limited to:
  - Green Mortgages
  - SME Express Loan ESG Portfolio Guarantee Programme
  - Low Carbon Transition Facility ("LCTF")
  - High Tech and Green Facility ("HTG")
  - Sustainability-linked Loans
  - Sustainable Bonds/Sukuk

#### Driving Decarbonisation

- Through our Sustainability Impact Programme ("SIP"), we collaborate with customers and their supply chain, to improve sustainable practices, addressing challenges and providing targeted solutions. We also provide financing and capital to aid their transition



For more information, please refer to Sustainability Impact Programme (SIP) on our corporate website at <https://www.alliancebank.com.my/AboutUs/Sustainability/Solutions/Sustainability-Impact-Programme>

#### Sustainability / Green Technology Partnerships

- Strategic partnerships form an important part of the Bank's sustainability strategy. Our collaborations with industry leading sustainability organisations allow the Bank to provide comprehensive value-added ESG propositions when engaging existing customers and acquiring new customers. Some impactful initiatives conducted in FY2025 include:
  - Bursa Malaysia, engaging public listed companies and the supply chain to improve ESG ratings and enhance ESG disclosures
  - UN Global Compact Network Malaysia & Brunei ("UNGCMYB"), assisting SMEs nationwide by providing capacity building and climate advisory workshops along with transition financing solutions
  - Invest Sarawak, allocating RM1 billion in preferential financing enabling SMEs in Sarawak to adopt sustainable practices
  - Eco-friendly developers, partnering with UEM Sunrise, Sunway Property, Malton and others in offering preferential green mortgages, driving adoption of green certified properties for sustainable communities
  - Malaysian Photovoltaic Industry Association ("MPIA"), supporting renewable energy and energy efficiency solution providers with green financing; including large scale solar farm developments
  - Malaysian Green Technology and Climate Change Corporation ("MGTC"), providing green financing schemes to support adoption of MYHIAU certified green technology solutions amongst the Bank's customers

#### Facilitating Early Retirement of Coal

- We firmly prohibit financing to coal-fired power plants, coal mines, unconventional oil extraction, arms trading for hostile takeovers and logging activities under our strict credit policy
- We will prioritise financing alternative energy sources to support Malaysia's National Energy Transition Roadmap ("NETR") such as renewable energy, bioenergy, green mobility, energy efficiency solutions and others

#### Providing ESG Advisory

- The PROGRESS tool, launched with UN Global Compact Network Malaysia & Brunei ("UNGCMYB"), helps SMEs by providing a climate assessment and generating a tailored climate transition plan
- In partnership with Bursa Malaysia, we have developed the Sustainability Enhancement Programme ("SEP") to assist PLCs using Bursa Malaysia's CSI Solution enhance their sustainability disclosures

To identify emerging opportunities, we actively engage with customers in key sectors to gain insights into how climate risks affect their businesses. These engagements allow us to explore ways to support their journey towards low carbon by collaboratively developing financing solutions that enable decarbonisation while addressing operational challenges.

## Sustainable Workplace

### Functioning as a Sustainability-Driven Organisation

As a sustainability-driven organisation, we are committed to integrating responsible business practices beyond ethics and compliance. Our Sustainability Framework outlines our approach to sustainability governance, guiding principles, strategy and disclosures, serving as a key reference for managing sustainability-related matters across our operations. As we progress in our sustainability journey, this framework will serve as a foundation for operationalising our sustainability strategy, embedding sustainability across the organisation through policies, processes, products and business practices.

Our strong sustainability performance is reflected in how we have maintained our FTSE4Good ESG Rating, positioning Alliance Bank among the top quartile of public-listed companies within the FTSE Bursa Malaysia EMAS Index. Additionally, we have strengthened our disclosure practices by implementing a comprehensive disclosure adoption plan, identifying gaps against both mandatory and voluntary disclosure standards. These strategic initiatives reinforce our commitment to sustainable practices, ESG integration in our business operations and transparent reporting.

### Minimising Our Own Emissions

To significantly lower our environmental impact, we established our operational GHG emissions baseline in FY2020 and have consistently tracked our progress using the GHG Protocol Corporate Accounting Standard for Scope 1, 2 and 3. For precise tracking and documentation of our Greenhouse Gas (GHG) emissions, the Bank produces a monthly emissions report. This year, we have expanded our Scope 1 GHG emissions to include fugitive emissions and Scope 3 GHG emissions to include emissions from business air travel and employee commuting.

To achieve our target of a 20% reduction in Scope 1 and 2 GHG emissions by FY2027 against our FY2020 baseline, we have developed a GHG Emissions Reduction Strategy. This includes implementing various energy efficiency initiatives across the Bank's premises, such as upgrading to LED lighting and replacing aging air conditioning units with more energy-efficient models.

In FY2025, we have reduced our Scope 1 and 2 greenhouse gas emissions by 17.8% compared to our FY2020 baseline. This achievement aligns with our "Topline Goal 3: Reduce the Bank's greenhouse gas (GHG) emission footprint".

Moving forward, we remain committed to continue executing our GHG emissions reduction strategy to further mitigate our environmental impact.

#### Scope of GHG Inventory

##### SCOPE 1: STATIONARY AND MOBILE COMBUSTIONS

FY2025  
**202.4\*** tCO<sub>2</sub>e



FY2024 - 25.53 tCO<sub>2</sub>e

FY2023 - 32.05 tCO<sub>2</sub>e

##### SCOPE 2: PURCHASED ELECTRICITY (location-based)

FY2025  
**9,830.5** tCO<sub>2</sub>e



FY2024 - 9,766.06 tCO<sub>2</sub>e

FY2023 - 9,822.20 tCO<sub>2</sub>e

##### SCOPE 3: BUSINESS TRAVEL

FY2025  
**632.8\*\*** tCO<sub>2</sub>e



FY2024 - 680.70 tCO<sub>2</sub>e

FY2023 - 686.37 tCO<sub>2</sub>e

##### SCOPE 3: EMPLOYEE COMMUTING

FY2025  
**5,606.1** tCO<sub>2</sub>e



tCO<sub>2</sub>e = tonnes of carbon dioxide equivalent

\* For FY2025, fugitive emissions were included in the Scope 1 emissions calculations. Fugitive emissions were not part of previous years' Scope 1 emissions.

\*\* For FY2025, an additional parameter has been included in the tracking of business travel emissions which is emissions from business travel by air



## Sustainable Workplace

### Approach to GHG Calculation

We apply the operational control approach to consolidate and report our GHG emissions, where our organisational boundary covers all of the Bank's operations in Malaysia.

Accurate data collection is essential for calculating and monitoring the Bank's GHG emissions. Key data inputs such as fuel usage, refrigerant consumption, electricity purchased and staff mileage claims are collected through a structured process to support calculation. Additionally, employees' surveys were also conducted to assess the total distance travelled by employees commuting to and from work.

Emission factors used for our GHG calculation are sourced from organisations such as the Environmental Protection Agency ("EPA"), Intergovernmental Panel on Climate Change ("IPCC") and Suruhanjaya Tenaga Malaysia ("ST" or "Energy Commission of Malaysia"). We remain committed to enhancing the accuracy and reliability of our emissions reporting and are continuously working to evaluate and improve our data and methodology used.

### Managing Our Financed Emissions

To accelerate our Net Zero 2050 goal, we have established a baseline for our Scope 3 financed emissions in FY2023 and developed a Net Zero Roadmap to guide our customers' transition to lower carbon footprints. This roadmap includes a medium-term plan towards 2030 (Phase 1) that focuses on customer engagement and data collection, as well as a long-term strategy towards 2050 (Phase 2) to refine emissions calculations and target setting.

We strive to capture customers' self-reported emissions performance annually and estimate financed emissions by leveraging proxy data such as physical activity and financial data. We continue to take proactive measures to improve our data quality and ensure the accuracy of the data used to calculate our financed emissions, while acknowledging any limitations in data availability or quality. Furthermore, we are working towards strengthening our internal processes to streamline data collection and improve overall efficiency, driving significant progress towards our Net Zero commitment.

To calculate our Scope 3 Financed Emissions, we utilise the Partnership for Carbon Accounting Financials ("PCAF") Standard, which builds upon the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Our Scope 3 Financed Emissions are calculated from our lending and investment portfolios across various asset classes, with a focus on eight high-emitting sectors which are construction, real estate, iron and steel, forestry and logging, palm oil, oil and gas, power generation and coal.



For more information regarding our Scope 3 Financed Emissions, please refer to our corporate website *Our Environment* | Alliance Bank Malaysia.

To reduce our financed emissions, we ensure that our RMs are equipped to effectively engage and provide support to our high-emitting customers in setting their decarbonisation plans and targets. Mobilising sustainable financing is key in our efforts to reduce financed emissions, thus, we offer a variety of green financing, such as utilising BNM's LCTF and our collateral-free solar panel financing, aligning to our target to achieve RM15 billion in new sustainable banking business by FY2027.



Further details on this can be found in the 'Driving Sustainable Financing Propositions' section on page 82.

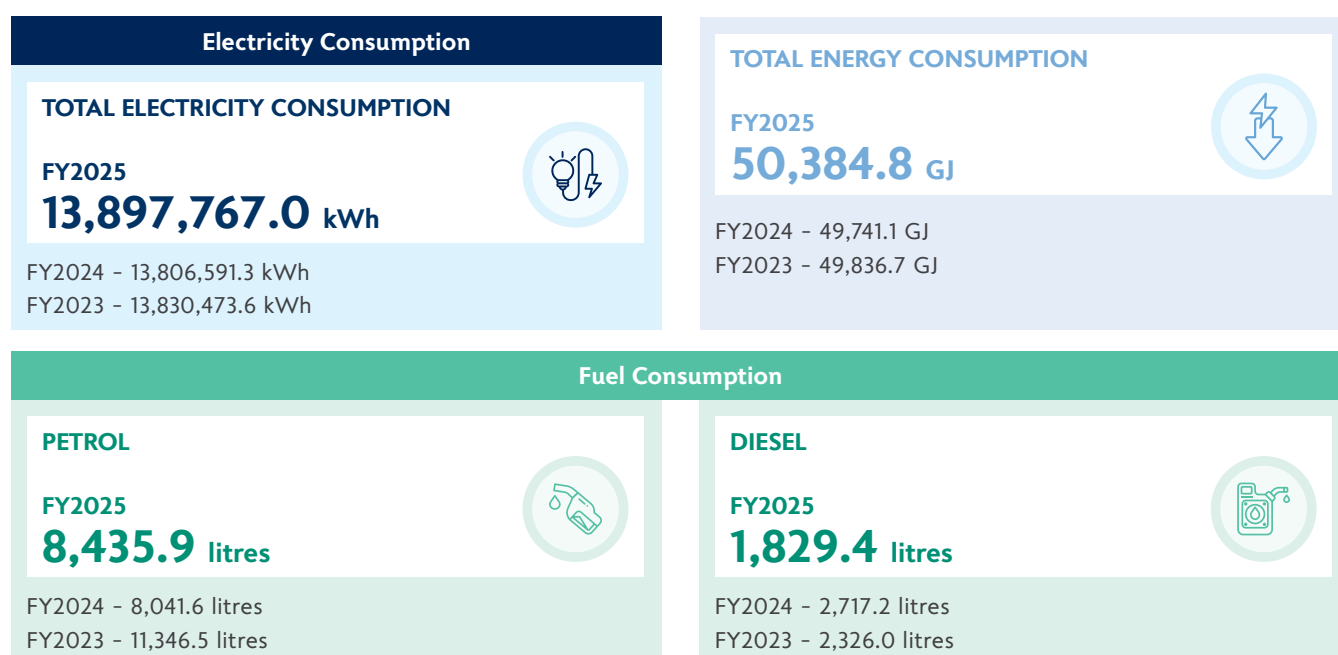
## Sustainable Workplace

### Energy Management

Demonstrating our commitment to environmental responsibility, we are proactively minimising energy consumption across our business through our GHG Emissions Reduction Strategy. Currently, we have completed replacing old air conditioners with energy-efficient units and introducing more efficient LED lights within our buildings across phases. The Bank plans to complete the planned installation of solar panels at 3 Alliance in FY2026.

At Alliance Bank, energy consumption within the organisation is tracked using the emissions factors published by Suruhanjaya Tenaga and our reduction in energy consumption is measured using the International System of Unit (SI Units).

These collective efforts have yielded impressive results, with the Bank achieving a significant 12.9% reduction in overall energy consumption compared to our FY2020 baseline.



kWh = kilowatt hour  
GJ = gigajoule



### Alliance Bank to relocate headquarters to Menara Alliance Bank

Alliance Bank is set to make a significant move to its new headquarters located at the iconic Menara Alliance Bank in Kuala Lumpur. Earmarked as a green-certified building, this strategic relocation to a prime commercial centre reflects the Bank's steadfast commitment to enhancing its presence in the heart of Kuala Lumpur's commercial district and is part of the Bank's journey to be a more sustainable and resilient organisation. It signifies a strategic endeavour to elevate brand visibility, promoting an enhanced working environment and signifying a bold step towards deepening our environmental and social commitments for our internal organisation.

## Sustainable Workplace

## Conserving the Environment

Relevant material matters:  
Conserving the Environment

To strengthen our sustainability efforts, we have begun measuring water consumption using water bills from municipal councils to monitor our progress in conserving the environment. We have also improved our recyclable waste management practices, through establishing a FY2025 baseline for recyclable waste. We regularly track the recycled waste from our head office and branches to ensure that bins are placed on designated floors for easy access. Recyclables are collected weekly, and shredded paper waste is collected on a need basis. Furthermore, monthly reports on our recycling efforts have been provided by our vendor to closely monitor the progress of our recycling initiatives. We have partnered with the HP Planet Partners Return and Recycling Programme to collect and recycle a total of 937 kg End of Life ("EOL") IT equipment. We extended these efforts from our headquarters to our branches as well, demonstrating our commitment to continuously expand our recycling initiatives.

The Bank continues to actively improve its water and waste data collection processes to better understand our consumption patterns. This enhanced understanding will better inform our strategic sustainability initiatives, aligning with our broader goals. We also actively promote sustainable practices in daily operations, including water conservation and recycling awareness programmes.

## Incorporating Environmentally Friendly Materials in Operations

As part of our commitment to environmental sustainability, we utilise eco-friendly materials that meet green certification standards where possible. This includes during branch renovations and refurbishments, ensuring that the usage of paint, floor finishes, ceiling boards, partitions, workstations

and office furniture are eco-friendly. Additionally, we have installed air conditioning units with eco-friendly refrigerants and replaced light fittings with energy-efficient LEDs to further align with sustainable practices.

## Recycling Drive

To promote waste reduction and recycling among our employees, we have partnered with IPC for a Recycling Drive at their Recycling and Buy Back Centre ("RBBC"). Through this initiative, we have collected a total of 712 kg of recyclable waste.

## Total Water Consumption

FY2025  
**92,203.9 m<sup>3</sup>**

## Total Waste Diverted from Disposal

FY2025  
**161,075.0\* kg**

\* This number includes our ongoing recycling initiatives, recyclable waste from our one-off recycling drive and recycled EOL IT equipment

## Sustainable Workplace

### FOSTERING A SAFE AND INCLUSIVE WORK ENVIRONMENT

We continually strive to cultivate a healthy, engaged and inclusive workforce.

#### Building an Agile Workforce

**Relevant material matters:**  
Talent Management

#### Labour Standards

The Group fully complies with all applicable labour and industrial relations laws, ensuring adherence to mandated standards and employee rights. Our employment policies and practices govern both individual and collective employment relations while fostering growth opportunities for our employees.

The Bank remains committed to employee well-being by maintaining competitive total annual wages aligned with the cost of living. All employees receive salaries above Malaysia's minimum wage. Additionally, we are reviewing our Long-Term Incentive Plan framework and may consider incorporating ESG elements in the future, reinforcing our commitment to rewarding employees while promoting ESG principles.

We are actively monitoring and comparing market wage data and cost of living to ensure our employees' total annual compensation remains competitive. We are committed to fostering a conducive work environment that supports work-life balance and flexible work arrangements.

#### Recruitment and Performance Management

At Alliance Bank, we aim to foster a culture of mutual respect for all employees and job applicants. By continuously refining our work processes, we aim to provide growth opportunities and improve the lives of all our employees, including new hires. We champion and value the varied voices within our team. We are committed to this through merit-based hiring and promotions. As for career progression, this is determined based on behavioural and professional criteria, while promotions and compensation are decided by a diverse senior management committee. We uphold Equal Opportunity Employer principles, conducting fair recruitment practices that are irrespective of nationality, race, religion, gender, age, sexual orientation and disability.

#### Developing Our Future Talent

The Bank offers a Structured Internship Programme designed to enhance the learning and development of graduates before and after graduation. Additionally, the Bank actively participates in university campus fairs to expand our outreach and share opportunities with local graduates. In FY2025, the Bank has hired 61 young graduates under our internship programme and participated in a total of 19 local university career fairs.

#### Capability Development

At Alliance Bank, we foster an environment that promotes ongoing learning and development. We are dedicated to empowering our employees by offering them opportunities for growth and career progression to help them achieve their professional aspirations.

We are dedicated to employee empowerment through career advancement opportunities that align with their professional aspirations. We ensure that internal candidates are prioritised for openings and promotions via comprehensive training and personal development programmes. Furthermore, we continuously monitor and track the number of employees trained and the total training hours for the organisation as well as constantly gather feedback through evaluation surveys after completion of training programmes to ensure quality and consistency of delivery of the training programmes.

We also have the Alliance Mentoring Programme which empowers senior leaders to guide emerging talents, fostering professional growth, knowledge sharing, and a supportive work culture.

## Sustainable Workplace

In alignment with our dedication to employee development, promoting a culture of ongoing learning and improving overall job satisfaction, Alliance Bank's annual learning calendar serves as a vital resource for employees to acquire essential knowledge and enhance their skills. The curriculum encompasses compliance, leadership, technical skills and ESG topics, supporting both individual and organisational growth.

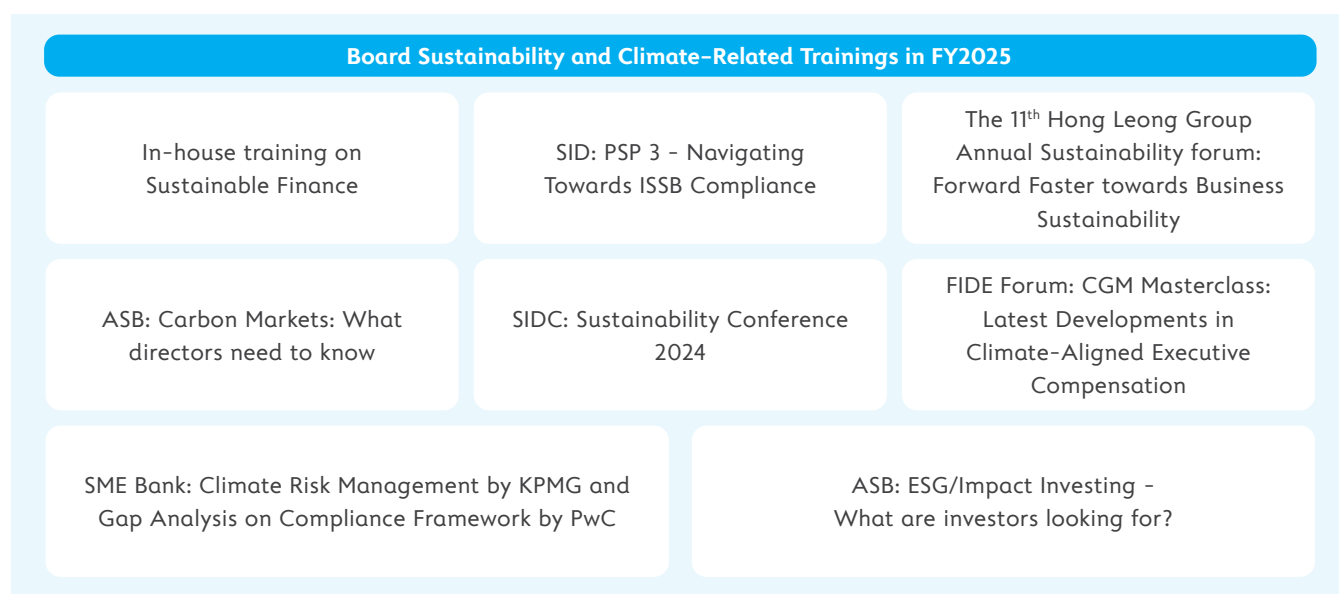
Additionally, we are also dedicated to enhancing our employees' professional skills through the attainment of professional certifications. We believe that obtaining certifications enables individuals to showcase their expertise, remain informed about the latest trends, technologies and best practices in their fields, enhance their credibility and reputation within the industry, and create valuable opportunities for collaboration, mentorship and career advancement.

### Sustainability Learning

Alliance Bank's sustainability commitment goes beyond regulatory compliance. We strive to create a purpose-driven organisation and empower employees with ownership of our sustainability goals. To achieve this, we have implemented a tailored sustainability training programmes for different employee groups, ensuring relevance to their roles.

Currently, we offer a variety of sustainability training programmes, covering Climate Change Strategy, ESG Risk Management and Sustainable Finance. We also provided organisation-wide training for Board and Senior Management on sustainability strategies and reporting standard. Additionally, targeted training and certifications were offered to Sustainability Champions, Key Sustainability Employees and Frontliners. All employees, including new hires, are required to complete our mandatory sustainability e-Learning modules.

To ensure effective oversight of sustainability and climate-related issues at the Board level, the GSC continuously widens their knowledge through several sustainability training opportunities.



In line with our Acceler8 strategy, we continue to encourage participation in our Sustainability e-Learning modules, which focuses on driving sustainability competencies within the Bank and are made available to all employees via Connexion.

In addition, the Bank also proactively enhances our digital capabilities to allow our employees to thrive in this technological driven world, we have introduced the Digital and Analytics ("D&A") Academy, designed to upskill and cultivate our digital professionals. The Academy offers a comprehensive learning experience through self-paced modules, technical bootcamps, classroom instruction and professional certifications across a range of topic including:

|                                   |                       |
|-----------------------------------|-----------------------|
| Data Analytics and Visualisation  | Emerging Technologies |
| Data Science and Machine Learning | UI and UX             |
| Digital Marketing                 | Agile/ Scrum          |



## Sustainable Workplace

To maximise learning, we conduct training through various mediums, including physical classrooms, virtual instructor-led sessions as well as self-paced e-learning modules, supplemented with case studies and group discussions. Furthermore, we partner with leading sustainable organisations such as World Wildlife Fund (“WWF”), to provide learning visits and engagement talks, in an effort to enhance sustainability awareness. We are also focused on developing employee skills to improve our ability to monitor and assess sustainability and climate risks, to ensure that we remain a leader in sustainable banking.

### Caring for our Employee’s Well-being

#### Relevant material matters:

Employee Engagement, Health, Safety and Well-being

### Employee Engagement

We aim to cultivate a holistic work environment rooted in our core AGILE values: Accountability, Growth-Driven, Integrity, Leadership and Excellence. Our efforts prioritise clear communication, employee satisfaction and workplace diversity. We achieve this through employee engagement initiatives and wellness programs designed to foster transparent communication, enhance employee satisfaction and boost workplace productivity.

In FY2025, our main emphasis was on cultivating a Sustainability Culture to increase employee awareness and participation in advancing the Bank’s ESG agenda, strategy, initiatives and objectives. Several initiatives undertaken during the year include:

#### Notable initiatives undertaken during the year include:

Recycling  
Drives

Composting  
and plant  
nursery  
workshops

Mart for  
underprivileged  
communities

### FY2025 Employee Engagement Initiatives

#### Voice of Employee Survey

We actively leverage insights from our annual Voice of Employee survey to understand employees’ needs and strengthen our employee engagement initiatives. This survey plays a key role in shaping strategies that enhance the overall employee experience.

In FY2025, the Bank achieved a Sustainable Engagement Index (“SEI”) score of 90%, reflecting employees’ sentiments, particularly in the following areas:

- » 80% of employees responded favourably to the well-being index, which measures employees’ sentiments regarding mental, emotional and physical support provided by the Bank
- » 83% of employees responded that they were able to balance their work and personal commitments
- » Sustainability Index with a score of 91%, reflecting employee awareness of the Bank’s ESG goal, their roles in contributing towards the Bank’s Sustainability agenda and their interest in participating in the Bank’s initiatives
- » 87% of employees feel the workplace is inclusive, free of discrimination, appreciative of diverse professional backgrounds and that they can advance regardless of personal identity (e.g. race, gender, beliefs)

### ManCo Appreciates You and Alliance Heroes

The Bank cultivates a culture of appreciation and recognition through our “ManCo Appreciates You” page on the inAlliance intranet portal. Our Management Committee uses this platform to recognise employees who embody our core values and behaviours.

Furthermore, Alliance Heroes is a bank-wide peer recognition platform where employees can award appreciation badges to colleagues who best exemplify the Bank’s core values. This initiative cultivates a culture of appreciation and celebrates employees who embody what makes us who we are.

## Sustainable Workplace

### Employment Engagement Committee

We support engagement across all departments through providing an annual budget for divisional activities. These activities are organised by the Employee Engagement Committee, which consists of employees chosen by senior management. The committee also addresses feedback and disparities identified in our employee surveys.

### Alliance DNA

To strengthen our organisational identity, we prioritise internal communication strategies that embed the Alliance DNA (Vision, Mission, Values and Customer Promise) in all employees. These efforts are cascaded and engrained into our daily interactions and engagement as part of the new ways of working, embedding Alliance DNA into our organisational culture. These efforts aimed to deeply root our Alliance DNA into our organisational culture.

### Sustainability Initiatives

At Alliance Bank, we recognise the importance of making a positive impact on our community and the environment. We believe that everyone has a role to play and seek to provide opportunities to do so. In FY2025, the Bank organised several activities to raise employee awareness and engagement in driving the Bank's ESG agenda. Our initiatives included Recycling Drives, a mart featuring underprivileged communities, composting and plant nursery workshop and volunteering opportunities (beach clean-up and mart). Through the Bank's Sports Club, employees also participated in recycling opportunities and community outreach.

These initiatives highlight the crucial role of community participation in environmental conservation and demonstrate our commitment to a sustainable future. We are eager to build our reputation as a preferred employer and advance our sustainability goals.

### Employee Well-being

The well-being of our employees is a fundamental aspect of our sustainability initiatives. We prioritise maintaining a healthy work-life balance and promoting healthier lifestyles to foster a dynamic and supportive working environment for our employees.

### FY2025 Employee Well-being Initiatives – Fit@Alliance

The well-being of our employees remains a key consideration in our sustainability endeavours. From ensuring a worklife balance to encouraging healthier lifestyles, we aim to create a vibrant and holistic working environment for our employees. The Fit@Alliance programme encourages our employees to lead an active and well-balanced lifestyle. All initiatives are focused on four key wellness pillars: physical, mental, financial and social. Some of the initiatives in FY2025 includes:

#### Fit@Alliance Initiatives

#### Participation in PERKESO's Activ@Work Challenge ("AWC") 2024 for the sixth consecutive year.

- A total of 350 employees participated and helped the Bank record over 142 million steps.
- Additionally, we designed team and individual challenges including lucky draws with rewards to entice and motivate our employees.

#### The Ironman Challenge 2024

- Featured our employees pushing their endurance and strength through running, cycling and lunge ball passes towards their commitment to stay active and healthy.

#### Wellness Day Event

- Enabled our employees to get their BMI report as well as participate in a mini fitness challenge to motivate our employees to keep fit and healthy.

#### Health & Wellness Day 2024

- Featured a range of health screenings and assessments to help our employees attain a clearer picture of their health. The screenings included blood pressure, glucose, cholesterol, ear, skin, retinal, hair, BMI, physiotherapy and breast examination.

## Sustainable Workplace

### Fit@Alliance Initiatives

#### Blood Malaysia Partnership

- We partnered with Blood Malaysia to give away complimentary eco-friendly sanitary pads to all women employees, in an effort to empower women's health and promote sustainability products.

#### Evolution Wellness Partnership

- We leveraged on our partnership with Evolution Wellness to promote a healthy lifestyle via offering our employees exclusive gym membership rates and complimentary access to various gyms nationwide.

#### Revamping Fit@Alliance Microsite

- Revamped our Fit@Alliance Microsite to include curated wellness articles, information and a wellness community platform to help our employees connect with one another on wellness initiatives of mutual interest.

#### Wellness Webinars

The Bank partnered with various clinical specialists and medical providers to organise a host of wellness webinars that included:

- Psychological Safety at the Workplace
- Chronic Diseases
- Sudden Cardiac Arrest
- Adapting to Changes with Optimism
- Urological Cancer
- Colon Cancer
- Self-Care in Managing Stress



## Sustainable Workplace

## Human Rights

Alliance Bank is firmly committed to upholding human rights within our organisation, aligning with the principles of the UN Global Compact and the Association of Banks in Malaysia (“ABM”), as well as established clear positions on key labour-related human rights issues.

## FY2025 Performance

**ZERO**

reported substantiated complaints  
concerning Human Rights

## Our Stance on Human Rights

## Child Labour

We strongly oppose any forms of child labour and the exploitation of children and young individuals in any aspect of our activities. In line with this stance, we have implemented a prohibition on employing children in accordance with our Resourcing Guidelines as follows:

- We do not employ individuals under the age of 18 and remain committed to upholding and complying with the Children & Young Persons (Employment) Act 1966, along with other relevant laws and regulations concerning child labour.
- Any engagement in or facilitation of internship attachments for individuals under the age of 18 will align with the provisions set forth in the prevailing Children & Young Persons (Employment) Act 1966 or comparable legislation.
- We also extended our stances on prohibiting child labour to our supply chain by requiring all our suppliers and vendors to complete the ESG Supplier Self-Assessment Questionnaire (“SAQ”).

## Freedom of Association

We acknowledge and respect the constitutional right of our employees, including their freedom of association and collective bargaining and ensure compliance with all relevant national laws in this regard.

In line with this commitment, Alliance Bank supports the rights of its employees to form and join trade unions. We have four trade unions as negotiating bodies representing specific categories of employees, including Clericals, Non-Clericals, Special Grade Clerks (also referred to as Financial Service Enablers 1 - 3 in Peninsular Malaysia) and Officers.

We engage in separate collective agreement negotiations with unions through our trade representatives, the Malayan Commercial Bank’s Association, the Sarawak Commercial Bank’s Association, and the Sabah Commercial Bank’s Association.

## Forced/Compulsory Labour

We have implemented a strict zero-tolerance policy towards any forms of forced or compulsory labour, which includes bonded labour, indentured labour, slave labour or human trafficking. Employment at the Bank is based solely on the voluntary acceptance of the Bank’s terms and conditions of employment by the employee. We fully comply with all relevant national laws regarding working hours and overtime compensation, with the goal of eliminating excessive working hours.

## Right to Collective Bargaining

Alliance Bank adheres to the Industrial Relations Act 1967, Trade Unions Act 1959, Employment Act 1955 and relevant labour regulations in Malaysia, fully supporting and respecting the right to collective bargaining. The Bank is party to 4 collective agreements covering Non-Clerical, Clerical, Special Grade Clerks and Officer level employees. We engage in separate collective agreement negotiations with unions through our trade representatives, the Malayan Commercial Bank’s Association, the Sarawak Commercial Bank’s Association and the Sabah Commercial Bank’s Association. In FY2025, approximately 14.8% of Alliance Bank employees were represented by trade unions or covered under a collective agreement.

## Workplace Harassment &amp; Discrimination

We have established Workplace Harassment & Discrimination Guidelines to:

- Facilitate and/ or provide a work environment free of any forms of harassment and discrimination.
- Establish mechanisms/ procedures to address and / or resolve instances of workplace harassment and / or discrimination.

The guidelines are in line with Alliance Bank’s commitment to create and uphold a safe, inclusive and positive working environment for all employees, vendors, contractors, customers and visitors in the Bank’s premises/ work related activities.

## Sustainable Workplace

### Health and Safety

We prioritise the health and safety of our employees, customers and communities. Our comprehensive Occupational Safety & Health (“OSH”) Policy, applicable to all employees and sub-contractors, reflects our commitment to a safe and healthy workplace. Recognising the impact of health and safety issues on employee well-being, we maintain strict standards to protect against hazardous risks and ensure the safety of our stakeholders.

To ensure workplace safety, we maintain an Occupational Safety & Health Statement and Procedures which is based on Malaysia’s Occupational Safety & Health Act 1994. Branch-level OSH Committee manage local safety issues and a Central OSH Committee ensures comprehensive oversight on all OSH-related issues and policy implementation across our operations as well as responsible to investigate all reportable accidents. Regular meetings are held at both branch-level OSH Committees and Central OSH Committee to manage risk factors relevant to their respective workplaces.

At Alliance Bank, we ensure the safety of our premises by providing and maintaining necessary safety measure. Furthermore, we also prioritise regular reporting to the Department of Occupational Safety & Health (“DOSH”) to ensure prompt communication and resolution of any workplace safety issues.

The OSHA training covered essential health and safety protocol, ensuring that all employees are equipped with the knowledge and skills to identify potential hazards and respond appropriately in emergency. In addition, the workplace harassment workshops emphasised the importance of fostering a respectful and inclusive atmosphere, highlighting the need to prevent and address all forms of harassment while empowering employees to report any issues with confidence.

We aim to uphold the highest standards of safety and well-being, creating an environment where all employees can thrive without fear of injury, harassment or discrimination. These initiatives demonstrate our steadfast commitment to sustaining a safe, respectful and productive workplace.

#### FY2025 Performance

**ZERO**

incidents of work-related fatalities

**0.00**

lost time injury rate

**81**

dedicated employees trained in health and safety standards

**11**

employees certified in first aider training

### Career Breaks and Other Forms of Breaks

The Bank provides our employees with the option of taking a career break if they require an extended break for personal or professional reasons. We also ensure our employees are granted adequate maternity and paternity leave, as well as compassionate leave for those who need to care for their family members.

#### Total number of employees that were eligible for parental leave

  
**56%**

  
**54%**

#### Percentage of eligible employees that took parental leave

  
**5%**

  
**4%**

#### Retention rate of employees that took parental leave

  
**88%**

  
**97%**



## Sustainable Workplace

## Creating a Fair and Inclusive Work Culture













## Relevant material matters:

Diversity, Equity, and Inclusion

At Alliance Bank, we acknowledge that our organisation's success is rooted in the skills and abilities of our workforce. We value the diversity of backgrounds, skill sets and experiences that strengthen our team. Therefore, we are dedicated to fostering an inclusive work culture and actively embracing diversity. This commitment is reflected in our Sustainability Framework, which emphasises our status as an Equal Opportunity Employer.

In FY2025, women comprised of 62% of our employees. This sentiment is also echoed in leadership positions within the firm, with female representation accounting for 19% in Senior Management and 30% on the Board of Directors.

## Composition of Our Workforce

|                 | Directors   | Senior Management   | Senior Vice President   | Vice President and Assistant Vice President  | Manager, Senior Executive and below   | Clerical and Non-clerical Employees   |
|-----------------|---|---|---|--|---|---|
| Gender          |  70%  30% |  81%  19% |  61%  39% |  43%  57% |  34%  66% |  37%  63% |
| Nationality     | <b>Local</b> 70% <b>Foreign</b> 30%   | <b>Local</b> 100% <b>Foreign</b> 0%   | <b>Local</b> 100% <b>Foreign</b> 0%   | <b>Local</b> 100% <b>Foreign</b> 0%  | <b>Local</b> 100% <b>Foreign</b> 0%   | <b>Local</b> 100% <b>Foreign</b> 0%   |
| Age             | <b>30-50</b> - <b>&gt;50</b> 100%   | <b>30-50</b> 38% <b>&gt;50</b> 62%  | <b>30-50</b> 55% <b>&gt;50</b> 45%  | <b>&lt;30</b> 2% <b>30-50</b> 78% <b>&gt;50</b> 20%  | <b>&lt;30</b> 27% <b>30-50</b> 61% <b>&gt;50</b> 12%  | <b>30-50</b> 45% <b>&gt;50</b> 55%  |
| Ethnicity       | Bumiputera: 20%<br>Chinese: 80%   | Bumiputera: 6%<br>Chinese: 75%<br>Indian: 13%<br>Others: 6%   | Bumiputera: 6%<br>Chinese: 87%<br>Indian: 7%  | Bumiputera: 13%<br>Chinese: 80%<br>Indian: 5%<br>Others: 2%  | Bumiputera: 35%<br>Chinese: 55%<br>Indian: 9%<br>Others: 1%   | Bumiputera: 72%<br>Chinese: 18%<br>Indian: 9%<br>Others: 1%   |
| Employment Type |   | Permanent: 63%<br>Contract: 37%   | Permanent: 95%<br>Contract: 5%  | Permanent: 98%<br>Contract: 2%   | Permanent: 99%<br>Contract: 1%  | Permanent: 100%<br>Contract: 0%   |

## Sustainable Workplace

### Zero tolerance for Discrimination and Harassment

To reinforce our commitment to eliminating discrimination and harassment, we have introduced the Guidelines on Workplace Harassment & Discrimination ("Guidelines"). These Guidelines outline the Bank's stances on prohibiting any form of discrimination through establishing protocols to effectively address complaints and incidents.

We maintain a safe and secure workplace by requiring all employees to comply with the Guidelines, which are easily accessible through staff communications and our inAlliance intranet portal. Furthermore, all new hires receive training on addressing harassment and discrimination at the workplace during their onboarding.



#### Feature Story: Building an Inclusive Workforce

The introduction of the Acceler8 transformation strategy in January 2023 has fundamentally redefined Alliance Bank's workplace culture, talent strategy and employee experience. To ensure a successful execution of this strategy, the focus on inclusivity, creating a robust foundation for a diverse and thriving workforce to deliver superior performance is imperative.

At the core of this transformation is a steadfast commitment to policies and principles that ensure an inclusive workplace for all. The bank upholds its status as an equal opportunity employer and maintains a strict non-discrimination policy. This approach not only ensures that talent from all walks of life are given equal opportunity to succeed, but it also deeply enriches the Bank culture by embracing diverse backgrounds and experiences.

To cultivate a culture of inclusivity, the Bank has implemented several strategic initiatives. These include timely communications that highlight major festivals, along with activities designed to encourage participation. Additionally, festival advances are provided to support employees to prepare for major festivals. The respective Divisional Employee Engagement Committee are empowered to bolster efforts to promote inclusivity at the ground level.

The Bank's commitment to championing a diverse and inclusive workforce has received external validation through multiple accolades. These include Best Employer Branding in the Employer Experience Award 2024, as well as Excellence in Employer Branding and Excellence in Workplace Culture at the HR Excellence Award 2024. This recognition is further validated by the Bank annual employee engagement survey, known as the Voice of Employee, where the Bank achieved a favourable score of 87 in the area of Diversity, Equity, and Inclusion.

Tan Mui Sim, our Group Chief Human Resource Officer emphasises the importance of investing in talent and cultivating an inclusive and supportive work environment. A strong workplace culture is key to attracting top talent and enhancing employee satisfaction. Employees are the most valuable assets of a company and placing them at the core of the organisation is essential for its success. Ultimately, the success of the Bank is a testament to its dedication to attracting, engaging and retaining top talent, which aligns with its brand promise of being "The Bank for Life".

## GRI Content Index

|                         |   |
|-------------------------|---|
| <b>Statement of use</b> | Bank has reported the information cited in this GRI Content Index for the period 1 <sup>st</sup> April 2024 to 31 <sup>st</sup> March 2025 with reference to the GRI Standards. |
| <b>GRI 1 used</b>       | GRI 1: Foundation 2021  |

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|                                 | 2-2  | Entities included in the organisation’s sustainability reporting            |                                 |                      | Page 62: Scope and Boundary  | -                 |
|                                 | 2-3  | Reporting period, frequency and contact point                               |                                 |                      | Page 62: Scope and Boundary  | -                 |
|                                 | 2-4  | Restatements of information   |                                 |                      | Page 62: Scope and Boundary  | -                 |
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|                                 | 2-6  | Activities, value chain and other business relationships                    | -                               | -                    | Page 6: Corporate Structure<br>Page 7: Products and Services         | -                 |
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|                                 | 2-8  | Workers who are not employees   |                                 |                      |  |                   |
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|--|----------------|---|---------------------|----------------------------------|-------------------|
| <b>Social</b>  |                |   |                     |                                  |                   |
| <b>GRI 403: Occupational Healthy and Safety 2018</b> | 3-3            | Management of material topics   | -                   | Page 130: Health and Safety      | -                 |
|  | 403-1          | Occupational health and safety management system  |                     | Page 130: Health and Safety      | -                 |
|  | 403-2          | Hazard identification, risk assessment, and incident investigation                      |                     | Page 130: Health and Safety      | -                 |
|  | 403-3          | Occupational health services  |                     | Page 130: Health and Safety      | -                 |
|  | 403-4          | Worker participation, consultation, and communication on occupational health and safety |                     | Page 130: Health and Safety      | -                 |
|  | 403-5          | Worker training on occupational health and safety                                       |                     | Page 130: Health and Safety      | -                 |
|  | 403-6          | Promotion of worker health  |                     | Page 130: Health and Safety      | -                 |
|  | 403-8          | Workers covered by an occupational health and safety management system                  |                     | Page 130: Health and Safety      |                   |
|  | 403-9          | Work-related injuries   |                     | Page 130: Health and Safety      | -                 |
|  | 403-10         | Work-related ill health   |                     | Page 130: Health and Safety      | -                 |
| <b>GRI 404: Training and Education 2016</b>          | 3-3            | Management of material topics   | Labour Standards    | Page 124: Capability Development | -                 |
|  | 404-1          | Average hours of training per year per employee   |                     | Page 154: Performance Data       | -                 |
|  | 404-2          | Programmes for upgrading employee skills and transition assistance programmes           |                     | Page 124: Capability Development | -                 |
|  | 404-3          | Percentage of employees receiving regular performance and career development reviews    |                     | Page 124: Capability Development | -                 |

## GRI Content Index

| GRI STANDARD  |       |  | GRI DISCLOSURE        |  | BURSA<br>MALAYSIA<br>COMMON<br>INDICATOR | FTSE4GBM<br>ESG THEMES   | LOCATION | REMARKS/<br>OMISSION |
|---|-------|--|-----------------------|--|--|--|----------|----------------------|
| Social  |       |  |                       |  |  |  |          |                      |
| GRI 405:<br>Diversity<br>and Equal<br>Opportunity<br>2016                     | 3-3   | Management of material topics  | Diversity             |  |  | Page 131:<br>Creating a Fair and<br>Inclusive Work Culture   | -        |                      |
|   | 405-1 | Diversity of governance bodies and employees   |                       |  |  | Page 131:<br>Creating a Fair and<br>Inclusive Work Culture   | -        |                      |
| GRI 406:<br>Non-<br>Discrimination<br>2016                                    | 3-3   | Management of material topics  | -                     |  | -  | Page 132:<br>Zero tolerance for<br>Discrimination and<br>Harassment  | -        |                      |
|   | 406-1 | Incidents of discrimination and corrective actions taken                                   |                       |  |  | Page 132:<br>Zero tolerance for<br>Discrimination and<br>Harassment  | -        |                      |
| GRI 407:<br>Freedom of<br>Association<br>and Collective<br>Bargaining<br>2016 | 3-3   | Management of material topics  | -                     |  | -  | Page 129:<br>Human Rights  | -        |                      |
| GRI 408:<br>Child Labor<br>2016   | 3-3   | Management of material topics  | -                     |  | -  | Page 129:<br>Human Rights  | -        |                      |
| GRI 409:<br>Forced or<br>Compulsory<br>Labor 2016                             | 3-3   | Management of material topics  | -                     |  | -  | Page 129:<br>Human Rights  | -        |                      |
| GRI 413:<br>Local<br>Communities<br>2016                                      | 3-3   | Management of material topics  | Community/<br>Society |  | Human<br>Rights and<br>Community         | Page 100:<br>Corporate Social<br>Responsibility<br>Page 104-106:<br>Fostering Financial<br>Well-being Among<br>Communities | -        |                      |
|   | 413-1 | Operations with local community engagement, impact assessments, and development programmes |                       |  |  | Page 100:<br>Corporate Social<br>Responsibility<br>Page 104-106:<br>Fostering Financial<br>Well-being Among<br>Communities | -        |                      |



## GRI Content Index

| GRI STANDARD                             | GRI DISCLOSURE |  | BURSA MALAYSIA COMMON INDICATOR | FTSE4GBM ESG THEMES | LOCATION   | REMARKS/ OMISSION |
|--|----------------|--|---------------------------------|---------------------|--|-------------------|
| Social                                   |                |  |                                 |                     |  |                   |
| GRI 414: Supplier Social Assessment 2016 | 3-3            | Management of material topics  | Supply Chain Management         | Social Supply Chain | Page 99<br>Embedding a Sustainable Supply Chain                              | -                 |
|  | 414-1          | New suppliers that were screened using social criteria                                       |                                 |                     | Page 99:<br>Embedding a Sustainable Supply Chain                             | -                 |
|  | 414-2          | Negative social impacts in the supply chain and actions taken                                |                                 |                     | Page 99:<br>Embedding a Sustainable Supply Chain                             | -                 |
| GRI 417: Marketing and Labeling 2016     | 3-3            | Management of material topics  | -                               | -                   | Page 88:<br>Enhancing Customer Satisfaction through Trust and Fair Treatment | -                 |
|  | 417-1          | Requirements for product and service information and labeling                                |                                 |                     | Page 88:<br>Enhancing Customer Satisfaction through Trust and Fair Treatment | -                 |
| GRI 418: Customer Privacy 2016           | 3-3            | Management of material topics  | Data Privacy and Security       | -                   | Page 90-91:<br>Safeguarding Customer Data                                    | -                 |
|  | 418-1          | Substantiated complaints concerning breaches of customer privacy and losses of customer data |                                 |                     | Page 147:<br>Performance Data  | -                 |

## TCFD Content Index

| GOVERNANCE  |  |  |
|---|--|--|
| Recommendation  | Description  | Location   |
| G1: Board Oversight of Sustainability and Climate-related Matters   | Disclose nature of Board oversight and accountability with respect to sustainability and climate-related matters, risks and opportunities.   | Page 75: Sustainability Governance                       |
| G2: Sustainability Governance Structure Including Climate-Related Matters at the Management Level           | Disclose management-level sustainability governance structure as well as processes for sustainability and climate-related matters, including accountability, responsibility, and decision-making.                      | Page 76: Sustainability Governance                       |
| G3: Sustainability and Climate-related Board Credentials  | Disclose sustainability and climate-related credentials, experience and individual biographies for Board members.  | Page 160: Corporate Governance                           |
| G4: Sustainability and Climate-Related Training   | Disclose the initiatives undertaken and training programmes conducted annually to build capacity of Board members and management on sustainability issues including climate-related matters.                           | Page 160: Corporate Governance                           |
| G5: Sustainability and Climate-related Discussions in Board Meetings  | Disclose the frequency of Board meetings per year in which sustainability and climate-related issues have been a substantive agenda item, and a summary of key climate-related issues and initiatives deliberated.     | Page 113: Addressing the Challenge of Climate Change     |
| G6: Sustainability/Climate-linked Remuneration  | Link Board of Director (excluding independent directors) and top management remuneration to performance against specified sustainability and climate-related targets.  | Page 78: Sustainability Governance                       |
| G7: Separate Committee on Sustainability and Climate-related Matters  | Set up a separate committee to oversee sustainability-related matters, reporting to the Board of Directors for all sustainability and climate-related matters.   | Page 77: Sustainability Governance                       |
| STRATEGY  |  |  |
| S1: Identification of Climate-related Risks and Opportunities   | Review the financial institution's strategy to identify and disclose climate-related risks and opportunities over the short-, medium-, and long- term.   | Page 113-114: Addressing the Challenge of Climate Change |
| S2: Impact of Climate-related Risks and Opportunities   | Assess and disclose how climate-associated risks and opportunities could affect the financial institution's existing businesses, strategy, and financial planning.   | Page 113-117: Addressing the Challenge of Climate Change |
| S3: Strategy and Risk Appetite on Climate Change Related Risks and Sustainability Measures                  | Disclose strategy and appetite with regard to climate-related risks and opportunities, and the measures towards sustainability in the financial institution's business activities.                                     | Page 113-117: Addressing the Challenge of Climate Change |
| S4: Scenario Analysis as an Opportunity to Improve Strategic Resilience and Explore Climate Vulnerabilities | Perform climate-related scenario analysis to assess potential business implications of climate-related risks and opportunities over time and under different conditions as well as related strategies to manage these. | Page 118: Addressing the Challenge of Climate Change     |

## TCFD Content Index

| RISK MANAGEMENT  |  |  |
|--|--|--|
| Recommendation   | Description  | Location   |
| R1: Process for Identifying and Assessing Climate-related Risks  | <p>Disclose how the financial institution looks at existing and emerging regulatory requirements related to climate change and other relevant factors.</p> <p>Disclose the risk classification framework(s) used.</p> <p>Disclose the risk terminology definitions used or existing risk classification framework(s) used.</p>   | Page 113-117:<br>Addressing the Challenge of Climate Change  |
| R2: Process for Managing Climate related Risks   | <p>Disclose the financial institution's risk management processes and controls.</p> <p>Disclose the identities of individual(s)/function(s) responsible for oversight of climate-related risks and its relationship with the business operations.</p>  | Page 113-117:<br>Addressing the Challenge of Climate Change  |
| R3: Process for Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks; into Overall Risk Management. | <p>Disclose the integration of processes for identifying, assessing, and managing climate-related risks into overall risk management.</p> <p>Disclose processes for prioritising climate-related risks, including how materiality determinations are made within the financial institution.</p>  | Page 113-117:<br>Addressing the Challenge of Climate Change  |
| R4: Process for Identifying and Assessing Climate-related Risks  | <p>Disclose the financial institution's risk management processes used to identify and assess climate-related risks.</p> <p>Disclose the financial institution's climate-related risks and their significance within existing risk categories such as credit, market, operational, liquidity risk.</p> <p>Disclose the financial institution's processes for assessing the potential size and scope of identified climate-related risks.</p> <p>Disclose key sectors in the financial institution's portfolio that are identified as being highly exposed to climate risk.</p> <p>Set out the financial institution's risk management controls or actions in managing impacts from direct climate-related risks (i.e. through own operations).</p> | <p>Page 116:<br/>Risk Appetite</p> <p>Page 116:<br/>ESG Risk Assessment Tools</p> <p>Page 116:<br/>Climate Change and Principle-based Taxonomy ("CCPT") Screener Tool</p> <p>Page 117:<br/>ESG Risk Acceptance Criteria ("RAC")</p> <p>Page 117:<br/>Prohibited Lending</p> <p>Page 117:<br/>Exposure to ESG-Sensitive Sectors</p> <p>Page 113-117:<br/>Addressing the Challenge of Climate Change</p> |

## TCFD Content Index

| RISK MANAGEMENT  |  |   |
|--|--|---|
| Recommendation   | Description  | Location  |
| R5: Process for Managing Climate-related Risks   | <p>Disclose the financial institution's processes for managing climate-related risks including decisions to mitigate, transfer, accept, or control those risks.</p> <p>Disclose improvements planned/completed by the financial institution to enhance capabilities and incorporate climate-related risks into existing risk management framework.</p> <p>Conduct training and employee readiness planning as well as programmes.</p> <p>Disclose how the financial institution's customers are engaged and helped in mitigating climate-related risks.</p> <p>Use metrics and targets to monitor progress in managing climate-related risks (i.e. exposure to, and quantification of, risk types by business segment and jurisdiction).</p> <p>Set out the financial institution's risk management controls or actions in managing impacts from indirect climate-related risks (i.e. through activities of its customers).</p> <p>Disclose the financial institution's exposure to, and quantification of, sustainable financing.</p> | <p>Page 116:<br/>Risk Appetite</p> <p>Page 116:<br/>ESG Risk<br/>Assessment Tools</p> <p>Page 116:<br/>Climate Change<br/>and Principle-based<br/>Taxonomy ("CCPT")<br/>Screener Tool</p> <p>Page 117:<br/>ESG Risk<br/>Acceptance Criteria<br/>("RAC")</p> <p>Page 117:<br/>Prohibited Lending</p> <p>Page 117:<br/>Exposure to ESG-<br/>Sensitive Sectors</p> <p>Page 113-117:<br/>Addressing the<br/>Challenge of<br/>Climate Change</p> |
| R6: Process for Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks; into Overall Risk Management. | <p>Disclose how the financial institution has integrated climate-related risks into existing risk categories such as credit, market, operational, insurance and liquidity risks.</p> <p>Disclose how the financial institution has integrated climate-related risks into existing risk framework(s) and/or directly into credit and investment decision-making (e.g. lending policies, underwriting standards, risk ratings, pricing models).</p> <p>Disclose the financial institution's efforts in supporting customers through mitigating climate-related risks via sustainable finance solutions.</p> <p>Implement policies that restrict/divest from high-risk exposures and in line with international commitments/frameworks.</p> <p>Enhance the financial institution's climate risk management framework to be more predictive.</p>   | <p>Page 116:<br/>Risk Appetite</p> <p>Page 116:<br/>ESG Risk<br/>Assessment Tools</p> <p>Page 116:<br/>Climate Change<br/>and Principle-based<br/>Taxonomy ("CCPT")<br/>Screener Tool</p> <p>Page 117:<br/>ESG Risk<br/>Acceptance Criteria<br/>("RAC")</p> <p>Page 117:<br/>Prohibited Lending</p> <p>Page 117:<br/>Exposure to ESG-<br/>Sensitive Sectors</p> <p>Page 113-117:<br/>Addressing the<br/>Challenge of<br/>Climate Change</p> |

## TCFD Content Index

| METRICS & TARGETS               |  |  |
|---------------------------------|--|--|
| Recommendation                  | Description  | Location   |
| M1: Key Climate-related Metrics | <p>Disclose Absolute Scope 1, Scope 2 and Scope 3 (at minimum on business travel and employee commuting) GHG Emissions.</p> <p>Proportion of portfolio with exposure to assets or business activities vulnerable to transition risks.</p> <p>Proportion of portfolio with exposure to assets or business activities vulnerable to physical risks.</p> <p>Proportion of portfolio with exposure to low carbon assets or business activities.</p> <p>Proportion/share of the portfolio for which engagement on climate-related risk/opportunities has been a key topic.</p> <p>Share of financial assets (e.g. loans/financing, investment assets) based on classification by green taxonomy for example BNM's Climate Change and Principles-based Taxonomy ("CCPT").</p> <p>Portion/weightage of directors and/or senior management's remuneration linked to sustainability-related KPIs.</p> | <p>Page 120:<br/>Minimising Our Own Emissions</p> <p>Page 121:<br/>Managing Our Financed Emissions</p>         |
| M2: Key Climate-related Targets | Set and disclose clear climate-related targets based on recognised metrics (including cross-industry, sector-specific metrics and/or institution-specific metrics).  | <p>Page 69:<br/>Alliance Bank's Net Zero Roadmap</p> <p>Page 70:<br/>Executing Our Sustainability Strategy</p> |
| M3: Key Climate-related Metrics | <p>Historical, current and future GHG Emissions (Example unit of measure - MT of CO<sub>2</sub>e).</p> <p>Impact of climate-related risks or opportunities on financial performance (Example unit of measure - Percentage, weighting, description, or amount in reporting currency).</p>   | <p>Page 120:<br/>Minimising Our Own Emissions</p> <p>Page 121:<br/>Managing Our Financed Emissions</p>         |



## SASB Content Index

| ACCOUNTING METRIC  | CATEGORY                | CODE         | LOCATION  |
|--|-------------------------|--------------|---|
| <b>Data Security</b>   |                         |              |   |
| (1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected  | Quantitative            | FN-CB-230a.1 | Page 90:<br>Customer Data Privacy                                 |
| Description of approach to identifying and addressing data security risks  | Discussion and Analysis | FN-CB-230a.2 | Page 90:<br>Safeguarding Customer Data                            |
| <b>Financial Inclusion &amp; Capacity Building</b>   |                         |              |   |
| Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers   | Quantitative            | FN-CB-240a.4 | Page 104-106:<br>Fostering Financial Well-being Among Communities |
| <b>Incorporation of Environmental, Social, and Governance Factors in Credit Analysis</b>   |                         |              |   |
| Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis  | Discussion and Analysis | FN-CB-410a.2 | Page 81:<br>Integrating Sustainable and Responsible Financing     |
| <b>Financed Emissions</b>  |                         |              |   |
| Description of the methodology used to calculate financed emissions  | Discussion and Analysis | FN-CB-410b.4 | Page 121:<br>Managing Our Financed Emissions                      |
| <b>Business Ethics</b>   |                         |              |   |
| Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations | Quantitative            | FN-CB-510a.1 | Page 148:<br>Performance Data                                     |
| Description of whistleblower policies and procedures   | Discussion and Analysis | FN-CB-510a.2 | Page 109:<br>Ethical Business Practices                           |
| <b>Systemic Risk Management</b>  |                         |              |   |
| Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities  | Discussion and Analysis | FN-CB-550a.2 | Page 113:<br>Addressing the Challenge of Climate Change           |

## Performance Data

| INDICATOR  | UNIT       | FY2023  | FY2024   | FY2025   |
|--|------------|---------|----------|----------|
| <b>Economic/Governance</b>   |            |         |          |          |
| <b>Customer Data Privacy</b>   |            |         |          |          |
| Total number of substantiated complaints concerning breaches of customer privacy                   | No.        | N/A     | 2        | 0        |
| Total number of/account holders affected from identified leaks, thefts, or losses of customer data | No.        | 0       | 2        | 0        |
| <b>Customer Experience</b>   |            |         |          |          |
| Average Net Promoter Score ("NPS")   | No.        | 33      | 33       | 39       |
| <b>Digitalisation</b>  |            |         |          |          |
| Total Number of Digital Users (Online & Mobile)  | No.        | 594,334 | 693,446  | 769,345  |
| <b>Economic Performance</b>  |            |         |          |          |
| Total economic value generated   | RM million | 1,919.8 | 2,020.4  | 2,270.0  |
| Total economic value distributed   | RM million | 1,491.9 | 1,555.0  | 1,742.5  |
| Total economic value retained  | RM million | 428.0   | 465.4    | 527.5    |
| New sustainable banking business (cumulative)  | RM million | 8,100.0 | 12,600.0 | 14,412.0 |
| C5a% of portfolio  | %          | 35%     | 31%      | 21%      |
| <b>Ethics and Compliance</b>   |            |         |          |          |
| Percentage of operations assessed for corruption-related risks                                     | %          | 29%     | 24%      | 25%      |
| Confirmed incidents of corruption  | No.        | 0       | 0        | 0        |
| Number of staff disciplined or dismissed due to non-compliance with anti-corruption policies       | No.        | 0       | 0        | 0        |
| Public legal cases regarding corruption, and the outcome   | No.        | 0       | 0        | 0        |
| Cost of fines, penalties, or settlements in relation to corruption (RM)                            | RM         | 0       | 0        | 0        |
| Fines/settlements where each is valued > US \$100 million  | No.        | 0       | 0        | 0        |
| Combined total value of fines/settlements where each is valued > US \$100 million (RM)             | RM         | 0       | 0        | 0        |
| Total amount of political contributions made (RM)  | RM         | 0       | 0        | 0        |

## Performance Data

| INDICATOR  | UNIT  | FY2023 | FY2024 | FY2025 |
|--|---|--------|--------|--------|
| <b>Economic/Governance</b>   |   |        |        |        |
| Total employee training hours on anti-corruption and bribery   | Hours                                       | 7,074  | 7,576  | 7,420  |
| Employees who have received training on anti-corruption by employees category  | Senior Management                           | %      | 94%    | 100%   |
|  |   | Hours  | 30     | 32     |
|  | Senior Vice President                       | %      | 95%    | 100%   |
|  |   | Hours  | 146    | 162    |
|  | Vice President and Assistant Vice President | %      | 96%    | 98%    |
|  |   | Hours  | 2,036  | 2,454  |
|  | Manager, Senior Executive and below         | %      | 92%    | 98%    |
|  |   | Hours  | 4,414  | 4,524  |
|  | Clerical and Non-Clerical Employees         | %      | 82%    | 52%    |
|  |   | Hours  | 448    | 280    |
| Total employee training hours on AML/CFT   | Hours                                       | 8,807  | 9,477  | 9,293  |
| Employees who have received training on AML/CFT by employee category   | Senior Management                           | %      | 94%    | 100%   |
|  |   | Hours  | 38     | 40     |
|  | Senior Vice President                       | %      | 95%    | 100%   |
|  |   | Hours  | 183    | 210    |
|  | Vice President and Assistant Vice President | %      | 96%    | 98%    |
|  |   | Hours  | 2,533  | 2,948  |
|  | Manager, Senior Executive and below         | %      | 92%    | 98%    |
|  |   | Hours  | 5,490  | 5,943  |
|  | Clerical and Non-Clerical Employees         | %      | 82%    | 52%    |
|  |   | Hours  | 563    | 348    |
| Number of legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation | No.   | 0      | 0      | 0      |
| <b>Sustainable and Responsible Financing</b>   |   |        |        |        |
| BNM Low Carbon Transition Facility ("LCTF")  | RM million                                  | 0.3    | 17.0   | 10.3   |
| <b>Sustainable Procurement</b>   |   |        |        |        |
| Percentage spent on local suppliers  | %   | 92%    | 94%    | 96%    |
| Proportion of new suppliers that were screened using environmental criteria  | %   | N/A    | 100%   | 100%   |
| Total suppliers assessed for environmental impacts   | No.   | N/A    | 545    | 654    |
| Total suppliers with negative environmental impacts  | No.   | N/A    | N/A    | 0      |
| Proportion of suppliers having negative environmental impact with improvements agreed upon   | %   | N/A    | 0%     | 0%     |

All numerical values presented have been rounded to one decimal place for clarity and consistency.

## Performance Data

| INDICATOR   | UNIT               | FY2023       | FY2024       | FY2025                  |
|---|--------------------|--------------|--------------|-------------------------|
| <b>Economic/Governance</b>  |                    |              |              |                         |
| Proportion of suppliers having negative environmental impact with relationships terminated upon | %                  | N/A          | 0%           | 0%                      |
| Proportion of new suppliers that were screened using social criteria                            | %                  | N/A          | 100%         | 100%                    |
| Total suppliers assessed for social impacts   | No.                | N/A          | 545          | 654                     |
| Total suppliers with negative social impacts  | No.                | N/A          | 0%           | 0%                      |
| Proportion of suppliers having negative social impact with improvements agreed upon             | %                  | N/A          | 0%           | 0%                      |
| Proportion of suppliers having negative social impact with relationships terminated upon        | %                  | N/A          | 0%           | 0%                      |
| <b>Environmental</b>  |                    |              |              |                         |
| <b>Climate Change</b>   |                    |              |              |                         |
| Total energy consumption  | Giga Joules        | 49,836.7     | 49,741.1     | 50,384.8                |
| Total energy consumption within the organisation by category<br>- Electricity consumption       | kWh                | 13,830,473.6 | 13,806,591.3 | 13,897,767.0            |
| Direct GHG emissions (Scope 1) - Stationary and Mobile Combustion                               | tCO <sub>2</sub> e | 32.1         | 25.5         | 202.4 <sup>*</sup>      |
| Indirect GHG emissions (Scope 2) - Purchased Electricity (location-based)                       | tCO <sub>2</sub> e | 9,822.2      | 9,766.1      | 9,830.5                 |
| Other Indirect GHG emissions (Scope 3) - Business Travel  | tCO <sub>2</sub> e | 686.4        | 680.7        | 632.8 <sup>**</sup>     |
| Other Indirect GHG emissions (Scope 3) - Employee Commuting                                     | tCO <sub>2</sub> e | N/A          | N/A          | 5,606.1                 |
| Reduction of GHG emissions  | %                  | 17.8%        | 18.3%        | 17.8%                   |
| <b>Conserving the Environment</b>   |                    |              |              |                         |
| Printing Volume   | Print copy         | 30,952,606   | 34,085,034   | 30,962,846              |
| Total Waste Diverted from Disposal (only Recycled Waste)  | kg                 | N/A          | N/A          | 161,075.0               |
| Total non-hazardous waste diverted from disposal by category                                    | kg                 | N/A          | N/A          | 161,075.0               |
| Total Water Consumption   | m <sup>3</sup>     | N/A          | 25,199.5     | 92,203.9 <sup>***</sup> |

<sup>\*</sup> For FY2025, fugitive emissions were included in the Scope 1 emissions calculations. Fugitive emissions were not part of previous years' Scope 1 emissions

<sup>\*\*</sup> For FY2025, an additional parameter has been included in the tracking of business travel emissions which is emissions from business travel by air

<sup>\*\*\*</sup> In FY2025, the increase in total water consumption is due to data collection covering a larger number of locations

All numerical values presented have been rounded to one decimal place for clarity and consistency.

## Performance Data

| INDICATOR   |   |        | UNIT       | FY2023 | FY2024 | FY2025 |
|---|---|--------|------------|--------|--------|--------|
| Social  |   |        |            |        |        |        |
| Corporate Social Responsibility   |   |        |            |        |        |        |
| Total amount invested in the community where the target beneficiaries are external to the listed issuer |   |        | RM million | 1.2    | 1.3    | 2.8    |
| Total no. of beneficiaries of the investment in communities   |   |        | No.        | 3,520  | 2,919  | 44,500 |
| Diversity, Equity, and Inclusion  |   |        |            |        |        |        |
| Total number of Directors   |   |        | No.        | 9      | 10     | 10     |
| Directors by gender   | Male  |        | %          | 78%    | 70%    | 70%    |
|   | Female                                      |        | %          | 22%    | 30%    | 30%    |
| Directors by age group  | <30   |        | %          | 0%     | 0%     | 0%     |
|   | 30-50                                       |        | %          | 11%    | 10%    | 0%     |
|   | >50   |        | %          | 89%    | 90%    | 100%   |
| Directors by ethnicity  | Bumiputera                                  |        | %          | 22%    | 30%    | 20%    |
|   | Chinese                                     |        | %          | 78%    | 70%    | 80%    |
|   | Indian                                      |        | %          | 0%     | 0%     | 0%     |
|   | Other                                       |        | %          | 0%     | 0%     | 0%     |
| Directors by nationality  | Local                                       |        | %          | 56%    | 60%    | 70%    |
|   | Foreign                                     |        | %          | 44%    | 40%    | 30%    |
| Total number of employees   |   |        | No.        | 3,815  | 3,999  | 3,916  |
| Percentage of employees by gender for each employee category  | Senior Management                           | Male   | %          | 81%    | 79%    | 81%    |
|   |   | Female | %          | 19%    | 21%    | 19%    |
|   | Senior Vice President                       | Male   | %          | 68%    | 64%    | 61%    |
|   |   | Female | %          | 32%    | 36%    | 39%    |
|   | Vice President and Assistant Vice President | Male   | %          | 44%    | 43%    | 43%    |
|   |   | Female | %          | 56%    | 57%    | 57%    |
|   | Manager, Senior Executive and below         | Male   | %          | 35%    | 35%    | 34%    |
|   |   | Female | %          | 65%    | 65%    | 66%    |
|   | Clerical and Non-Clerical Employees         | Male   | %          | 37%    | 36%    | 37%    |
|   |   | Female | %          | 63%    | 64%    | 63%    |
| Percentage of women in the global workforce   |   |        | %          | 61%    | 62%    | 62%    |

\* The increase in FY2025 for the number of beneficiaries is largely attributed to the seventh edition of our AEIOU initiative



## Performance Data

| INDICATOR   |   |           | UNIT | FY2023 | FY2024 | FY2025 |
|---|---|-----------|------|--------|--------|--------|
| Social  |   |           |      |        |        |        |
| Percentage of employees by age group for each employee category       | Senior Management                           | <30       | %    | 0%     | 0%     | 0%     |
|   |   | 30-50     | %    | 31%    | 43%    | 38%    |
|   |   | >50       | %    | 69%    | 57%    | 62%    |
|   | Senior Vice President                       | <30       | %    | 0%     | 0%     | 0%     |
|   |   | 30-50     | %    | 66%    | 62%    | 55%    |
|   |   | >50       | %    | 34%    | 38%    | 45%    |
|   | Vice President and Assistant Vice President | <30       | %    | 2%     | 2%     | 2%     |
|   |   | 30-50     | %    | 82%    | 81%    | 78%    |
|   |   | >50       | %    | 16%    | 17%    | 20%    |
|   | Manager, Senior Executive and below         | <30       | %    | 33%    | 31%    | 27%    |
|   |   | 30-50     | %    | 59%    | 60%    | 61%    |
|   |   | >50       | %    | 8%     | 9%     | 12%    |
|   | Clerical and Non-Clerical Employees         | <30       | %    | 0%     | 0%     | 0%     |
|   |   | 30-50     | %    | 68%    | 62%    | 45%    |
|   |   | >50       | %    | 32%    | 38%    | 55%    |
| Percentage of employees by employment type for each employee category | Senior Management                           | Contract  | %    | 19%    | 21%    | 37%    |
|   |   | Permanent | %    | 81%    | 79%    | 63%    |
|   | Senior Vice President                       | Contract  | %    | 3%     | 2%     | 5%     |
|   |   | Permanent | %    | 97%    | 98%    | 95%    |
|   | Vice President and Assistant Vice President | Contract  | %    | 0%     | 1%     | 2%     |
|   |   | Permanent | %    | 100%   | 99%    | 98%    |
|   | Manager, Senior Executive and below         | Contract  | %    | 2%     | 1%     | 1%     |
|   |   | Permanent | %    | 98%    | 99%    | 99%    |
|   | Clerical and Non-Clerical Employees         | Contract  | %    | 0%     | 0%     | 0%     |
|   |   | Permanent | %    | 100%   | 100%   | 100%   |

## Performance Data

| INDICATOR   |   |            | UNIT | FY2023 | FY2024 | FY2025 |
|---|---|------------|------|--------|--------|--------|
| Social  |   |            |      |        |        |        |
| Percentage of employees by ethnicity for each employee category   | Senior Management                           | Bumiputera | %    | 6%     | 7%     | 6%     |
|   |   | Chinese    | %    | 75%    | 79%    | 75%    |
|   |   | Indian     | %    | 13%    | 7%     | 13%    |
|   |   | Other      | %    | 6%     | 7%     | 6%     |
|   | Senior Vice President                       | Bumiputera | %    | 5%     | 6%     | 6%     |
|   |   | Chinese    | %    | 86%    | 88%    | 87%    |
|   |   | Indian     | %    | 8%     | 6%     | 7%     |
|   |   | Other      | %    | 1%     | 0%     | 0%     |
|   | Vice President and Assistant Vice President | Bumiputera | %    | 13%    | 13%    | 13%    |
|   |   | Chinese    | %    | 80%    | 80%    | 80%    |
|   |   | Indian     | %    | 5%     | 6%     | 5%     |
|   |   | Other      | %    | 2%     | 1%     | 2%     |
|   | Manager, Senior Executive and below         | Bumiputera | %    | 34%    | 34%    | 35%    |
|   |   | Chinese    | %    | 56%    | 56%    | 55%    |
|   |   | Indian     | %    | 9%     | 9%     | 9%     |
|   |   | Other      | %    | 1%     | 1%     | 1%     |
|   | Clerical and Non-Clerical Employees         | Bumiputera | %    | 72%    | 72%    | 72%    |
|   |   | Chinese    | %    | 18%    | 18%    | 18%    |
|   |   | Indian     | %    | 9%     | 9%     | 9%     |
|   |   | Other      | %    | 1%     | 1%     | 1%     |
| Percentage of employees by nationality for each employee category | Senior Management                           | Local      | %    | 100%   | 100%   | 100%   |
|   |   | Foreign    | %    | 0%     | 0%     | 0%     |
|   | Senior Vice President                       | Local      | %    | 99%    | 100%   | 100%   |
|   |   | Foreign    | %    | 1%     | 0%     | 0%     |
|   | Vice President and Assistant Vice President | Local      | %    | 100%   | 100%   | 100%   |
|   |   | Foreign    | %    | 0%     | 0%     | 0%     |
|   | Manager, Senior Executive and below         | Local      | %    | 100%   | 100%   | 100%   |
|   |   | Foreign    | %    | 0%     | 0%     | 0%     |
|   | Clerical and Non-Clerical Employees         | Local      | %    | 100%   | 100%   | 100%   |
|   |   | Foreign    | %    | 0%     | 0%     | 0%     |
| Permanent employees by gender                                     | Male  |            | %    | 39%    | 38%    | 38%    |
|   | Female                                      |            | %    | 61%    | 62%    | 62%    |
| Permanent employees by nationality                                | Local                                       |            | %    | 99%    | 100%   | 100%   |
|   | Foreign                                     |            | %    | 1%     | 0%     | 0%     |
| Contract employees by gender                                      | Male  |            | %    | 37%    | 47%    | 48%    |
|   | Female                                      |            | %    | 63%    | 53%    | 52%    |

## Performance Data

| INDICATOR  |         | UNIT  | FY2023  | FY2024     | FY2025     |
|--|---------|-------|---------|------------|------------|
| <b>Social</b>  |         |       |         |            |            |
| Contract employees by nationality  | Local   | %     | 100%    | 100%       | 100%       |
|  | Foreign | %     | 0%      | 0%         | 0%         |
| % of employees that are contractors or temporary staff   |         | %     | 1%      | 1%         | 1%         |
| Total employees with a disability  |         | %     | 0%      | 0.05%      | 0%         |
| <b>Employee Engagement, Health, Safety and Well-being</b>  |         |       |         |            |            |
| No of work related fatalities  |         | No.   | 0       | 0          | 0          |
| Lost time injury rate (own staff)  |         | Rate  | 0.27    | 0.31       | 0.00       |
| Lost time injury rate (contractors)  |         | Rate  | 0       | 0          | 0          |
| No. of dedicated employees trained on health and safety standards  |         | No.   | 26      | 118        | 81         |
| No. of substantiated complaints concerning human rights violations   |         | No.   | 0       | 0          | 0          |
| Total number of employees that were eligible for parental leave by gender  | Male    | No.   | 961     | 952        | 860        |
|  | Female  | No.   | 1,523   | 1,541      | 1,449      |
| Total number of employees that took parental leave by gender   | Male    | No.   | 14      | 50         | 38         |
|  | Female  | No.   | 58      | 52         | 74         |
| Total number of employees that returned to work in the reporting period after parental leave ended by gender                                       | Male    | No.   | 14      | 43         | 38         |
|  | Female  | No.   | 54      | 45         | 74         |
| Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work by gender | Male    | No.   | 13      | 43         | 37         |
|  | Female  | No.   | 54      | 45         | 65         |
| Return to work rate of employees that took parental leave by gender  | Male    | %     | 100%    | 86%        | 100%       |
|  | Female  | %     | 93%     | 87%        | 100%       |
| Retention rates of employees that took parental leave by gender  | Male    | %     | 93%     | 86%        | 97%        |
|  | Female  | %     | 93%     | 87%        | 88%        |
| <b>Financial Inclusion</b>   |         |       |         |            |            |
| Amount raised through SocioBiz platform  |         | RM    | 0       | 235,062.00 | 783,519.25 |
| Number of individuals assisted through SocioBiz platform   |         | No.   | 0       | 537        | 1,914      |
| <b>Talent Management</b>   |         |       |         |            |            |
| Total training hours   |         | Hours | 128,107 | 147,377    | 169,186    |
| Average training per employee  |         | Hours | 33.6    | 36.9       | 43.2       |
|  |         | Days  | 4.2     | 4.6        | 5.4        |
| Average training hours by gender   | Male    | Hours | 33.2    | 41.8       | 45.1       |
|  | Female  | Hours | 33.9    | 33.8       | 42.1       |

## Performance Data

| Indicator  |   |         | Unit  | FY2023   | FY2024   | FY2025    |
|--|---|---------|-------|----------|----------|-----------|
| Social   |   |         |       |          |          |           |
| Training hours by employee category                            | Senior Management                           | Total   | Hours | 365.0    | 711.0    | 713.0     |
|  |   | Average | Hours | 22.8     | 50.8     | 44.6      |
|  | Senior Vice President                       | Total   | Hours | 8,977.0  | 4,046.0  | 4,062.0   |
|  |   | Average | Hours | 116.6    | 50.0     | 48.4      |
|  | Vice President and Assistant Vice President | Total   | Hours | 32,552.0 | 47,724.0 | 61,188.0  |
|  |   | Average | Hours | 30.7     | 39.8     | 48.8      |
|  | Manager, Senior Executive and below         | Total   | Hours | 71,907.0 | 91,695.0 | 101,053.0 |
|  |   | Average | Hours | 30.1     | 37.7     | 44.0      |
|  | Clerical and Non-Clerical Employees         | Total   | Hours | 14,306.0 | 3,201.0  | 2,171.0   |
|  |   | Average | Hours | 52.4     | 11.9     | 8.3       |
| New hires by gender  | Male  |         | %     | 42%      | 43%      | 41%       |
|  | Female                                      |         | %     | 58%      | 57%      | 59%       |
| New hires by age group   | <30   |         | %     | 53%      | 45%      | 41%       |
|  | 30-50                                       |         | %     | 46%      | 53%      | 55%       |
|  | >50   |         | %     | 1%       | 2%       | 4%        |
| New hires by nationality                                       | Local                                       |         | %     | 100%     | 100%     | 100%      |
|  | Foreign                                     |         | %     | 0%       | 0%       | 0%        |
| % of senior management that are hired from the local community |   |         | %     | 100%     | 100%     | 100%      |
| Employee turnover rate   |   |         | Rate  | 0.21     | 0.15     | 0.15      |
| Employee turnover by gender                                    | Male  |         | %     | 44%      | 47%      | 45%       |
|  | Female                                      |         | %     | 56%      | 53%      | 55%       |
| Employee turnover by age group                                 | <30   |         | %     | 36%      | 42%      | 35%       |
|  | 30-50                                       |         | %     | 52%      | 49%      | 56%       |
|  | >50   |         | %     | 12%      | 9%       | 9%        |
| Employee turnover by nationality                               | Local                                       |         | %     | 100%     | 100%     | 100%      |
|  | Foreign                                     |         | %     | 0%       | 0%       | 0%        |
| Employee turnover by employee category                         | Senior Management                           |         | %     | 0%       | 1%       | 0%        |
|  | Senior Vice President                       |         | %     | 2%       | 1%       | 1%        |
|  | Vice President and Assistant Vice President |         | %     | 23%      | 21%      | 26%       |
|  | Manager, Senior Executive and below         |         | %     | 74%      | 76%      | 72%       |
|  | Clerical and Non-Clerical Employees         |         | %     | 1%       | 1%       | 1%        |

## Performance Data Table from Bursa ESG Reporting Platform

| Indicator  | Measurement Unit | 2023         | 2024         | 2025         |
|--|------------------|--------------|--------------|--------------|
| <b>Bursa (Anti-corruption)</b>   |                  |              |              |              |
| <b>Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category</b>              |                  |              |              |              |
| Senior Management  | Percentage       | 94.00        | 100.00       | 100.00       |
| Senior Vice President  | Percentage       | 95.00        | 100.00       | 100.00       |
| Vice President and Assistant Vice President  | Percentage       | 96.00        | 98.00        | 98.00        |
| Manager, Senior Executive and below  | Percentage       | 92.00        | 98.00        | 98.00        |
| Clerical and Non-Clerical Employees  | Percentage       | 82.00        | 52.00        | 46.00        |
| <b>Bursa C1(b) Percentage of operations assessed for corruption-related risks</b>  | Percentage       | 29.00        | 24.00        | 25.00        |
| <b>Bursa C1(c) Confirmed incidents of corruption and action taken</b>  | Number           | 0            | 0            | 0            |
| <b>Bursa (Community/Society)</b>   |                  |              |              |              |
| <b>Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer</b> | MYR              | 1,200,000.00 | 1,300,000.00 | 2,800,000.00 |
| <b>Bursa C2(b) Total number of beneficiaries of the investment in communities</b>  | Number           | 3,520        | 2,919        | 44,500       |
| <b>Bursa (Diversity)</b>   |                  |              |              |              |
| <b>Bursa C3(a) Percentage of employees by gender and age group, for each employee category</b>                             |                  |              |              |              |
| Age Group by Employee Category   |                  |              |              |              |
| Senior Management Under 30   | Percentage       | 0.00         | 0.00         | 0.00         |
| Senior Management Between 30-50  | Percentage       | 31.00        | 43.00        | 38.00        |
| Senior Management Above 50   | Percentage       | 69.00        | 57.00        | 62.00        |
| Senior Vice President Under 30   | Percentage       | 0.00         | 0.00         | 0.00         |
| Senior Vice President Between 30-50  | Percentage       | 66.00        | 62.00        | 55.00        |
| Senior Vice President Above 50   | Percentage       | 34.00        | 38.00        | 45.00        |
| Vice President and Assistant Vice President Under 30   | Percentage       | 2.00         | 2.00         | 2.00         |
| Vice President and Assistant Vice President Between 30-50  | Percentage       | 82.00        | 81.00        | 78.00        |
| Vice President and Assistant Vice President Above 50   | Percentage       | 16.00        | 17.00        | 20.00        |
| Manager, Senior Executive and below Under 30   | Percentage       | 33.00        | 31.00        | 27.00        |
| Manager, Senior Executive and below Between 30-50  | Percentage       | 59.00        | 60.00        | 61.00        |
| Manager, Senior Executive and below Above 50   | Percentage       | 8.00         | 9.00         | 12.00        |
| Clerical and Non-Clerical Employees Under 30   | Percentage       | 0.00         | 0.00         | 0.00         |
| Clerical and Non-Clerical Employees Between 30-50  | Percentage       | 68.00        | 62.00        | 45.00        |
| Clerical and Non-Clerical Employees Above 50   | Percentage       | 32.00        | 38.00        | 55.00        |
| Gender Group by Employee Category  |                  |              |              |              |
| Senior Management Male   | Percentage       | 81.00        | 79.00        | 81.00        |
| Senior Management Female   | Percentage       | 19.00        | 21.00        | 19.00        |
| Senior Vice President Male   | Percentage       | 68.00        | 64.00        | 61.00        |
| Senior Vice President Female   | Percentage       | 32.00        | 36.00        | 39.00        |
| Vice President and Assistant Vice President Male   | Percentage       | 44.00        | 43.00        | 43.00        |
| Vice President and Assistant Vice President Female   | Percentage       | 56.00        | 57.00        | 57.00        |
| Manager, Senior Executive and below Male   | Percentage       | 35.00        | 35.00        | 34.00        |
| Manager, Senior Executive and below Female   | Percentage       | 65.00        | 65.00        | 66.00        |
| Clerical and Non-Clerical Employees Male   | Percentage       | 37.00        | 36.00        | 37.00        |
| Clerical and Non-Clerical Employees Female   | Percentage       | 63.00        | 64.00        | 63.00        |

All numerical values presented have been rounded to one decimal place for clarity and consistency.



## Performance Data Table from Bursa ESG Reporting Platform

| Indicator   | Measurement Unit | 2023          | 2024          | 2025          |
|---|------------------|---------------|---------------|---------------|
| <b>Bursa C3(b) Percentage of directors by gender and age group</b>  |                  |               |               |               |
| Male  | Percentage       | 78.00         | 70.00         | 70.00         |
| Female  | Percentage       | 22.00         | 30.00         | 30.00         |
| Under 30  | Percentage       | 0.00          | 0.00          | 0.00          |
| Between 30-50   | Percentage       | 11.00         | 10.00         | 0.00          |
| Above 50  | Percentage       | 89.00         | 90.00         | 100.00        |
| <b>Bursa (Energy management)</b>  |                  |               |               |               |
| <b>Bursa C4(a) Total energy consumption<sup>*</sup></b>   | Megawatt         | 49,836,650.00 | 49,741,090.00 | 50,384,830.00 |
| <b>Bursa (Health and safety)</b>  |                  |               |               |               |
| <b>Bursa C5(a) Number of work-related fatalities</b>  | Number           | 0             | 0             | 0             |
| <b>Bursa C5(b) Lost time incident rate ("LTIR")</b>   | Rate             | 0.27          | 0.31          | 0.00          |
| <b>Bursa C5(c) Number of employees trained on health and safety standards</b>   | Number           | 26            | 118           | 81            |
| <b>Bursa (Labour practices and standards)</b>   |                  |               |               |               |
| <b>Bursa C6(a) Total hours of training by employee category</b>   |                  |               |               |               |
| Senior Management   | Hours            | 365           | 711           | 713           |
| Senior Vice President   | Hours            | 8,977         | 4,046         | 4,062         |
| Vice President and Assistant Vice President   | Hours            | 32,552        | 47,724 *      | 61,188        |
| Manager, Senior Executive and below   | Hours            | 71,907        | 91,695        | 101,053       |
| Clerical and Non-Clerical Employees   | Hours            | 14,306        | 3,201         | 2,171         |
| <b>Bursa C6(b) Percentage of employees that are contractors or temporary staff</b>  | Percentage       | 1.00          | 1.00          | 1.00          |
| <b>Bursa C6(c) Total number of employee turnover by employee category</b>   |                  |               |               |               |
| Senior Management   | Number           | 3             | 5             | 0             |
| Senior Vice President   | Number           | 15            | 7             | 8             |
| Vice President and Assistant Vice President   | Number           | 178           | 127           | 157           |
| Manager, Senior Executive and below   | Number           | 577           | 454           | 443           |
| Clerical and Non-Clerical Employees   | Number           | 10            | 4             | 5             |
| <b>Bursa C6(d) Number of substantiated complaints concerning human rights violations</b>  | Number           | 0             | 0             | 0             |
| <b>Bursa (Supply chain management)</b>  |                  |               |               |               |
| <b>Bursa C7(a) Proportion of spending on local suppliers</b>  | Percentage       | 92.00         | 94.00         | 96.00         |
| <b>Bursa (Data privacy and security)</b>  |                  |               |               |               |
| <b>Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data</b>       | Number           | -             | 2             | 0             |
| <b>Bursa (Water)</b>  |                  |               |               |               |
| <b>Bursa C9(a) Total volume of water used</b>   | Megalitres       | -             | 25.199500     | 92.203900     |
| <b>Bursa (Waste management)</b>   |                  |               |               |               |
| <b>Bursa C10(a) Total waste generated</b>   | Metric tonnes    | -             | -             | 161.07        |
| <b>Bursa C10(a)(i) Total waste diverted from disposal</b>   | Metric tonnes    | -             | -             | 161.07        |
| <b>Bursa C10(a)(ii) Total waste directed to disposal</b>  | Metric tonnes    | -             | -             | 0.00          |
| <b>Bursa (Emissions management)</b>   |                  |               |               |               |
| <b>Bursa C11(a) Scope 1 emissions in tonnes of CO2e</b>   | Metric tonnes    | -             | -             | 202.40        |
| <b>Bursa C11(b) Scope 2 emissions in tonnes of CO2e</b>   | Metric tonnes    | -             | -             | 9,830.50      |
| <b>Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)</b> | Metric tonnes    | -             | -             | 6,238.90      |

Internal assurance

External assurance

No assurance

(\*)Restated

All numerical values presented have been rounded to one decimal place for clarity and consistency.

<sup>\*</sup> The data presented is reported in the unit of Megajoules (MJ)

## Statement of Assurance



### SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

#### To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Alliance Bank Malaysia Berhad (hereafter referred to as Alliance Bank) to perform an independent verification and provide assurance of the Alliance Bank Sustainability Statement 2025. The main objective of the verification process is to provide assurance to Alliance Bank and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International pertains to selected sustainable performance information (subject matter) within the assurance scope which is included in Alliance Bank Sustainability Statement 2025.

The management of Alliance Bank was responsible for the preparation of the Sustainability Statement. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of Alliance Bank's Sustainability Statement, and the Annual Report 2025.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process involves verification of selected applicable subject matter as listed below. In addition to this, we also review and verify the sustainability indicators outlined by Bursa Malaysia to ensure the accuracy, completeness, and reliability of the reported information. The results of this verification process have been systematically tabulated in Appendix 1 and the Report to Management, with further details provided therein.

| Subject matter   | Page no.<br>(as in the Sustainability Statement) |
|--|--|
| Sustainable Banking Business                           | 64, 70   |
| C5a% portfolio   | 64, 70   |
| GHG Emissions Footprint – Scope 1, Scope 2 and Scope 3 | 120  |
| Energy Management – Electricity and Fuel Consumption   | 122  |

The verification was carried out by SIRIM QAS International in May 2025, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation made available during the assessment.
- Verifying the data presented in the Sustainability Statement, which includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and developing various sections of the report to substantiate the veracity of the claims.

## Statement of Assurance

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in the Alliance Bank's Annual Report 2025.
- The review excluded all financial-related data, as these are subjected to the company's financial audit.
- As part of this assurance engagement, the verification team visited Alliance Bank's corporate office at Menara Multi-Purpose, Capital Square, Jalan Munshi Abdullah. However, the verification process did not include physical inspections of any of Alliance Bank's offices, buildings and branches.
- The verification team did not assess or verify any data related to contractors or third parties.

### Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Alliance Bank relating to the accuracy of some of the information contained in the report. In response to the findings, the Sustainability Statement was subsequently reviewed and revised by the Alliance Bank. It is confirmed that the changes that have been incorporated into the final version of the report have satisfactorily addressed all issues related to the selected subject matters. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Alliance Bank has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Alliance Bank Sustainability Statement 2025 is fairly stated;
- The level of disclosure of the selected sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report.


#### List of Assessors.

|    |                                |   |             |
|----|--------------------------------|---|-------------|
| 1) | Ms. Aernida Abdul Kadir        | : | Team Leader |
| 2) | Ms. Kamini Sooriamorthy        | : | Team Member |
| 3) | Ms. Aine Jamaliah Mohamad Zain | : | Team Member |

Statement Prepared by:

Statement Approved by:

  
**AERNIDA BINTI ABDUL KADIR**  
Team Leader  
Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

  
**AMINUDIN BIN ABD AZIZ**  
Acting Senior General Manager  
Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

Date: 14 May 2025

Date: 19 May 2025

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantee the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (13 May 2025).

## Statement of Assurance

## Appendix 1

| Performance Data Table - BURSA Malaysia Indicator             | Measurement Unit | FY2025    |
|---|------------------|-----------|
| <b>Bursa (Energy management)</b>                              |                  |           |
| Bursa C4(a) Total energy consumption                          | Giga Joules      | 50,384.80 |
| <b>Bursa (Emissions management)</b>                           |                  |           |
| Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e | Metric Tonnes    | 202.36    |
| Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e | Metric Tonnes    | 9,830.51  |
| Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e | Metric Tonnes    | 6,238.83  |

| The topics and subject matters covered in this assessment are tabulated below: | CLASSIFICATION OF DATA |        |     |                     |
|--|------------------------|--------|-----|---------------------|
|  | HIGH                   | MEDIUM | LOW | UN<br>SUBSTANTIATED |
| Sustainable Banking Business   |                        |        |     |                     |
| C5a% Portfolio   |                        |        |     |                     |
| Energy Management – Electricity and Fuel Consumption                           |                        |        |     |                     |
| GHG Emissions Footprint  |                        |        |     |                     |
| ↳ Scope 1 emissions – Petrol & diesel consumption and refrigerant loss         |                        |        |     |                     |
| ↳ Scope 2 emissions – Electricity consumption                                  |                        |        |     |                     |
| ↳ Scope 3 emissions – Business travel by land                                  |                        |        |     |                     |

## Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (13 May 2025).

## Note 2:

The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.

## Note 3:

Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in the Management Report.

HIGH: The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

MEDIUM: Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.

LOW: Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

UNSUBSTANTIATED: The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

## Corporate Governance Overview Statement

The Board of Directors (“Board”) of Alliance Bank Malaysia Berhad (“Alliance Bank” or “the Bank”) firmly believes that good corporate governance is the foundation of a well-managed institution. The Board is fully committed to integrity and fair dealing in all its activities and endeavours to adopt the best practices of corporate governance in all areas of the Bank’s operations to enhance business prosperity and corporate accountability, with the ultimate objective of safeguarding the interests of all stakeholders and enhancing shareholder value.

This Corporate Governance Overview Statement sets out a summary of the Bank’s corporate governance practices during the financial year ended 31 March 2025 (“FY2025”) with reference to the following three key principles of good corporate governance in accordance with paragraph 15.25(1) and paragraph 3.1A, Practice Note 9 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”):

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

This overview statement serves to provide stakeholders with an understanding of the Bank’s commitment to corporate governance and how the Bank’s corporate governance practices support its ability to create long-term value for stakeholders. It is to be read in conjunction with the Corporate Governance Report, which is available on the Bank’s corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### The Board’s Roles and Responsibilities

The Board holds the overall responsibility for promoting the 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 consideration of the long-term implications of the Board’s decisions on the Bank and its customers, employees and the general public.

The key responsibilities of the Board are set out below:

- (a) Approve the risk appetite, business plans and other initiatives that will, singularly or cumulatively, have a material impact on the Bank’s risk profile.
- (b) Oversee the selection, performance, remuneration and succession plans of the Group Chief Executive Officer (“Group CEO”), control function heads and other members of Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank.
- (c) Oversee the implementation of the Bank’s governance framework and internal control framework and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Bank’s operations.
- (d) Promote, together with Senior Management, a sound corporate culture within the Bank that reinforces ethical, prudent and professional behaviour.
- (e) Oversee and approve sustainability strategies, priorities, and targets through incorporation of appropriate environmental, social and governance considerations in the Bank’s business strategies.
- (f) Oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength; and maintain or preserve critical operations and critical services when the Bank comes under stress.
- (g) Promote timely and effective communication between the Bank and regulators on matters affecting or that may affect the safety and soundness of the Bank.



## Corporate Governance Overview Statement

The Board has adopted a Board Charter that sets out the mandate, responsibilities and procedures of the Board and the Board Committees, including matters reserved for the Board's decision.

The Board Charter is reviewed by the Board every two years, or as and when necessary, in line with evolving corporate governance requirements and practices, to ensure its continued relevance. The Board Charter, which was last reviewed on 29 May 2024, is available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

### Ethical Leadership by the Board

The Bank is guided by the Code of Conduct established by the Board, which outlines the conduct required of Board members and individual employees in discharging their duties in a professional, honest and ethical manner.

In addition, the Board has set up a Conflicts of Interest Policy for Directors to identify, disclose and manage any actual or potential conflicts of interest. Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors are to recuse themselves from discussions and decisions on those matters if they have a conflict of interest.

Directors may only use or disclose information relating to the Bank to the extent that such use or disclosure is consistent with their duties as Directors.

The Group Audit Committee ("Group AC") reviews and reports to the Board any conflict of interest situation that arose, persists or may arise together with measures to resolve, eliminate or to mitigate such conflicts.

The Conflicts of Interest Policy for Directors was last reviewed by the Board on 27 October 2024.

The Code of Conduct and Conflicts of Interest Policy for Directors are available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The Directors also adhere to the Code of Ethics for Company Director established by the Companies Commission of Malaysia.

### Division of Responsibilities between the Chairman and Group CEO

The roles of the Chairman and 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 bin A Aziz being the Independent Chairman in leading the Board, is responsible for the overall effective functioning of the Board.

He maintains a close professional relationship with the Group CEO, Mr 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.

Mr Kellee Kam as Group CEO, in leading the Senior Management team, bears the primary responsibility over the day-to-day management of the Bank.

### Operation of the Board

The Board schedules a minimum of 10 meetings a year to review progress reports from the Management as well as to consider business and other proposals that require the Board's approval. All Directors are informed of these scheduled Board meetings before the start of each year. Ad-hoc Board meetings may be called to deliberate on and consider issues that require the Board's immediate consideration/decision.

At the scheduled Board meetings, the Group CEO and Group Chief Financial Officer provide regular progress reports on the business and financial performance of the Bank while the Heads of Business Divisions apprise the Board on the performance, strategic developments, business plans and initiatives of their respective divisions throughout the year.

The Board also receives regular updates on internal control, risk management, legal, compliance, internal audit, human resources, sustainability, governance and information technology-related matters.

There is an annual schedule of rolling agenda items to ensure that all key matters are given due consideration and reviewed at the appropriate point in the financial and regulatory cycle. The flexibility of the schedule enables pressing matters to be dealt with in a timely manner when they arise.

The Chairman and Group CEO maintain frequent contact with each other and with the other Board members throughout the year outside of formal meetings.

## Corporate Governance Overview Statement

### Board and Board Committees

#### The Board

Responsible for the overall conduct of the Bank's business, including our long-term success; setting our values, standards and strategic objectives; reviewing our performance; and ensuring effective communication with stakeholders.

#### Chairman

- (a) Ensures that appropriate procedures are in place to govern the Board's processes.
- (b) Ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board and that Directors receive the relevant information on a timely basis.
- (c) Encourages healthy discussion and ensures the free expression and discussion of dissenting views.

#### Deputy Chairman

Deputises the Chairman in his absence at general meetings and/or Board or other meetings of the Bank.

#### Senior Independent Director

- (a) Acts as a sounding board to the Chairman.
- (b) Serves as an intermediary for other Directors when necessary.
- (c) Acts as the point of contact for shareholders and other stakeholders.

#### Non-Executive Directors

- (a) Contribute to developing our strategy.
- (b) Scrutinise and constructively challenge the performance of Management in the execution of our strategy.
- (c) Provide checks and balances and ensure that high standards of corporate governance are applied.

#### Group CEO

- (a) Develops the strategic direction of the Bank.
- (b) Ensures that the Bank's strategies and corporate policies are effectively implemented.
- (c) Ensures that Board decisions are implemented, and Board directions are responded to.
- (d) Provides directions in the implementation of short- and long-term business plans.
- (e) Provides strong leadership by effectively communicating the Bank's vision, management philosophy and business strategy to employees.
- (f) Keeps the Board fully informed on all important aspects of the Bank's operations and ensures that sufficient and adequate information is provided to Board members.
- (g) Ensures the day-to-day business affairs of the Bank are effectively managed.

#### 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 the Group Executive Committee ("Group EXCO"), Group AC, Group Nomination & Remuneration Committee ("Group NRC"), Group Risk Management Committee ("Group RMC"), Group Sustainability Committee ("Group SC"), and 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.

## Corporate Governance Overview Statement

### Group Executive Committee (“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 the Bank Negara Malaysia (“BNM”) Guidelines on Credit Transactions and Exposures with Connected Parties.

The Terms of Reference of the Group EXCO was last reviewed by the Board on 24 April 2025.

### Group Audit Committee (“Group AC”)

The Group AC assists the Board in overseeing the Group’s financial and reporting processes. It 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.

The Terms of Reference of the Group AC was last reviewed by the Board on 30 July 2024.

### Group Nomination & Remuneration Committee (“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 Terms of Reference of the Group NRC was last reviewed by the Board on 25 September 2024.

### Group Risk Management Committee (“Group RMC”)

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.

The Terms of Reference of the Group RMC was last reviewed by the Board on 25 October 2023.

### Group Sustainability Committee (“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 Terms of Reference of the Group SC was last reviewed by the Board on 25 May 2023.

### Group Information Technology Committee (“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 Terms of Reference of the Group ITC was last reviewed by the Board on 27 November 2024.

## Corporate Governance Overview Statement

### Board Size, Composition, Tenure and Independence

The Board has 10 members composing entirely of Non-Executive Directors, eight of whom are Independent Directors.

The Board comprises highly skilled and experienced individuals with the respective experience in the areas of banking, finance, accounting, audit, risk management, governance, control, sustainability, law and IT consulting, who collectively have the necessary skills, experience and qualifications to effectively manage the Bank and discharge the responsibilities of the Board. The diverse business backgrounds of the Directors ensure good use of their different and wide-ranging skills, including their regional as well as industry experience, and other attributes for the long-term success of the Bank and the delivery of sustainable value to its shareholders.

The Board considers a strong element of independence among its members as vital for good corporate governance. Independent Directors of the Bank exercise independent judgement and participate in the deliberations of the Board objectively with no individual or small group of individuals dominating the Board's decision-making process. Today, the number of Independent Directors makes up more than 75% of the Board, thereby exceeding the requirement of the BNM Policy Document on Corporate Governance that the Board must have a majority of Independent Directors at all times. We also exceed the requirement laid down in the Bursa Securities MMLR to have at least two Directors or one-third of the Board consisting of Independent Directors.

The Board, through the Group NRC, assesses Independent Directors' independence annually. In the annual assessment of Independent Directors of the Bank for FY2025, the Board was satisfied that each of the Independent Directors of the Bank continued to be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Bank. The Board was also satisfied that each of the Independent Directors continued to fulfil the independence criteria set out in the BNM Policy Document on Corporate Governance, the Bursa Securities MMLR, and the Malaysian Code on Corporate Governance ("MCCG").

The Bank has adopted a nine-year policy for the tenure of Independent Directors and a 12-year policy for the tenure of Non-Independent Non-Executive Directors. As at the date of this Statement, 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.

### Board Gender Diversity

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% of the Board is achieved. 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.

The Board, through the Group NRC, continues to ensure that female candidates are given priority consideration in the succession planning as well as the selection and recruitment process for Directors so as to achieve the gender diversity target of having at least 30% of the Board is represented by women and at the same time maintaining the effectiveness of the Board. As at the date of this report, the Board has three female Directors making up 30% of the Directors.

The Board Gender Diversity Policy was last reviewed by the Board on 27 October 2024.

## Corporate Governance Overview Statement

### Leadership – Board of Directors

**TAN SRI  
AMIRSHAM  
BIN A AZIZ**

**Chairman of  
the Board**



Nationality:  
**Malaysian**



Gender:  
**Male**



Age:  
**74**



**WONG YUEN  
WENG ERNEST**

**Deputy Chairman  
of the Board**



Nationality:  
**Singaporean**



Gender:  
**Male**



Age:  
**80**



**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:**  
**1 October 2024**

- » **Independent Director of Alliance Bank**
- » **Member of the Group Executive Committee**

#### **Qualification:**

- » Bachelor of Economics (Hons), University of Malaya
- » Member of the Malaysian Institute of Certified Public Accountants

Tan Sri Amirsham brings with him over 30 years of working experience in the financial services industry, having served Maybank Group for 31 years holding various senior positions including Maybank's President and Chief Executive Officer for 14 years. He was a Minister in the Prime Minister's Department in charge of the Economic Planning Unit and Department of Statistics from 18 March 2008 to 9 April 2009. He was also Chairman of the National Economic Advisory Council (NEAC) from 1 June 2009 to 31 May 2011.

Currently he is the Chairman of Sunway REIT Management Sdn Bhd (Manager of Sunway Real Estate Investment Trust, a real estate investment trust listed on Bursa Malaysia) and sits on the Board of Hap Seng Plantations Holdings Berhad.

Tan Sri Amirsham was formerly the Chairman of Bursa Malaysia Berhad and a member of the Boards of CapitaLand Limited, Singapore; Petrolim Nasional Berhad (PETRONAS) and RAM Holdings Berhad.

**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:**  
**1 September 2021**

- » **Non-Independent Non-Executive Director of Alliance Bank**
- » **Chairman of the Group Executive Committee**
- » **Member of the Group Nomination & Remuneration Committee**

#### **Qualification:**

- » Bachelor of Science (First Class Honours) in Chemical Engineering, and Honorary Doctorate of University of Surrey, United Kingdom.

Mr Wong started his career in 1967 with the Singapore Economic Development Board and later with the Ministry of Finance. In 1972 Mr Wong joined the United Overseas Bank ("UOB") Group in Singapore. During his 30 years with the UOB Group, Mr Wong held several key appointments, including 10 years as Group President and as a Member of the UOB Board & its Executive Committee before leaving UOB to join Mediacorp Pte Ltd as its Group CEO and later as Chairman. While at Mediacorp, he remained as a Board Member of the UOB Group, and Chairman of its Audit Committee. Over the course of his career, he was a Member of the Temasek Advisory Panel for 10 years and served as Board Trustee & Chairman, Investment/Endowment Fund Committee of Nanyang Technological University for 17 years, Board Member of Singapore Health Services (Singapore General Hospital) for 9 years, Board Member of the Economic Development Board of Singapore ("EDB") and President-Commissioner of Bank Internasional Indonesia ("BII") TBK.

Currently Mr Wong serves as Senior Advisor of Temasek, Chairman of Fullerton Financial Holdings Pte Ltd, Matt Capital Pte Ltd and A. Menarini Asia-Pacific Holdings Pte Ltd



## Corporate Governance Overview Statement

### Leadership – Board of Directors

#### TAN CHIAN KHONG

Independent Director  
of Alliance Bank



Nationality:  
Singaporean



Gender:  
Male



Age:  
69



#### SUSAN YUEN SU MIN

Independent Director  
of Alliance Bank



Nationality:  
Malaysian



Gender:  
Female



Age:  
65



Date of Appointment to the Board of Alliance Bank Malaysia Berhad:  
**26 September 2017**

- » Chairman of the Group Audit Committee
- » Member of the Group Executive Committee

#### Qualification:

- » Bachelor of Accountancy, National University of Singapore
- » Master of Business Administration, University of South Australia
- » Master of International Environmental Management, University of Adelaide, Australia
- » Member of the American Institute of Certified Public Accountants
- » Fellow of the Institute of Singapore Chartered Accountants and of CPA Australia

Mr Tan Chian Khong has 35 years of experience in the audit industry. He was a partner at Ernst & Young LLP from July 1996 till his retirement in June 2016.

Mr Tan serves as an Independent Director in a number of companies listed on the Singapore Stock Exchange namely, Banyan Tree Holdings Ltd, CSE Global Limited, Hong Leong Asia Ltd and The Straits Trading Company Ltd.

He is a Board member of SMRT Corporation Ltd and the Gambling Regulatory Authority of Singapore, a statutory board in Singapore.

Date of Appointment to the Board of Alliance Bank Malaysia Berhad:  
**15 October 2018**

- » Chairman of the Group Nomination & Remuneration Committee
- » Chairman of the Group Sustainability Committee

#### Qualification:

- » Bachelor of Computer Science (Honours), University of London, United Kingdom

Ms Susan Yuen Su Min has over 30 years of working experience in the banking industry. She has served in a number of banking establishments including Maybank and HSBC Malaysia. She was also previously attached to the National Bank of Abu Dhabi Malaysia Berhad ("NBAD") where she was the Regional CEO Asia and Country CEO Malaysia from 2014 to 2018. Prior to joining NBAD, she served as CEO of ANZ Banking Group in Hong Kong from 2009 to 2014.

Ms Susan serves as an Independent Director of Batu Kawan Berhad and Press Metal Aluminium Holdings Berhad (both listed on Bursa Malaysia). She is also an Independent Director of Chubb Insurance Malaysia Berhad.

## Corporate Governance Overview Statement

### Leadership – Board of Directors



**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:**  
**1 July 2020**

- » **Chairman of the Group Information Technology Committee**
- » **Member of the Group Risk Management Committee**

#### **Qualification:**

- » Bachelor of Science (Computer and Information Sciences), National University of Singapore, Singapore

Mr Lum Piew has over 32 years of experience in the consulting and technology industry. He began his career as a consultant at Andersen Consulting (renamed to Accenture in 2001) in 1992. By 2004, he had risen through the ranks to become Managing Director in the Communications, Media and Technology Industry Group. His experience covers management consulting, system integration, outsourcing, and digital transformation serving clients across telecommunications, media and internet companies. He held the position until his retirement in 2016.

Mr Lum is a Non-Independent Non-Executive Director of Cloudaron Group Berhad which is listed on Bursa Malaysia.



**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:**  
**1 June 2021**

- » **Member of the Group Audit Committee**
- » **Member of the Group Information Technology Committee**
- » **Member of the Group Sustainability Committee**

#### **Qualification:**

- » Bachelor of Mathematics, University Putra Malaysia
- » Member of the Malaysian Institute of Certified Public Accountants
- » Member of the Malaysian Institute of Accountants
- » Fellow and Faculty Member of the Institute of Corporate Directors Malaysia

Ms Cheryl Khor has more than 25 years of experience covering financial, operational and internal audits as well as governance, controls, sustainability, and risk assessments for clients across a broad range of industries.

She began her career in 1998 as a financial auditor and chartered accountant at Ernst & Young. Ms Khor diversified her skill sets and breadth of experience when she joined Deloitte in 2013 where she led the Risk Advisory practice, complementing her chartered accountant experience with sustainability, governance and risk expertise. She was appointed as its Managing Director in 2014 and held the position until 2021. Whilst in Deloitte, she held numerous leadership positions culminating her career as the Asia Pacific Accounting and Internal Control Leader and was also elected to the Deloitte South East Asia Board of Directors.

Ms Khor serves as an Independent Director of Kuala Lumpur Kepong Berhad and Hong Leong Industries Berhad, which are listed on the Main Market of Bursa Malaysia. She is also an Independent Director of Chubb Insurance Malaysia Berhad, Leader Energy Group Berhad and RAM Holdings Berhad respectively.

## Corporate Governance Overview Statement

### Leadership – Board of Directors

#### CHIA YEW HOCK WILSON

**Non-Independent  
Non-Executive  
Director of  
Alliance Bank**



Nationality:  
**Singaporean**



Gender:  
**Male**



Age:  
**71**



#### DR. JOHN LEE HIN HOCK

**Independent Director  
of Alliance Bank**



Nationality:  
**Malaysian**



Gender:  
**Male**



Age:  
**59**



**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:**  
**3 November 2023**

- » **Member of the Group Executive Committee**
- » **Member of the Group Information Technology Committee**
- » **Member of the Group Risk Management Committee**
- » **Member of the Group Sustainability Committee**

#### **Qualification:**

- » Master of Business Administration, National University of Singapore, Singapore
- » Chartered Management Accountant, Chartered Institute of Management Accountants, United Kingdom
- » Associate Chartered Secretary, Institute of Chartered Secretaries and Administrators, United Kingdom
- » Bachelor of Accountancy, University of Singapore, Singapore

Mr. Chia is a highly seasoned banker with 35 years of experience in the financial services industry.

He is a Banking Consultant/Advisor since April 2016 on Strategy, Customer Segmentation, Risk Management, Wealth Management, SME Banking, Product Pricing, Governance, Distribution Network Optimisation, Organisation Restructuring/Transformation and Cost Re-engineering, Training and Incentive Plans, Financial Planning/Budgeting/Forecasting and Digital Banking.

Most recently, Mr. Chia was a Banking Advisor/CEO Designate to a Consortium Group applying for Digital Bank licence in Singapore from February 2020 to December 2020.

Over the course of his career, Mr. Chia has been with Fullerton Financial Holdings ("FFH"), during which he was Head of SME and Commercial Banking, overseeing portfolios across emerging markets including Indonesia, Malaysia, India, Pakistan, and China.

Before joining FFH, Mr. Chia served 23 years in Standard Chartered Bank, his last position held was as Country Head, Consumer and SME Banking, China. Prior to his banking career, he has performed financial controller roles in multinational companies.

**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:**  
**1 April 2024**

- » **Independent Director of Alliance Islamic Bank Berhad**
- » **Chairman of the Group Risk Management Committee**
- » **Member of the Group Nomination & Remuneration Committee**

#### **Qualification:**

- » Chartered Banker, Asian Institute of Chartered Bankers, Malaysia
- » Fellow Certified Practising Accountant, Australia Society of Certified Practising Accountants, Australia
- » Doctor of Philosophy (Economics), Monash University, Australia
- » Bachelor of Economics, Monash University, Australia

Dr John Lee Hin Hock is a highly seasoned banker with extensive experience in the financial services industry.

Prior to joining Alliance Bank, Dr John was the Country CEO and CEO of Maybank Singapore from December 2017 until his retirement in December 2023, where he held single-captainship responsibility for the entire spectrum of operations in Maybank Singapore. Before this, Dr John was the Group Chief Risk Officer of Maybank Group from 2011 to November 2017.

Over the course of his career, Dr John had been a Partner of KPMG Advisory from 1997 to 2010 where he was KPMG Global Islamic Finance Group Leader, Asia Pacific Financial Risk Management Practice Head and Malaysia Financial Services Practice Head; and the General Manager of the Kuala Lumpur Options & Financial Futures Exchange (now known as Malaysia Derivatives Exchange) from 1994 to 1997 where he was responsible for the overall operations of the Exchange.

Dr John is a leading expert in Islamic Finance and was a member in several working groups of the Islamic Financial Services Board. He has published extensive thought leadership articles in the areas of shareholder value creation, performance management, Islamic Finance, risk management and Basel II.

Dr John is also an Independent Director of Alliance Islamic Bank Berhad.

## Corporate Governance Overview Statement

### Leadership – Board of Directors

#### STEPHEN OONG KEE LEONG

Independent Director  
of Alliance Bank



Nationality:  
Malaysian



Gender:  
Male



Age:  
69



#### LILY ROZITA BINTI MOHAMAD KHAIRI

Independent Director  
of Alliance Bank



Nationality:  
Malaysian



Gender:  
Female



Age:  
54



Date of Appointment to the Board of Alliance Bank Malaysia Berhad:  
**1 September 2024**

- » Independent Director of Alliance Islamic Bank Berhad
- » Member of Group Audit Committee
- » Member of the Group Executive Committee

#### Qualification:

- » Bachelor of Accounting, University of Malaya
- » Member of the Malaysian Institute of Certified Public Accountants
- » Member of the Malaysian Institute of Accountants
- » Member of Certified Practising Accountants, Australia

Mr. Stephen Oong has more than 40 years of experience in the audit industry. He was the Audit Technical Partner of Ernst & Young, Malaysia from 2002 until his retirement in June 2016. Following his retirement, Mr. Stephen Oong continued as the Senior Technical Advisor for Ernst & Young, East Malaysia for 6 years until 2022.

Over the course of his career, Mr. Stephen Oong has performed audits of financial statements of listed and non-listed entities in Malaysia, Singapore and Hong Kong in diverse industries including banking, finance, insurance, manufacturing, trading, property development, hotels, plantations and construction.

He was also involved in various corporate capital market exercises undertaken by companies in Malaysia such as initial public offerings, corporate restructurings, rights issues and special purpose acquisition corporations. He was also very actively involved in financial reporting and accounting standards activities in Malaysia.

Mr. Stephen Oong is currently the External Technical Consultant to an accounting firm, Moore Stephens Associates PLT. He is also an Independent Director of Alliance Islamic Bank Berhad.

Date of Appointment to the Board of Alliance Bank Malaysia Berhad:  
**15 November 2024**

- » Member of Group Audit Committee
- » Member of Group Risk Management Committee

#### Qualification:

- » Bachelor of Laws (LLB Honours), University of Wales, College of Cardiff, United Kingdom
- » Diploma in Human Resource Management, Management Institute of Personnel Management

Puan Lily Rozita has 30 years of experience within Shell organisation holding a variety of roles, primarily in Legal, Ethics & Compliance and Human Resources management.

Prior to her retirement in October 2024, Puan Lily Rozita was the Ethics & Compliance Officer in Shell for Projects & Technology and Global Functions overseeing Europe, UK, US, Canada, South America, Africa, Middle East and Asia Pacific ethical interests. Her earlier roles involved leading Shell's in-country legal team, change management, corporate governance, board management, talent development, litigation management, policy formulation and crisis and risk management.

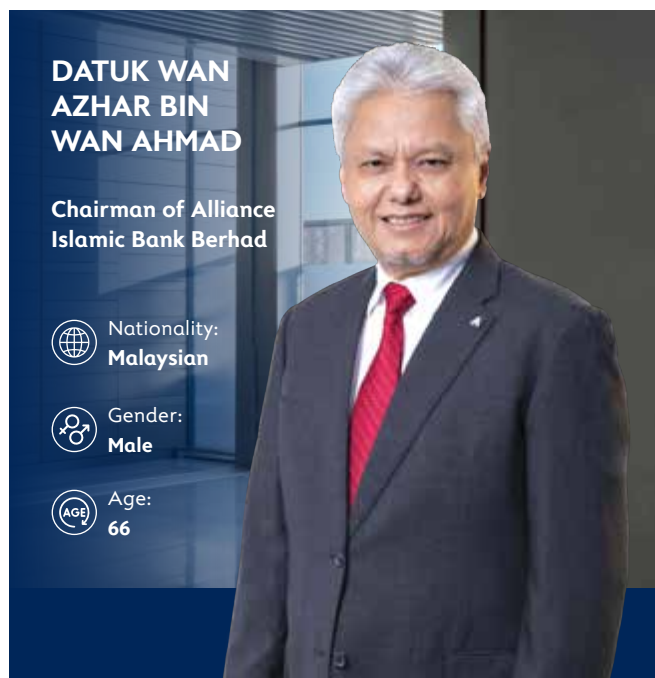
Throughout her career, Puan Lily Rozita has successfully managed a diverse range of stakeholders organisationally and culturally, including corporate, government and academics during her tenure as a Board of Governor of Kolej Tuanku Jaafar representing Shell, secondment to Government agencies and stints as Board of Directors on Shell Malaysia's subsidiary companies.

Currently, Puan Lily Rozita sits on the Boards of Wasco Berhad, which is listed on Bursa Malaysia, and SumiSaujana Group Berhad.



## Corporate Governance Overview Statement

### Leadership – Board of Directors



**Date of Appointment to the Board of Alliance Islamic Bank Malaysia Berhad: 18 November 2015**

» **Non-Independent Non-Executive Director of Alliance Islamic Bank Berhad**

#### Qualification:

- » Bachelor in Business Administration (Finance), University of Pacific, Stockton, CA, USA
- » Master in Business Administration (International Business), National University San Diego, CA, USA

Datuk Wan Azhar bin Wan Ahmad was the Chief Executive Officer of Credit Guarantee Corporation Malaysia Berhad ("CGC") from 1997 until his retirement in December 2014. He began his career in banking as a Loans Executive of Hong Leong Bank in 1985 and left the bank as Head of Branches Operations in 1993. He then joined CGC as Head of Credit. In 1995, he was promoted to Assistant General Manager and subsequently to Chief Executive Officer in 1997. In 2000, he was appointed to the Board of Directors and assumed the role of Managing Director.

One of the highlights of his career was the transformation of CGC from a traditional credit guarantee provider into a market-driven and financially sustainable SME-support institution. He was instrumental in the setting up of Credit Bureau Malaysia (CBM) where he was the Chairman for six years from 2008 to 2014. On the international front, he was also Chairman of the Association of Development Financial Institutions for Asia Pacific Region (ADFIAP) from 2012 to 2014.

He was appointed as Consultant to the World Bank from 2015 to 2021, undertaking projects relating to SME financing in the Middle East.

Datuk Wan Azhar also serves on the Board of Small Medium Enterprise Development Bank Malaysia Berhad.

Datuk Wan Azhar has retired as a Director of Alliance Bank effective 7 April 2024 after having served the Bank for a maximum period of nine years as an Independent Director. Concurrently, he was redesignated as a Non-Independent Non-Executive Director/Chairman of Alliance Islamic Bank Berhad.



**Date of Appointment to the Board of Alliance Islamic Bank Malaysia Berhad: 1 September 2016**

» **Member of the Group Risk Management Committee**

#### Qualification:

- » Bachelor of Economics (Honours), University of Malaya

Tuan Haji Ibrahim bin Hassan has over 30 years of banking experience. He was the Managing Director/Chief Executive Officer of RHB Islamic Bank Berhad from 2 September 2013 to 1 August 2016.

He began his illustrious career in the banking industry in the dealing rooms of three Maybank International Offices in Hong Kong, New York and London for more than 10 years. Upon returning to Malaysia, he was instrumental in strengthening the treasury operations of the Maybank Group. He was subsequently appointed as the Chief Executive Officer of Maybank Discount from 1996 to 1998. Thereafter, he became the head of the market risk division where he developed the market risk management policies and model for the Maybank Group.

Tuan Haji Ibrahim was promoted as Head of International Banking in 2001 to oversee the operations of Maybank's international branches and subsidiaries in 14 countries. In 2007, he was reassigned to lead a team to de-merge the operations of Maybank's Islamic window operations into a separate full-fledged Islamic banking subsidiary of Maybank Group. He was appointed as Chief Executive Officer of Maybank Islamic when it began operations in January 2008. He was the president director of Maybank Syariah Indonesia, previously known as Maybank Indocorp, which commenced operations in October 2010.



## Corporate Governance Overview Statement

### Leadership – Board of Directors



Date of Appointment to the Board of Alliance Islamic Bank Malaysia Berhad: **15 February 2019**

» Member of the Group Sustainability Committee

#### Qualification:

» Bachelor of Laws (LLB), University of Malaya

Dato' Ahmad Hisham bin Kamaruddin was the founding and senior partner of Messrs Hisham & Associates. His career spans over 36 years in various areas of law including banking law, commercial agreements, corporate law and has extensive experience in corporate banking and finance, loan and securities documentations as well as corporate matters. He focuses on complex joint-venture agreements between Malaysian entities and foreign investors. His other areas of expertise include cross-border estate planning, intellectual property and aviation law.

Dato' Ahmad Hisham has acquired experience in the field of Information & Communication Technology pertaining to Purchase & Supply, Delivery, Installation, Commissioning and use of Hardware & Software as well as in Hardware Maintenance, Product Sales and Service Agreements. In the process, he has experience in drafting Software and the Protection of Licensing Agents Ownership of Software agreements.

Dato' Ahmad Hisham has also accumulated more than 30 years of experience in the insurance industry, having advised on various insurance matters.

Dato' Ahmad Hisham previously served as Tribunal President for the Consumer Court in Malaysia, Council Member of the Malaysia Competition Commission and Council Member of the Malaysian Heritage Council.

He is a Notary Public appointed by the Attorney General of Malaysia.



Date of Appointment to the Board of Alliance Islamic Bank Malaysia Berhad: **3 February 2020**

» Member of the Shariah Committee

#### Qualification:

» Bachelor of Business Administration, Universiti Kebangsaan Malaysia  
» Certificate in Islamic Law, International Islamic University  
» Certified Shariah Practitioner, Association of Shariah Advisors in Islamic Finance (ASAS)

Tuan Haji Rustam was the former Deputy Director of the Islamic Banking and Takaful Department, Bank Negara Malaysia ("BNM"). He joined BNM in 1986 after graduating from Universiti Kebangsaan Malaysia. Tuan Haji Rustam was part of the team responsible for the development of Islamic banking in BNM since the early 1990s until 2018.

Given his strong affiliation and experience in Islamic finance, Tuan Haji Rustam has been regularly invited to share his experience, in particular on Islamic banking, at several international conferences, both in and outside Malaysia.

## Corporate Governance Overview Statement

### Leadership – Board of Directors



**Date of Appointment to the Board of Alliance Islamic Bank Malaysia Berhad: 1 February 2025**

#### Qualification:

- » Member of the Institute Corporate Directors Malaysia (ICDM)
- » Bachelor of Science (Second Class Upper) in Economics & Accounting, University of Bristol, England

Puan Mia Idora is an experienced investment banker having been part of the community of investment bankers for more than 20 years.

She was the co-head of Malaysia investment banking and capital markets coverage at Credit Suisse Group AG from November 2017 until her retirement in February 2023. Her key focus was on driving the growth of investment banking and capital markets business in Malaysia covering Equity Capital Markets, Debt Capital Markets, Mergers and Acquisitions, and Structured Funding.

Prior to that, Puan Mia Idora was with Maybank Investment Bank Berhad from October 2010 to October 2017. She co-headed the Investment Banking and Mergers & Acquisitions Division. From 1997 to 2010, she was with RHB Investment Bank Berhad, Affin Merchant Bank Berhad and AmMerchant Bank Berhad respectively holding various positions in Corporate Finance and Corporate Investment Banking.

#### Additional Information on the Directors of Alliance Bank

##### (i) Directors' interest in the shares of the Bank as at 31 March 2025

None of the Directors has any interest in the shares of the Bank.

##### (ii) Family relationship

None of the Directors has any family relationship with the other Directors and/or major shareholders of the Bank.

##### (iii) Conflict of interest

None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with the Bank or its subsidiaries.

##### (iv) List of convictions for offences and public sanctions or penalties

None of the Directors has been convicted of any offences within the past five years (other than traffic offences) as at 31 March 2025, nor has any public sanction or penalty been imposed upon any of them by the relevant regulatory bodies during FY2025.

## Corporate Governance Overview Statement

### Leadership – Senior Management



**Joined: 1 September 2022**

**Appointment to Current Position: 1 September 2022**

#### Qualification:

- » Master in Business Administration, Richmond, The American International University in London
- » Master of Arts in South East Asian Business World (School of Oriental and African Studies), University of London
- » Bachelor of Law, LLB (Honours), Manchester Metropolitan University, United Kingdom

Mr Kam brings with him over 24 years of experience in the financial services industry. He most recently served as an independent director of Bank of America Malaysia Berhad since October 2016, and was appointed its Chairman in June 2021. Prior to his stint at the Bank of America, Mr Kam was with the RHB Banking Group for over 13 years and served as its Group Managing Director from 2011 to 2015.

As Alliance Bank's Group Chief Executive Officer, Mr Kam is responsible for the development and implementation of the Group's strategies, objectives and policies with a focus on meeting its commitments to its stakeholders. Together with the Board of Directors, Mr Kam will continue to promote a sound corporate culture that reinforces ethical, prudent and professional behaviour.

Presently, Mr Kam serves as an Independent Non-Executive Director at Credit Guarantee Corporation Malaysia Berhad ("CGC"). He is also the Director of Asian Banking School and Credit Bureau Malaysia Sdn Bhd.

**Joined: 2 December 2024**

**Appointment to Current Position: 2 December 2024**

#### Qualification:

- » Bachelor of Arts in Business Administration (Hons) majoring in Finance, Universiti Utara Malaysia

Mr Kwong joined Alliance Bank as Head of Remedial Management before moving on to several other roles in credit, recovery and sales within the business banking segment. He has over 26 years of experience in the SME and Commercial segments at both local and international financial institutions. Prior to his current appointment, Mr Kwong was the Executive Vice President, Group Chief Executive's Office and was instrumental in the building of the Group's SME and Commercial Business and subsequently assisting in the revamping of the Group's Corporate Banking Business.

In his current role as Group Chief Operations Officer, Mr Kwong, with his deep understanding of our Bank and operational expertise, will be invaluable in ensuring efficiency, reliability, and operational excellence across the banking group.

## Corporate Governance Overview Statement

### Leadership – Senior Management



**RONNIE  
ROYSTON  
FERNANDIZ**

**Group Chief  
Financial Officer**



Nationality:  
**Malaysian**



Gender:  
**Male**



Age:  
**56**

**Joined: 16 July 2020**

**Appointment to Current Position: 16 July 2020**

#### **Qualification:**

- » Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- » Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)
- » Bachelor of Accounting (Honours), Universiti Malaya

Mr Fernandiz brings with him 30 years of working experience in both banking and professional services. He began his career as an auditor at Arthur Andersen/Ernst & Young before making the move to the Malaysian Industrial Development Finance. Prior to joining Alliance Bank, Mr Fernandiz was the Chief Financial Officer for Group Global Banking and Chief Financial Officer for International Business at Malayan Banking Berhad.

As the Group Chief Financial Officer of Alliance Bank, Mr Fernandiz oversees, manages and optimises the Bank's financial resources. He is responsible for the financial planning, forecasting and budgeting, management of financial liquidity and capital risks, accounting, and integrity of the Bank's financial and regulatory reporting.



**GAN  
PAI LI**

**Group Chief  
Consumer  
Banking Officer**



Nationality:  
**Malaysian**



Gender:  
**Female**



Age:  
**53**

**Joined: 1 August 2019**

**Appointment to Current Position: 1 August 2019**

#### **Qualification:**

- » Master of Business Administration, University of Manchester, United Kingdom
- » Bachelor of Education (TESL), Universiti Malaya

Ms Gan joined Alliance Bank on 1 August 2019 to build and drive the next phase of growth for the Consumer Banking business. At Alliance Bank, she pioneered the launch of e-KYC capabilities and virtual credit cards in the digital space; and portfolio financing in the wealth space.

She has more than 28 years of financial services experience in the areas of retail and wholesale banking, private wealth, private equity, and mergers and acquisitions.

Prior to joining Alliance Bank, Ms Gan was the Group Chief Strategy and Transformation Officer of RHB Bank Berhad where she was a key advisor to the Group Managing Director in formulating the organisation's strategic plans and execution of key initiatives in core business lines across various countries.

Before her tenure at RHB Bank, Ms Gan was the Senior Managing Director in Group Strategy and Strategic Investments at CIMB Investment Bank. At CIMB, she executed numerous mergers and acquisitions across Asia Pacific as part of the Group's franchise expansion exercise.



## Corporate Governance Overview Statement

### Leadership – Senior Management



**Joined: 2 October 2022**

**Appointment to Current Position: 1 February 2023**

**Qualification:**

» Bachelor's Degree in Accounting and Finance, University of Western Australia

Mr Chui has more than 30 years of experience in the Banking and Financial sector. His specific expertise includes leading, growing and positioning the Commercial Banking, SME, Digital SME and Transaction Banking for long-term success in Malaysia and beyond. Prior to joining Alliance Bank, he was an Executive Director and Country Function Head of Business Banking in UOB Malaysia. He was responsible to grow business banking segment in Malaysia including sales, product and portfolio management, digital solutions for SMEs, trade and cash management. He had also spent 2 years in UOB Group, Singapore as Group Product Head covering SME product development for Malaysia, Indonesia, Singapore and Thailand market.

In his current role as Group Chief Business and Transaction Banking Officer, Mr Chui is responsible for growing the Bank's Commercial Banking, SME, Digital SME business segments and Transaction Banking. He will be working on delivering value through partnerships with regulators, business associates, investors and customers.



**Joined: 8 May 2023**

**Appointment to Current Position: 8 May 2023**

**Qualification:**

» Bachelor of Economics, majoring in Applied Statistics, Universiti Malaya

Ms Teoh has more than 20 years of experience in the financial services industry spanning across corporate finance, capital markets, corporate banking, project financing, structured and leveraged finance as well as loans syndication. Prior to joining Alliance Bank, Ms Teoh served for more than 12 years in Group Corporate Banking at RHB Bank, leading its Large Corporates and Syndication division. Before her tenure at RHB Bank, she was with Bursa Malaysia Berhad in the Securities Market division, gaining valuable experience in equity market developments and regulatory frameworks.

In her current role as Group Chief Corporate & Institutional Banking Officer, Ms. Teoh oversees the Group's lines of business in corporate banking and capital markets advisory services.



## Corporate Governance Overview Statement

### Leadership – Senior Management



**RIZAL IL-EHZAN  
FADIL AZIM**

**Chief Executive  
Officer,  
Alliance Islamic  
Bank Berhad**



Nationality:  
**Malaysian**



Gender:  
**Male**



Age:  
**54**

**Joined: 12 November 2012**

**Appointment to Current Position: 1 August 2017**

#### **Qualification:**

- » Bachelor of Science (Honours), Accountancy and Finance, University of Warwick, United Kingdom

En Rizal's 30-year career has spanned management consulting, banking, and insurance. He has served in senior strategy and finance roles at Hong Leong Islamic Bank and EONCAP Islamic Bank, after stints in The Boston Consulting Group and Bank Negara Malaysia.

En Rizal was the Deputy Chief Executive Officer and Senior Vice President, Strategy and Business Performance, before being appointed the Chief Executive Officer of Alliance Islamic Bank ("AIS").

As Chief Executive Officer, En Rizal is responsible for driving profitable growth of the Group's Islamic Banking business.



**TAN ENG  
KIANG**

**Group Chief  
Financial  
Markets Officer**



Nationality:  
**Malaysian**



Gender:  
**Male**



Age:  
**61**

**Joined: 14 July 2014**

**Appointment to Current Position: 25 November 2014**

#### **Qualification:**

- » Professional Qualification, Chartered Institute of Management Accountants, United Kingdom
- » Chartered Banker, Asian Institute of Chartered Bankers (AICB)
- » Diploma in Commerce, Tunku Abdul Rahman College, Malaysia

Mr Tan has more than 30 years of experience in financial markets. He has served at several large banking groups as well as an established regional bank performing various functions and roles including treasury operations, treasury sales, trading, investment and funding/liquidity management.

As Group Chief Financial Markets Officer, Mr Tan oversees four core financial market activities, namely funding/liquidity management and investment, trading, treasury sales, and asset/liability management for the Group.

## Corporate Governance Overview Statement

### Leadership – Senior Management

#### NANTHA KUMAR SUBRAMANIAN

Group Chief  
Digital Officer



Nationality:  
Malaysian



Gender:  
Male



Age:  
49



#### PETER FONG SEOW LOONG

Group Chief  
Credit Officer



Nationality:  
Malaysian



Gender:  
Male



Age:  
57



Joined: 13 November 2024

Appointment to Current Position: 13 November 2024

#### Qualification:

- » Wharton Business School (University of Pennsylvania): Certificate in Connected Strategy (Digital Transformation)
- » Questrom School of Business (Boston University): Certificate in Digital Transformation Strategy
- » UI Path: Diploma in Robotic Process Engineering and Business Analysis
- » Oxford University, Said Business School: High-Performance Management & Leadership
- » Certificate in Cloud Computing and Cyber Security
- » INCEIF (The Global University of Islamic Finance): Certificate in Islamic Banking
- » EarthWatch (WWF & HSBC Partnership): Certified Sustainability Leader
- » Liverpool John Moores University: BEng (Hons) in Manufacturing Systems Engineering and HND in Mechatronics

Nantha Kumar Subramanian is a seasoned technology leader with over 24 years of global experience driving digital innovation, transformation, and technology strategy across industries including Healthcare, Fintech, Financial Services, and High-Tech Manufacturing. Renowned for delivering scalable and future-ready digital ecosystems, Nantha excels in modernizing legacy systems, leading large-scale operations, and leveraging data-driven strategies to drive business growth and enhance customer experiences.

A champion of digital transformation, Nantha has partnered with financial institutions, insurance firms, and fintech companies to design and implement enterprise-level digital strategies. His expertise spans digital strategy execution, business transformation, AI and cloud adoption, cybersecurity, and streamlining operations to unlock efficiencies and maintain a competitive edge in the evolving digital landscape.

Joined: 10 February 2014

Appointment to Current Position: 1 October 2014

#### Qualification:

- » Bachelor of Arts in Economics, University of Leicester, United Kingdom
- » Chartered Banker, Chartered Banker Institute (UK)
- » Chartered Banker, Asian Institute of Chartered Bankers (AICB)

Mr Fong initially joined Alliance Bank as Head, Group Corporate Credit. He has 34 years of experience in the local and regional banking industry.

Mr Fong began his career at HSBC Bank where he was involved in various banking functions including corporate risk, recovery, credit assessment, corporate policy and portfolio management. His stint at HSBC included two years at HSBC Hong Kong as Senior Manager, Asia Pacific Risk. Prior to joining Alliance Bank, Mr Fong was the Head of Wholesale Credit for a local financial institution, where he was responsible for its corporate, commercial and SME credit evaluation activities.

As Group Chief Credit Officer, Mr Fong is responsible for overseeing the bank's credit risk and approval, as well as monitoring early warning. He has been appointed as a Member of the Industry Curriculum and Examination Committee (ICEC) for Credit under the Asian Institute of Chartered Bankers (AICB), from 3 March 2025 to 31 December 2026.

## Corporate Governance Overview Statement

### Leadership – Senior Management



**Joined: 6 December 2010**

**Appointment to Current Position: 10 August 2019**

#### Qualification:

- » PhD in Engineering, University of Nottingham, United Kingdom
- » Bachelor of Engineering, University of Manchester, United Kingdom

Dr Sum has more than 24 years of combined management consulting, research and industry experience. His key expertise is in business strategy, operating model design, customer experience, process optimisation and digital transformation. In his previous roles at Accenture and A.T. Kearney, he worked on large-scale transformation programmes with banks across the ASEAN region.

Presently, Dr Sum also sits on the Board of AllianceDBS Research Sdn Bhd.

As Group Chief Strategy & Transformation Officer, Dr Sum is responsible for shaping and executing the Group's overall strategic and transformation plans, including strengthening the Group's brand positioning and forming strategic alliances to expand growth.



**Joined: 3 January 2023**

**Appointment to Current Position: 1 June 2024**

#### Qualification:

- » Bachelor of Accountancy Studies (Hons), University of Portsmouth, United Kingdom
- » Fellow, Association of Chartered Certified Accountants (ACCA)

Ms Tan has over two decades of experience in human resources and finance, with a strong background in consulting and corporate leadership. Prior to joining Alliance Bank, she held leadership roles at Prudential Assurance Malaysia Berhad, Willis Towers Watson, and Ernst & Young.

As a seasoned professional with a blend of strategic, analytical, and people-focused skills, she places strong emphasis on shaping workforce strategies, fostering a high-performance culture, and driving organisational excellence. Her diverse background allows her to align human capital initiatives with the bank's long-term goals, ensuring cohesive talent development and organisational growth.

As the Group Chief Human Resource Officer, Ms Tan oversees the Group Human Resource function, promoting a culture of high performance and driving organisational excellence for sustainable success.

## Corporate Governance Overview Statement

### Leadership – Senior Management



**Joined: 15 April 2021**

**Appointment to Current Position: 15 April 2021**

#### Qualification:

- » Master of Business Administration, University of Liverpool, United Kingdom
- » Chartered Banker, Asian Institute of Chartered Bankers (AICB)

Mr Jacob has more than 30 years of working experience in the financial services industry. He began his career with BNY Mellon Bank, USA. Upon returning to Malaysia, he joined the Maybank Group and took on various roles within the Group Risk function, including serving as a member of the Risk Management Committee of the Board of Maybank Subsidiaries.

In his current role as Group Chief Risk Officer, Mr Jacob is responsible for the Group's overall risk management strategy and ensuring sound risk management practices are applied and balanced with the Group's overall growth strategy.



**Joined: 1 November 2018**

**Appointment to Current Position: 1 February 2019**

#### Qualification:

- » Bachelor of Jurisprudence (Honours), Universiti Malaya

Mr Teh joined Alliance Bank as the Head of Business Compliance and Control for Group Consumer Banking. He has over 19 years of experience spanning various compliance and supervisory roles at several financial institutions and at a regulatory organisation.

Before his tenure at Alliance Bank, Mr Teh was attached to a locally based foreign bank, where he was responsible for the development and implementation of the overall compliance strategy and framework including policies, processes, programmes, tools, and controls.

Mr Teh heads the Group Compliance function, where he is responsible for the identification, assessment, monitoring, and reporting of compliance risk across the Group.



## Corporate Governance Overview Statement

### Leadership – Senior Management



**ANDREW  
NG YIN MIN**

**Group Chief  
Internal Auditor**



Nationality:  
**Malaysian**



Gender:  
**Male**



Age:  
**41**

**Joined: 1 March 2021**

**Appointment to Current Position: 1 April 2024**

#### **Qualification:**

- » Bachelor of Science (Honours) in Applied Accounting, Oxford Brookes University, United Kingdom
- » Certified Expert in Sustainable Finance
- » Certified Information Systems Auditor (CISA)
- » ISO27001 Provisional Auditor

Mr Ng has more than 16 years of experience in the audit industry. Prior to joining Alliance Bank, Mr Ng was attached to the Risk Advisory division in Deloitte, providing audit and consultancy services to clients from various industries such as banking, insurance, telecommunications, energy and healthcare. For the past three years in Alliance Bank, Mr Ng led the data analytics and system enhancement initiatives for Group Internal Audit.

As the Group Chief Internal Auditor, Mr Ng leads the Group Internal Audit to provide independent, objective assurance over the quality and effectiveness of the Bank's internal control, risk management and governance system and processes. He reports functionally to the Group Audit Committee and administratively to the Group Chief Executive Officer.



**LEE  
WEI YEN**

**Group Company  
Secretary**



Nationality:  
**Malaysian**



Gender:  
**Male**



Age:  
**60**

**Joined: 1 April 2004**

**Appointment to Current Position: 1 December 2004**

#### **Qualification:**

- » Master of Business Administration in Finance, Universiti Putra Malaysia
- » Master of Advanced Business Practice, University of South Australia
- » Associate Member, Malaysian Institute of Chartered Secretaries and Administrators

With over 32 years of corporate secretarial experience, Mr Lee plays a leading role in good governance by helping the Board of Directors and its committees function effectively and in accordance with their terms of reference and best practices.

Mr Lee's responsibilities as Group Company Secretary encompass providing counsel to the Board of Directors and Board Committees on governance matters. He ensures that the Group complies with the required corporate disclosure requirements, and that Board procedures are followed and all decisions by the Board adhere to applicable rules and regulations.

Mr Lee also facilitates the effective communication and flow of information between the Board and Senior Management as well as the Board development processes including Board evaluation, induction and the continuous training and development of Directors.



## Corporate Governance Overview Statement

### Leadership – Senior Management

#### Notes:

None of the Bank's Senior Management has:

- (i) any family relationships with any Directors and/or major shareholders of the Bank.
- (ii) any conflict of interest or potential conflict of interest, including interest in any competing business with the Bank or its subsidiaries.
- (iii) been convicted of any offences within the past five years (other than traffic offences) as at 31 March 2025.
- (iv) had any public sanction or penalty imposed upon any of them by the relevant regulatory bodies during FY2025.

Save as disclosed below, none of the other Senior Management has any interest in the shares of the Bank as at 31 March 2025:

| Name                      | No. of Alliance Bank shares held as at 31 March 2024 |      |                    |   | No. of Alliance Bank shares held as at 31 March 2025 |      |                    |   |
|---------------------------|--|------|--------------------|---|--|------|--------------------|---|
|                           | Direct   | %    | Indirect           | % | Direct   | %    | Indirect           | % |
| Aaron Sum Wei Wern        | 146,200  | 0.01 | -                  | - | 146,200  | 0.01 | -                  | - |
| Ernest Kwong Kah Wah      | 30,000   | *    | -                  | - | 50,000   | *    | -                  | - |
| Lee Wei Yen               | 219,800  | 0.01 | -                  | - | 219,800  | 0.01 | -                  | - |
| Peter Fong Seow Loong     | 69,500   | *    | -                  | - | 80,000   | 0.01 | -                  | - |
| Raymond Chui Keng Leng    | -  | -    | -                  | - | 30,000   | *    | -                  | - |
| Rizal IL-Ehzan Fadil Azim | 47,500   | *    | -                  | - | 47,500   | *    | -                  | - |
| Ronnie Royston Fernandiz  | -  | -    | 2,000 <sup>#</sup> | * | -  | -    | 2,000 <sup>#</sup> | * |
| Tan Eng Kiang             | 79,600   | 0.01 | -                  | - | 79,600   | 0.01 | -                  | - |
| Tan Mui Sim               | -  | -    | -                  | - | 1,000  | *    | -                  | - |
| Teoh Chu Lin              | -  | -    | -                  | - | 25,000   | *    | -                  | - |

#### Notes:

\* Negligible.

<sup>#</sup> Indirect interest held through his spouse.

## Corporate Governance Overview Statement – Board Effectiveness

### New Appointment and Reappointment of Directors

Any proposed appointment of new Directors or proposed reappointment of Directors to the Board will be assessed by the Group NRC. 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.

The Group NRC identifies potential candidates for nomination as Directors from various sources, such as referrals from existing Directors, the Directors Register maintained by the Financial Institutions Directors' Education ("FIDE") Forum and/or other leadership development and consulting organisations.

### Tenure and Age Limit for Directors

It is the policy of the Bank that the maximum tenure of Independent Directors and Non-Independent Non-Executive Directors of the Bank shall not exceed a cumulative term of nine years and 12 years respectively.

As the capacity, energy and enthusiasm of a Director is not necessarily linked to age, it is deemed not appropriate to prescribe age limits for the retirement of Directors. The Board believes in having healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit for its Board members.

### Assessment Criteria and Appointment Process for Board Candidates

The 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.

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:

- (a) Is not disqualified under section 59(1) of the Financial Services Act 2013;

- (b) Is in compliance with the fit and proper requirements in accordance with the Group's Policy on Fit and Proper of the Bank;
- (c) Does not have any competing time commitments that impair his/her ability to discharge his/her duties effectively;
- (d) Is not an active politician;
- (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 (3) years after: (i) he/she ceases to be an officer or partner of that firm; or (ii) the firm last served as an auditor of the Bank and its subsidiaries; and
- (f) Is preferably at a minimum holds a degree qualification and/or other equivalent qualification(s) and with at least five years in a senior managerial position.

The Group NRC will, upon its assessment, submit its recommendation to the Board for approval. The final decision on the appointment of a candidate recommended by the Group NRC rests with the whole Board before an application is submitted to BNM for approval in accordance with Section 54 of the Financial Services Act 2013.

### Board and Board Committee Meetings

Directors/Board Committee members are required to attend at least 75% of Board/Board Committee meetings held during each financial year. The Directors are supplied with information in a timely manner. The agenda for each Board/Board Committee meeting, together with detailed reports and proposal papers to be tabled, are circulated to the Directors for their prior reading well in advance of the date of the meeting. The Directors may request to be furnished with additional information for clarification. Relevant Senior Management Officers are invited to attend Board/Board Committee meetings to provide the Board/Board Committees with detailed explanations and clarifications on the proposals tabled to enable the Board/Board Committees to make informed decisions.

The Group has implemented paperless meetings where Board materials are uploaded to a secured Board portal that the Directors can access through their tablets. This has made the process of creating, distributing and reviewing confidential Board materials more efficient and secure. It speeds up the process of dissemination of Board packs and removes the need for hard copy papers as part of the Group's sustainability initiatives for a reduced carbon footprint.

## Corporate Governance Overview Statement – Board Effectiveness

The Board met 15 times during FY2025, 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 and Board Committee meetings held during FY2025, as reflected below:

| Directors                                       | Designation/<br>Independence                                     | Alliance<br>Bank<br>Board | Attendance Board Committee |                            |              |                                     |             |                             |
|---|--|---------------------------|----------------------------|----------------------------|--------------|-------------------------------------|-------------|-----------------------------|
|   |  |                           | Group<br>EXCO              | Group<br>AC <sup>(7)</sup> | Group<br>NRC | Group<br>RMC <sup>(7)&amp;(8)</sup> | Group<br>SC | Group<br>ITC <sup>(8)</sup> |
| Tan Sri Amirsham bin A Aziz <sup>(1)</sup>      | Chairman,<br>Independent Director                                | 8/8                       | 5/5                        | -                          | -            | -                                   | -           | -                           |
| Wong Yuen Weng Ernest                           | Deputy Chairman,<br>Non-Independent<br>Non-Executive<br>Director | 15/15                     | 11/11                      | -                          | 12/12        | -                                   | -           | -                           |
| Tan Chian Khong                                 | Independent Director   | 14/15                     | 10/11                      | 10/10                      | -            | -                                   | -           | -                           |
| Susan Yuen Su Min                               | Independent Director   | 15/15                     | -                          | -                          | 12/12        | -                                   | 6/6         | -                           |
| Lum Piew  | Independent Director   | 15/15                     | -                          | -                          | -            | 15/15                               | -           | 13/13                       |
| Cheryl Khor Hui Peng                            | Independent Director   | 15/15                     | -                          | 10/10                      | -            | -                                   | 6/6         | 13/13                       |
| Chia Yew Hock Wilson                            | Non-Independent<br>Non-Executive<br>Director                     | 15/15                     | 11/11                      | -                          | -            | 15/15                               | 6/6         | 13/13                       |
| Dr John Lee Hin Hock <sup>(2)</sup>             | Independent Director   | 15/15                     | -                          | -                          | 12/12        | 15/15                               | -           | -                           |
| Stephen Oong Kee Leong <sup>(3)</sup>           | Independent Director   | 10/10                     | 6/6                        | 5/5                        | -            | -                                   | -           | -                           |
| Lily Rozita Binti Mohamad Khairi <sup>(4)</sup> | Independent Director   | 7/7                       | -                          | 2/2                        | -            | 4/4                                 | -           | -                           |
| Ibrahim bin Hassan                              | Independent<br>Director of Alliance<br>Islamic Bank Berhad       | -                         | -                          | -                          | -            | 15/15                               | -           | -                           |
| Dato' Ahmad Hisham bin Kamaruddin               | Independent<br>Director of Alliance<br>Islamic Bank Berhad       | -                         | -                          | -                          | -            | -                                   | 6/6         | -                           |
| Tan Sri Dato' Ahmad bin Mohd Don <sup>(5)</sup> | Former Chairman,<br>Independent Director                         | 2/5                       | -                          | -                          | -            | -                                   | -           | -                           |
| Mazidah Binti Abdul Malik <sup>(6)</sup>        | Independent Director   | 10/10                     | -                          | 8/8                        | -            | 12/12                               | -           | -                           |

### Notes:

<sup>(1)</sup> Tan Sri Amirsham bin A Aziz was appointed to the Board of Alliance Bank and a member of the Group EXCO on 1 October 2024. He was subsequently redesignated as Chairman of the Board on 10 October 2024.

<sup>(2)</sup> Dr John Lee Hin Hock was appointed to the Board of Alliance Bank, Group RMC and Group NRC on 1 April 2024. He was redesignated as the Chairman of Group RMC on 7 April 2024.

<sup>(3)</sup> Stephen Oong Kee Leong was appointed to the Board of Alliance Bank, Group AC and the Group EXCO on 1 September 2024.

<sup>(4)</sup> Lily Rozita Binti Mohamad Khairi was appointed to the Board of Alliance Bank on 15 November 2024. She was appointed as a member of Group AC and Group RMC on 1 January 2025.

<sup>(5)</sup> Tan Sri Dato' Ahmad bin Mohd Don passed away on 17 September 2024 and ceased to be a Director.

<sup>(6)</sup> 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. Consequently, she ceased to be a member of Group AC and Group RMC on the same date.

<sup>(7)</sup> Including one joint meeting between Group AC and Group RMC.

<sup>(8)</sup> Including two joint meetings between Group RMC and Group ITC.

## Corporate Governance Overview Statement – Board Effectiveness

### WHAT THE BOARD DID IN FY2025

Board activities are structured to develop the Group's strategy, to enable the Board to provide the necessary oversight and to support executive management on the delivery of the Group's strategy within a transparent governance framework.

During FY2025, the Board has undertaken its overall responsibility for promoting the sustainable growth and financial soundness of the Bank, and for ensuring reasonable standards of fair dealing, without any 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. It continued to oversee the execution of the strategic initiatives to drive and pursue sustainable business growth and elevate customer services with innovative solutions through technological transformation towards the Bank's Acceler8 strategic ambitions.

#### Key Activities of the Board during FY2025

##### (a) Strategy

The Board reviewed and approved various business strategies, including sustainable strategies and business plans by Management, the annual budget and capital plan of the Group, the IT projects of the Bank and the Proposed Rights Issue exercise. It also received progress updates of the relocation of corporate office.

##### (b) People

Key activities carried out by the Board included approvals of Board member appointments/reappointments, including appointment of Board Chairman, Deputy Chairman and the reappointment of the GCEO for regulatory approval (where applicable), the Annual Board Development Plan for FY2026, the Policy for Directors' Training Overseas, the Group Board Succession Plan, the proposed Long-Term Incentive Scheme, revisions to staff benefits and the compensation proposals including Group Bonus Pool, Annual Salary Review for employees and compensation for the Group CEO as recommended by Group NRC.

In addition, the Board also assessed the fitness and propriety of Key Responsible Persons.

##### (c) Performance

The Board reviewed the Group's business and financial performance against set targets, including updates on strategic priorities under the Acceler8 Initiatives. It reviewed the Group

AC's reports and the external auditor's audit report and approved the quarterly financial results, the annual audited financial statements, the Basel II Pillar 3 Disclosure and the dividend proposals. It also reviewed and approved the Group Corporate Scorecard and the GCEO's KPIs as well as assessed and approved the performance score of the Group Corporate Scorecard and the performance rating for the Group CEO. Additionally, the Board also reviewed the results of the annual effectiveness assessment of the Board and the Group Company Secretary.

##### (d) Governance

During FY2025, the Board engaged in various governance activities including the approval of revisions to the Board Charter and Terms of Reference for Group Board Committees, changes in Board Committees composition, and frameworks and policies. They also addressed regulatory matters by reviewing and approving action plans related to BNM's Composite Risk Rating and regulatory thematic reviews. The Board received key updates on the Bank's sustainability initiatives, internal capital adequacy assessments and material risk assessments, and the development on cybersecurity threats. Additionally, the Board approved the e-Invoicing and Sales & Service Tax implementations and recurrent related party transactions.

In addition, the Board also received updates on key activities of the Board Committees from the Chairmen of the respective Board Committees at every Board meeting.

## Corporate Governance Overview Statement – Board Effectiveness

### Group EXCO

During FY2025, the key activities carried out by the Group EXCO included reviewed and approved new and incremental loans/financing with total group exposure above the defined threshold of the Group Management Credit Committee and AIS Management Credit Committee. It also reviewed watch list accounts with significant increase in credit risk to the Bank and approved credit transactions and exposures involving connected parties classified under the BNM Guidelines on Credit Transactions and Exposures with Connected Parties.

The Group EXCO also reviewed and recommended to the Board for approval the Proposed Rights Issue and dividend proposals. The various operational matters approved by the Group EXCO during FY2025 included the Branch Optimisation Plan, the CAPEX/OPEX exceeding Management's authority and the Terms of Reference of the Group Management Committee. It also approved the approval authority matrix, business proposals and projects recommended by Management.

### Group AC

The Group AC's activities during FY2025 are summarised in the Group AC Report on pages 189 to 193.

### Group NRC

The key activities of the Group NRC during FY2025 covered the following:

#### (a) Board Composition and Succession Planning

The Group NRC reviewed the composition of the Board and its Board Committees, assessed the Group Board Succession Plan, and made recommendations for new appointments/reappointments of Directors, including the Board Chairman, Deputy Chairman and the Group CEO.

It also carried out fit and proper assessments of Key Responsible Persons annually and during the appointment/reappointment process.

#### (b) Performance Assessments and Policies

The Group NRC conducted the Annual Board Effectiveness Assessment and recommended revisions to various policies, including the Remuneration Policy for Non-Executive Directors, the Group's Policy on Fit and Proper, Conflicts of Interest Policy for Directors, Group Board Gender Diversity Policy and Group Board Succession Plan. It reviewed and recommended to the Board for approval the Annual Board Development Plan for FY2026 including Policy for Directors' Training Overseas.

The Group NRC also reviewed and recommended to the Board the Group Corporate Scorecard and Group CEO KPIs for FY2025 at the beginning of the financial year and assessed and recommended to the Board the performance score of the Group Corporate Scorecard and the performance rating of the Group CEO for FY2025 at the end of the financial year.

#### (c) Talent Management and Compensation

The Group NRC reviewed the Bank's Talent Management Programme and Management Succession Plan, approved frameworks and policies related to human resources and assessed and approved/recommended to the Board for approval the compensation proposals including Group Bonus Pool, Annual Salary Review for employees and compensation for the Group CEO.



## Corporate Governance Overview Statement – Board Effectiveness

### Group RMC

The key activities undertaken by the Group RMC during FY2025 are summarised as follows:

#### (a) Risk Management

The Group RMC reviewed and approved various risk management frameworks/policies/model/methodologies, including risk appetite statements, risk exposure parameters, material risk assessments, internal capital adequacy assessment processes and stress testing scenarios.

The Group RMC also reviewed the updates on the monitoring of the Bank's health via the Risk Dashboard. It received periodic updates on business continuity management and cybersecurity threats.

#### (b) Compliance:

The Group RMC reviewed and approved compliance frameworks/policies, annual compliance review plan and received regular updates on the states of the Bank's compliance via the Compliance Dashboard. It oversaw the action plans/remediation measures to address BNM's Composite Risk Rating, thematic reviews, regulatory requirements, regulatory audit issues and breaches, and regulatory gap analysis.

In addition, the Group RMC also reviewed the Compliance Culture and its related Training Initiatives.

The Group RMC also reviewed and approved the FY2025 Group Bonus Pool – Risk Modifier and assessed the performance and carried out the annual fit and proper assessment of the Group Chief Risk Officer and Group Chief Compliance Officer as well as assessed their performance and remuneration.

### Group SC

During FY2025, the Group SC reviewed and recommended to the Board for approval various sustainability-related policies/strategies including the Climate Change and Principles-based Taxonomy Policy, Revision to Topline Goal 2, FY2025 Sustainability KPIs, Climate Risk Scenario Analysis and the sustainability disclosures in the Bank's Corporate Governance Report for FY2024 and the FY2024 Sustainability Statement. It approved the Sustainability Target Operating Model and the appointment of external consultants for the CRMSA Strategy Project and Climate Risk Stress Testing exercise.

The Group SC also received quarterly updates on the Sustainability Strategy Framework, the Climate Risk Management & Scenario Analysis (CRMSA) Project Status and Final Report and the Climate and Sustainability Risk Report.

### Group ITC

The Group ITC reviewed and endorsed several key policies and frameworks during FY2025, including the IT Disaster Recovery Policy and various risk management frameworks related to digital risk, cloud risk and Artificial Intelligence. It reviewed updates on compliance with the Digital Banking Cybersecurity Framework. Additionally, Group ITC also approved/endorsed the responses to BNM's On-Site Review on IT and the remedial measures to address the disruption to critical customer facing systems of the Bank.

The Group ITC also reviewed cyber drill report, updates on IT investments, system incidents, and data and analytics capabilities. The Group ITC also endorsed various IT projects aimed at enhancing systems, applications, and technology services.

## Corporate Governance Overview Statement – Board Effectiveness

### BOARD EFFECTIVENESS ASSESSMENT

The Board recognises that it needs to continuously assess and improve its performance. This is achieved through the Annual Board Effectiveness Assessment and ongoing Board development activities.

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.

The Board last engaged an external independent consultant, KPMG Management & Risk Consulting Sdn Bhd to conduct the Board Effectiveness Evaluation exercise for FY2022.

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.

The FY2025 Annual Board Effectiveness Assessment was carried out internally via the completion of the comprehensive Self and Peer Assessment Questionnaires by Directors.

Below is the Annual Board Effectiveness Assessment process in respect of FY2025:

#### Step 1: Completion of Comprehensive Questionnaire

- |   |   |
|---|---|
| <p>I. Assessment of the Board by Board Members<br/>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>III. Peer Assessment of Individual Directors<br/>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>II. Individual Director Self-Assessment<br/>For individual Directors' assessments, Self-Assessment Forms by Individual Directors are completed individually by each Director.</p>  | <p>IV. Assessment of the Board Committees<br/>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> |

#### Step 2: Reporting and Discussion by the Group NRC and the Board

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.

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 on sustainability matters at Board meetings.

## Corporate Governance Overview Statement – Board Effectiveness

### FITNESS AND PROPRIETY ASSESSMENT

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 & Proper Declaration annually. The Fit & Proper Declarations by the Directors are verified against independent sources.

For FY2025, the Board was satisfied that each of the Directors had met the required standards of fitness and propriety.

### INDEPENDENCE OF INDEPENDENT DIRECTORS

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.

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 judgement:

- (a) Tan Sri Amirsham bin A Aziz
- (b) Tan Chian Khong
- (c) Susan Yuen Su Min
- (d) Lum Piew
- (e) Cheryl Khor Hui Peng
- (f) Dr John Lee Hin Hock
- (g) Stephen Oong Kee Leong
- (h) Lily Rozita Binti Mohamad Khairi

### BOARD TRAINING AND DEVELOPMENT

The Board acknowledges the importance of continuous training for the Directors to gain insights and keep abreast with developments 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 mandatory training programmes such as the Mandatory Accreditation Programme of Bursa Securities, 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 have attended various training programmes. The list of training programmes attended by the Directors is disclosed under Section B of the Corporate Governance Report, which is available on our website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

### REMUNERATION

#### Board of Directors

The Bank's Policy on Directors' remuneration is disclosed under Practice 7.1 of Section A of the Corporate Governance Report, which is available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The details of the remuneration received/receivable by each Director of the Bank in respect of FY2025 are disclosed under Practice 8.1 of Section A of the Corporate Governance Report.

The remuneration of the Non-Executive Directors will be tabled to the shareholders for approval at the forthcoming 43<sup>rd</sup> Annual General Meeting ("AGM") of the Bank to be held on 30 July 2025.

#### Senior Management

The Bank's compensation policy and employee performance management are disclosed under Section B of the Corporate Governance Report, which is available on our website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

# Corporate Governance Overview Statement – Audit and Risk Management

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Directors' Responsibility for the Preparation of the Annual Audited Financial Statements

Statements explaining the responsibility of the Directors for the preparation of the Annual Audited Financial Statements for inclusion in the Integrated Annual Report can be found on page 212.

### Risk Management and Internal Control Framework

The Board is ultimately responsible for the Bank's risk management and internal control framework. The Board, assisted by the Group RMC and Group AC, confirms that it monitors the Bank's risk management and internal control systems and carries out a review of their effectiveness, at least annually. The monitoring and review cover all material controls, including financial, operational and compliance controls.

Since the Bank is the Group's largest business and operates in the complex financial services sector, its risk management framework and internal control processes are key to those of the Group.



*Further details of 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 on page 199 to 209.*

### Anti-Bribery and Corruption

The Group adopts a zero-tolerance stance toward any acts of bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships.

The Anti-Bribery and Corruption Policy is established with the following objectives:

- (a) To set out the minimum standards of conduct in respect of bribery and corruption for directors and employees, and complements the core principles of the Code of Conduct;
- (b) To provide high level guiding principles on how to address bribery and corruption risks and issues which may arise in the business activities of the Group;

- (c) To protect the reputation of the Group by preventing and/or detecting bribery and corruption risks; and
- (d) To ensure that directors and employees understand:
  - their responsibilities in ensuring compliance with the said Policy;
  - the consequences of non-compliance with this said Policy; and
  - the relevant laws and regulations relating to anti-bribery and corruption in Malaysia.

The Anti-Bribery and Corruption Policy is guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 and is supported by the Group's Anti-Bribery and Corruption Procedures.

### GROUP AUDIT COMMITTEE REPORT

#### CHAIRMAN

**Tan Chian Khong**

Independent Director

#### MEMBERS

**Cheryl Khor Hui Peng**

Independent Director

**Stephen Oong Kee Leong**

(Appointed as a member on 1 September 2024)

Independent Director

**Lily Rozita Binti Mohamad Khairi**

(Appointed as a member on 1 January 2025)

Independent Director

**Mazidah Binti Abdul Malik**

Independent Director

*(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)*

## Corporate Governance Overview Statement – Audit and Risk Management

### COMPOSITION AND TERMS OF REFERENCE

The Group AC, which comprises entirely Independent Directors, is in compliance with Paragraph 15.09(1)(a) and (b) of the Bursa Securities MMLR that requires the audit committee must be composed of no fewer than three (3) members and that all the audit committee members must be non-executive directors, with a majority of them being independent directors.

The Terms of Reference of the Group AC, which deal with its authority and duties, are available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

In the Annual Assessment of the Effectiveness of the Board Committees for FY2025, the Board was satisfied that the Group AC and its members had discharged their functions, duties and responsibilities in accordance with the Group AC's Terms of Reference.

During FY2025, a total of 10 Group AC meetings were held, including one (1) joint meeting with the 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.

The details of attendance of the Group AC members are as follows:

| Name of Group AC Members         | Attendance | Percentage |
|----------------------------------|------------|------------|
| Tan Chian Khong                  | 10/10      | 100%       |
| Cheryl Khor Hui Peng             | 10/10      | 100%       |
| Stephen Oong Kee Leong           | 5/5        | 100%       |
| Lily Rozita Binti Mohamad Khairi | 2/2        | 100%       |
| Mazidah Binti Abdul Malik        | 8/8        | 100%       |

The Group AC meetings are also attended by the Group CEO, Group Chief Internal Auditor together with the Audit Department Heads, where necessary, while the attendance of other Management staff is by invitation depending on the matters deliberated on by the Group AC.

### SUMMARY OF THE GROUP AC'S WORK

The Group AC is principally responsible for providing independent oversight of the Bank and its subsidiaries' financial reporting and internal control systems as well as for ensuring checks and balances within the Bank and its subsidiaries. During FY2025, the Group AC carried out the following in discharging its functions, duties and responsibilities:

#### Financial Reporting

- » Reviewed and discussed the unaudited quarterly consolidated financial results and the annual audited consolidated financial statements of the Bank and its subsidiaries with the Management before recommending the same for approval by the Board. In reviewing the financial reporting of the Group, the Group AC discussed and made enquiries on the following, among other things:
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant matters highlighted, including financial reporting issues; significant judgements made by Management; significant and unusual events or transactions and how these matters were addressed; and
  - (iii) compliance with accounting standards and other legal requirements.



## Corporate Governance Overview Statement – Audit and Risk Management

### External Audit

- » Reviewed the audit plan of the external auditors, which encompassed the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, the audit strategy, the engagement team, risk assessment, areas of audit emphasis for the financial year and additional disclosures in the auditors' report, in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters.
- » Reviewed with the external auditors the results of their audit together with their recommendations and Management's responses, as detailed in the following reports:
  - (i) Auditors' Report for FY2024; and
  - (ii) Auditors' Report in respect of the Limited Review of the Group for the financial period ended 30 September 2024.
- » Met two times with the external auditors without the presence of Management for open discussions between the Group AC and the external auditors on any issues of concern to the external auditors arising from their audits.
- » Reviewed the non-audit services rendered by the external auditors and their proposed fees, taking into consideration the fees threshold established under the Group's policy, to ensure that the external auditors' independence and objectivity were not compromised.
- » The details of the statutory audit, audit-related and non-audit fees paid/payable to the external auditors, PricewaterhouseCoopers PLT, and its affiliates for FY2025 are set out below:

| Description                                | RM'000 |       |
|--|--------|-------|
|  | Bank   | Group |
| Statutory audit and audit-related services | 1,891  | 2,245 |
| Non-audit-related services                 | 98     | 148   |

The total non-audit fees incurred as a percentage of the total statutory audit and other audit-related services fees for the Group in respect of FY2025 was 6.6%.

- » Assessed and satisfied itself with the performance, effectiveness and independence of the external auditors based on the criteria set out in BNM Policy Document on External Auditor and recommended to the Board the reappointment of the external auditors for the next financial year. The Group AC took the following assessment criteria, among others, into account:
  - (i) Qualification criteria;
  - (ii) Level of knowledge, capabilities, experience and quality of previous work;
  - (iii) Level of engagement with the Board and Group AC;
  - (iv) Ability to provide constructive observations, implications and recommendations in areas which require improvements;
  - (v) Appropriateness of audit approach and the effectiveness of audit planning;
  - (vi) Ability to perform the audit work within the agreed duration given;
  - (vii) Non-audit related services rendered by external auditors do not impede independence;
  - (viii) Ability to demonstrate unbiased stance when interpreting the standards/policies adopted by the Group; and
  - (ix) Compliance with the Group's internal policy on the rotation of audit partner every five years.

## Corporate Governance Overview Statement – Audit and Risk Management

### Internal Audit

- » Reviewed Group Internal Audit’s internal audit plan to ensure adequacy of scope, coverage and audit resources required to perform audits on the identified auditable areas.
- » Reviewed and assessed the performance of the Group Chief Internal Auditor.
- » Performed a fitness and propriety assessment on the Group Chief Internal Auditor to ensure the fitness and propriety criteria set out in the Group’s Policy on Fit and Proper were met on a continuous basis.
- » Reviewed the internal audit and investigation reports and ensured that appropriate actions were taken by Senior Management in a timely manner to address the observations highlighted in the reports.

### Related Party Transactions

- » Reviewed the related party transactions entered into by the Bank and its subsidiaries, covering the nature and amount of the transactions, so as to ensure that related party transactions were undertaken on an arm’s length basis, on normal commercial terms, and on terms that were not more favourable to the related parties than those generally available to non-related parties.
- » Reviewed the audit reports on Related & Recurrent Related Party Transactions (“RRPTs”) on a quarterly basis. The reports covered the aggregate consideration of RRPTs tracked against the limits of thresholds set to ensure proper reporting and disclosures in accordance with the requirements of the Bank’s internal policy and the Bursa Securities MMLR.

### Other Work

- » Reviewed the Chairman’s Statement, Corporate Governance Disclosures, Audit Committee Report and the Statement on Risk Management and Internal Control for the Board’s approval and inclusion in the Integrated Annual Report.

## GROUP INTERNAL AUDIT FUNCTION

The Group Internal Audit’s primary role is to assist Group AC in discharging its duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the system of internal controls and the overall control environment.

The independent reviews encompass areas such as adequacy of risk management, internal controls, anti-corruption measures, whistle-blowing protocols, governance processes, compliance with established frameworks and policies, asset quality, application systems, and management effectiveness, among other aspects.

The Group Internal Audit is headed by Mr Andrew Ng Yin Min (“Andrew”) who is the Group Chief Internal Auditor. Andrew 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, Andrew provided audit and consultancy services to clients from various industries such as banking, insurance, telecommunications, energy and healthcare.

The Group Internal Audit function is guided by the Internal Audit Charter, which sets out its purpose, authority, scope, independence and responsibilities.

## Corporate Governance Overview Statement – Audit and Risk Management

To maintain objectivity and independence, the Group Chief Internal Auditor is responsible to the Group AC and Boards. The appointment, remuneration, performance appraisal, transfer and dismissal of the Group Chief Internal Auditor are decided by the Group AC. Group Internal Audit personnel do not have any authority over or responsibility for the activities they audit. They are required to report to the Group Chief Internal Auditor 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.

The Group Internal Audit'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"). A qualified external independent reviewer will be appointed on a periodic basis to conduct external assessments of Group Internal Audit's internal audit activity to assess its conformance with the IIA's Standards and the relevant regulations. In line with best practices, Group Internal Audit has adopted a risk-based approach that deploys audit resources to prioritised areas that have been assessed as having potentially higher risks.

Group Internal Audit also plays a consultative role in the development of major systems or projects to ensure that the necessary control features are incorporated. Group Internal Audit works collaboratively with Group Risk Management to evaluate the risk governance framework and risk management processes that are applied to ensure an acceptable level of risk exposure that is consistent with the risk management policy of the Group. Group Internal Audit also works with the external auditors to resolve any control issues raised by them to ensure that significant issues are duly acted upon by Management.

Group Internal Audit continues to optimise the use of technology and increase the usage of data analytics to achieve audit effectiveness and efficiency. The upskilling of internal auditors through continuous learning and development remains a key focus. This is achieved through structured and formalised training programmes on themed subject matters as well as on-the-job exposure via intra-department resource pooling programmes, aimed at expanding the breadth of knowledge and experience of internal auditors as they build depth.

Group Internal Audit currently has 37 staff. During FY2025, the Group Internal Audit function incurred costs amounting to RM9.32 million.

The activities undertaken by Group Internal Audit in FY2025 included the following:

1. Established the annual audit plan for FY2025, which included key focus areas and manpower requirements, using a risk-based approach and considering the Group's business strategic plans, regulatory requirements and Management's inputs.
2. Revised the audit plan during the half-year review of the plan to consider changes in the business environment, audit priorities and ad-hoc requests from regulators or Management.
3. Conducted audits as per the approved audit plan, as well as ad-hoc reviews and investigations requested by regulators or Management. In FY2025, one ad-hoc review on key risk or emerging risk areas was conducted and identified for ongoing review.
4. Continued to adopt data analytics approach to facilitate audit reviews, focusing on more targeted key risk areas and identifying enhancement opportunities.
5. Attended meetings of the various management and working committees as permanent invitees in a consultative capacity to provide independent feedback on internal control and governance aspects, such as the Group Operational & Technology Risk Management Committee, Executive Risk Management Committee, Sustainability Steering Committee, Group Transformation Management Committee, and selected Project Steering Committees.
6. Monitored and validated the completion of management action plans to address audit findings and reported to the Group AC on the status of overdue management action plans.
7. Played the roles of observers in major functional testing of the Business Continuity Plan and Disaster Recovery Plan to provide an independent evaluation of the test preparation and exercise performance.
8. Continued to upskill our auditors by enrolling them in various internal and external training programmes. 30% of auditors currently possess the Certification for Bank Auditor (CBA) or Chartered Banker qualifications by the Asian Institute of Chartered Bankers (AICB).

## Corporate Governance Overview Statement – Shariah Committee

### CHAIRMAN

Dr Tuan Badrul Hisyam bin Tuan Soh

### MEMBERS

Tuan Haji Rustam bin Mohd Idris

Professor Dr Muhamad Rahimi bin Osman

Assistant Professor Dr Muhammad Naim bin Omar

Sahibus Samahah Ustaz Ahmad Fauwaz bin Ali @ Fadzil

### COMPOSITION AND TERMS OF REFERENCE

The operations of Alliance Islamic Bank Berhad (“AIS”) are governed by Sections 28 and 29 of the Islamic Financial Services Act 2013, as well as the resolutions issued by Bank Negara Malaysia’s (“BNM”) Shariah Advisory Council (“SACBNM”) and Securities Commission’s Shariah Advisory Council (“SACSC”). These regulations ensure that AIS’ operations and business activities are conducted in compliance with Shariah principles.

BNM’s Shariah Governance Policy Document outlines the expectations for a sound Shariah governance framework that is well integrated with the Bank’s business and risk strategies, including those of its service providers. To meet this objective, the Board of AIS appoints qualified Shariah Committee members who possess the necessary knowledge and expertise in Islamic banking. These members are entrusted with the responsibility of making decisions and providing advice on Shariah matters that relate to the Bank’s operations, business affairs, and overall activities.

### Primary roles and responsibilities of the Shariah Committee

The Shariah Committee is entrusted with the following roles and responsibilities:

- » Provide decision or advice to AIS on the application of any rulings or standards issued by SACBNM, SACSC or other relevant authorities relating to Shariah matters applicable to the Bank’s operations, business affairs, and activities.

- » Advise on matters that require reference to SACBNM or SACSC for further deliberation.
- » Provide guidance on operations, business activities and affairs of AIS that may give rise to Shariah non-compliance risks.
- » Deliberate and affirm findings of Shariah non-compliance raised by relevant functions.
- » Endorse appropriate rectification measures to address Shariah non-compliance events.
- » Review and approve Shariah-related policies and frameworks prior to submission to the Board.
- » Approve supporting procedures that align with Shariah-compliant policies and product documentation.
- » Assess the adequacy of Shariah Review and Shariah Audit functions.
- » Endorse zakat calculations and distributions.
- » Advise on Shariah aspects of the Bank’s Recovery Plan, including the assessment of proposed recovery options.
- » Deliberate on and endorse the application of Hajah type 2 or Darurah circumstances, where applicable, in accordance with established Shariah policies and procedures.

During the financial year ended 31 March 2025 (FY2025), the Shariah Committee convened a total of thirteen (13) meetings, which included one (1) joint engagement session with the AIS Board. The attendance record of the Shariah Committee members is as follows:

| Shariah Committee Members                           | Attendance | Percentage |
|---|------------|------------|
| Dr Tuan Badrul Hisyam bin Tuan Soh (Chairman)       | 14/14      | 100%       |
| Tuan Haji Rustam bin Mohd Idris                     | 14/14      | 100%       |
| Professor Dr Muhamad Rahimi bin Osman               | 13/14      | 93%        |
| Assistant Professor Dr Muhammad Naim bin Omar       | 14/14      | 100%       |
| Sahibus Samahah Ustaz Ahmad Fauwaz bin Ali @ Fadzil | 14/14      | 100%       |

## Corporate Governance Overview Statement – Shariah Committee

### DR TUAN BADRUL HISYAM BIN TUAN SOH Chairman of the Shariah Committee

Dr Tuan Badrul Hisyam bin Tuan Soh was appointed as a member of the AIS Shariah Committee on 1 April 2020 and subsequently assumed to the role of Chairman on 1 June 2021. He is currently based in the Middle East and serves with Abu Dhabi Islamic Bank. Prior to this, he was with Dubai Islamic Bank – the largest Islamic Bank in the United Arab Emirates, where he led the Shariah Consultation & Documentation Department. He also previously served as a Senior Shariah Consultant at Dar Al Shariah Dubai, a wholly owned subsidiary of Dubai Islamic Bank.

He holds a PhD in Law from Newcastle University, United Kingdom, and a Master of Laws (LL.M) with a specialisation in Islamic Banking & Finance from the International Islamic University Malaysia (IIUM). He also obtained a Bachelor of Arts (B.A.) in Shariah and Law from Umm Al-Qura University, Mecca.

His professional credentials include certifications as a Certified Shariah Advisor and Auditor (CSAA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain. His extensive experience includes previous roles as a Shariah Officer at the Securities Commission Malaysia, as well as positions at CIMB Islamic Bank and Al-Rajhi Bank. His tenure with ISRA Consulting further deepened his expertise in applying Islamic finance principles in practical business contexts.

Dr Tuan Badrul Hisyam's contributions in academia include as a former member of the Curriculum Review Committee (a sub-committee of the AAOIFI Education Board) and the Industry Advisory Panel for the Faculty of Management & Muamalah at Selangor Islamic University Malaysia.

In addition to his role at AIS, Dr Tuan Badrul Hisyam is also a Shariah Committee member of Bank Rakyat and serves as a Shariah legal counsel for the Federal Territories. His Shariah advisory role spans beyond banking, including his appointment as the Shariah Advisor for MyEG Services Berhad.

### TUAN HAJI RUSTAM BIN MOHD IDRIS Member of the Shariah Committee

Tuan Haji Rustam bin Mohd Idris was appointed as a member of the AIS Shariah Committee on 1 April 2020. He also currently serves as a Board member of AIS.

He holds a Bachelor of Business Administration from Universiti Kebangsaan Malaysia, a Certificate in Islamic Law from the International Islamic University of Malaysia (IIUM) and is a Certified Shariah Practitioner (CSP) accredited by the Association of Shariah Advisors in Islamic Finance (ASAS).

He previously served as Deputy Director of the Islamic Banking and Takaful Department at Bank Negara Malaysia (BNM), where began his career in 1986. He was part of the pioneering team responsible for shaping Islamic banking policies in Malaysia from the early 1990s until his retirement in 2018.

Tuan Haji Rustam is regularly invited to speak at local and international forums, particularly on Islamic banking and finance, where he continues to share his wealth of experience and deep industry insights.

### PROFESSOR DR MUHAMAD RAHIMI BIN OSMAN Member of the Shariah Committee

Professor Dr Muhamad Rahimi Bin Osman was appointed as a member of the AIS Shariah Committee on 1 April 2020. He is also a registered Shariah Advisor with the Securities Commission Malaysia and currently advises Amanah Saham Darul Iman (ASDI) and Islamic investment entity Philip Capital Sdn Bhd.

He is a professor at the Academy of Contemporary Islamic Studies, Universiti Teknologi MARA (UiTM) since 2019, and also serves as an adjunct professor at the School of Arts, Humanities and Social Science, Asia e University (AeU) since 2021.



## Corporate Governance Overview Statement – Shariah Committee

He holds a PhD in Law from the International Islamic University Malaysia (IIUM), a Master's in Islamic Economics from the University of Yarmouk (Jordan), and a Bachelor of Shariah from the University of Malaya. He previously served in various leadership positions at UiTM, including Dean of Academy of Contemporary Islamic Studies, Director of the Centre for Islamic Thought and Understanding, and Director of the Zakat Research Institute of Malaysia.

Professor Dr Muhamad Rahimi has extensive experience in Islamic finance, having served as Chairman of the Shariah Committee of Co-opbank Pertama (CBP), member of Shariah Committee of Hong Leong Islamic Bank, Hong Leong Tokio Marine Takaful, and several other takaful operators including Chairman of the Shariah Advisory Body of Syarikat Takaful Malaysia Keluarga Berhad and Syarikat Takaful Malaysia Am Berhad. He also currently serves as a Shariah Committee member of AIA Public Takaful Berhad.

### ASSISTANT PROFESSOR DR MUHAMMAD NAIM BIN OMAR Member of the Shariah Committee

Assistant Professor Dr Muhammad Naim bin Omar was appointed as a member of the AIS Shariah Committee on 1 April 2022.

He holds a PhD in Islamic Law from the University of Wales (UK), a Master of Arts in Shariah Law from Cairo University, and a Bachelor of Arts (Hons) in Shariah Law from the University of Al-Azhar, Egypt. He is also certified as a Shariah Advisor by ASAS.

Assistant Professor Dr Muhammad Naim is a lecturer at the Ahmad Ibrahim Kulliyah of Laws (AIKOL), IIUM, and taught Islamic Law of Transactions, Islamic Legal System, and Islamic Jurisprudence for over a decade.

He has previously served as a Shariah Committee member with Takaful Ikhlas, MNRB Holdings Berhad, OCBC Al-Amin Bank Berhad, and Lembaga Zakat Selangor.

A prolific writer and researcher, he has published extensively on Islamic Law of Transactions, Islamic Wealth Management, and Islamic Law of Contracts, in both local and international academic journals. He also currently serves as a Shariah Committee member of Great Eastern Takaful Berhad.

### SAHIBUS SAMAHAH USTAZ AHMAD FAUWAZ BIN ALI @ FADZIL Member of the Shariah Committee

Sahibus Samahah Ustaz Ahmad Fauwaz Bin Ali @ Fadzil was appointed as a member of the AIS Shariah Committee on 1 April 2018. He was recently appointed as the Mufti of the Federal Territories, effective 23 May 2025. He also serves as a Board member of Majlis Agama Islam Wilayah Persekutuan (MAIWP), Chairman of Yayasan Taqwa MAIWP and a research fellow at Lembaga Zakat Negeri Kedah.

He holds a Bachelor of Shariah from Al-Azhar University, Egypt, and a Master of Shariah from the University of Malaya. He is a Certified Shariah Advisor and Auditor (CSAA) accredited by AAOIFI, and a recognised expert in fatwa methodology, having been trained at Dar al-Ifta al-Misriyyah, Egypt.

Sahibus Samahah Ustaz Ahmad Fauwaz has extensive experience as a Shariah advisor and trainer across Islamic financial institutions and state religious authorities. He is also a frequent speaker on Shariah and Islamic law on various media platforms.

He has served as a member of Ahli Jawatankuasa Teknikal Undang-Undang Syarak dan Sivill, a technical committee under Jabatan Kemajuan Islam Malaysia (JAKIM), where he contributed to numerous fatwa and policy developments, aimed at harmonizing civil and Shariah laws in Malaysia.

His Shariah advisory work also extends beyond finance. He previously served as the Shariah Advisor for Sultan Ismail Hospital and Rangkaian Mercu Health and Beauty Sdn. Bhd.

A prolific author, he has written and translated more than 20 books. One of his notable works, Fiqh Wanita (Islamic jurisprudence for women) was awarded Best Fiqh Literature by Yayasan Pembangunan Buku Negara.

Sahibus Samahah Ustaz Ahmad Fauwaz also currently serves as a Shariah Committee member of FWD Takaful Berhad.

## Corporate Governance Overview Statement – Relations with Stakeholders

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Engagement with Stakeholders

Ongoing engagement and communication with stakeholders help build trust and understanding between the Bank and our 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.

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, webinars and special briefings to share the latest updates and pertinent information on the Bank's progress with the investment community.

These activities enable the investment community to seek clarification 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.

Shareholders, potential investors and members of the public can access the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my) for more information on 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 of material events, such as entitlement dates, ex-dividend dates and payment dates for dividend payments, all announcements made by the Bank to Bursa Securities, 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.

The investing public can contact the Head of Investor Relations, Mr Tan Hong Ian, at +603-2604 3370 or [investor\\_relations@alliancefg.com](mailto:investor_relations@alliancefg.com) for any investor relations matters.

The Board has established a Corporate Disclosure Policy ("CDP") to ensure that timely, consistent and fair disclosure of corporate information is provided to facilitate informed decision making by investors.

The objectives of the CDP are to:

- » Raise the awareness of Directors, Management and employees on disclosure requirements and practices;
- » Provide guidance in disseminating corporate information to, and in dealing with investors, analysts, media representatives and the public; and
- » Ensure compliance with the disclosure obligations under the Bursa Securities MMLR and other applicable laws.

The Group Company Secretary, being the Corporate Disclosure Manager, serves as the primary contact person for all material corporate-related matters referenced in the CDP. He oversees and coordinates the disclosure of material information to Bursa Securities.

The Chairman and the Group CEO are the primary authorised spokespersons responsible for communicating Group information to the investing public. These primary authorised spokespersons may, from time to time, designate other officers ("designated officers") of the Bank to speak on behalf of the Group or to respond to specific inquiries, where doing so will facilitate effective communication with the investing public.

The authorised spokespersons and designated officers are regularly reminded of their responsibility to exercise due diligence in making sure that the information to be disseminated to the investing public is accurate, clear, timely and complete, and that due care is observed when responding to analysts, the media and the investing public.

## Corporate Governance Overview Statement – Relations with Stakeholders

### Conduct of General Meetings

The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages attendance and participation. The notice of AGM is despatched to shareholders, together with explanatory notes on items of special business (if any), at least 28 clear days prior to the meeting date.

The Notice of the 42<sup>nd</sup> AGM of the Bank held on 31 July 2024 was given to the shareholders 29 clear days prior to the AGM. Shareholders had immediate access to the Bank's Annual Report including the notice of AGM and proxy form from the Bank's corporate website.

Save and except for the late Chairman, Tan Sri Dato' Ahmad bin Mohd Don (*demised on 17 September 2024*), who was absent for health reason, all 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.

At the forthcoming 43<sup>rd</sup> AGM to be held on 30 July 2025 which will be conducted physically, no substantive resolutions or resolutions on related party transactions will be put forth for shareholders' approval.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board will continue its efforts to raise the bar in terms of the Bank's corporate governance standards and instil a culture that promotes ethical conduct, transparency and sustainable value creation, with the ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

### SUMMARY

For FY2025, the Bank has adopted and applied the Practices as recommended by the MCGG save for the following:

- Practice 8.2 (Disclosure on a named basis of the Top-5 Senior Management's remuneration).

Please refer to the detailed disclosures on the Bank's governance practices in the Corporate Governance Report which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

This Corporate Governance Overview Statement is dated 20 May 2025.

# Statement on Risk Management and Internal Control

## RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of risk management and internal controls, and for reviewing its adequacy and integrity. The system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the 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.

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 Group is sound and adequate to safeguard the shareholders' investments and the Group's assets.

The Board approves the Group's risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Group's risk profile. The Group has instituted an on-going process for identifying, evaluating and managing the significant risks faced by the 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.

The Board has expanded the Group Audit Committee's ("GAC") responsibilities to include oversight of internal controls on behalf of the Board, such as identifying risk areas and communicating critical risk issues to the Board. The GAC is supported by an independent Group Internal Audit function, which reports directly to it. The internal auditors carry out their duties with impartiality, competence, and due professional care.

## RISK MANAGEMENT FRAMEWORK

The Board, through its Group Risk Management Committee ("GRMC") provides oversight on risk management strategies, methodologies, frameworks and policies, risk tolerance and other risk and compliance related matters of the Group. In addition, the GRMC also oversees the functions of management committees such as the Executive Risk Management Committee, Group Assets and Liabilities Management Committee and Group Operational and Technology Risk Management Committee, which assume the responsibility of monitoring specific areas of risks pertaining to the Group's business activities and implement various risk management policies and procedures.



For further information on the Group's risk management framework, please refer to the Risk Management report on pages 201 to 209 of this Annual Report.

Major risks arising from the Group's day-to-day activities in the financial services industry comprise credit risk, sustainability risk, liquidity risk, market risk, operational risk, technology risk and Shariah non-compliance risk.



For more information on the risks and relevant guidelines and policies, please refer to the Risk Management report on pages 201 to 209 of this Annual Report.

## SYSTEM OF INTERNAL CONTROLS

To ensure that a sound system of controls 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:

- 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;
- Clearly defined delegation of responsibilities to committees of the Board and to Management including organisation structures and appropriate authority levels;
- Relevant frameworks, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;

## Statement on Risk Management and Internal Control

- A Shariah Compliance Framework which governs the operations of AIS and outlines the roles of key functionalities within AIS, including but not limited to the Shariah risk management process;
- 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;
- A Sustainability Framework which outlines the core principles and policies employed by the Bank in managing sustainability-related matters in day-to-day operations;
- Regular updates of internal policies and procedures, to adapt to changing risk profiles and address operational concerns;
- Regular reviews of the Group's activities to assess the adequacy and effectiveness of the risk management and internal control system;
- Documentation and periodic assessment of controls and processes by all business and support units for managing key risks; and
- Regular senior management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues.

### SUSTAINABILITY MANAGEMENT

Reflecting our mission of Building Alliances to Improve Lives, our Sustainability Framework presents the Group's sustainability purpose, goals, strategy, and governance. The framework is anchored upon the broader global climate change imperative and governmental Nationally Determined Contributions ("NDC"), the United Nations 17 Sustainable Developmental Goals ("SDGs"), Malaysian sustainability-related regulatory requirements, and the Group's internal sustainability guiding principles to guide sustainability strategy and operations. The Group regularly reviews and enhances the framework to ensure its continued relevance in view of evolving external factors and changing stakeholder priorities.

To ensure a robust sustainability governance structure, the Group had established its Sustainability governance structure since FY2021. The Group Sustainability Committee, a dedicated Board-level committee, provides oversight on sustainability and climate-risk related matters, while the Sustainability Steering Committee, chaired by our Group Chief Executive Officer, implements the Group's sustainability strategies, policies and processes. The committees are supported by various functions across the Group such as but not limited to Group Sustainability, Group Climate and Sustainability Risk, Group Human Resource, Group Corporate Services, as well as sustainability champions across the Group. The Group had also established respective policies and procedures to embed sustainability across bankwide functions via its Sustainability Framework and procedures for ESG screening of customers and suppliers.



Further details can be found in the Sustainability Statement section of the Annual Report.

### ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through the GRMC and GAC has assessed the adequacy and effectiveness of the risk management and internal control system. Based on the results of these reviews as well as the assurance it has received from the Group Chief Executive Officer and Group Chief Financial Officer, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.



## Risk Management

The Board and Management of Alliance Bank are committed towards ensuring that the Bank's corporate objectives are supported by a robust risk strategy and an effective and efficient risk management framework that is tailored to the nature, scale and complexity of its activities.

### BOARD RESPONSIBILITIES

The Board is responsible for:

- (i) Reviewing and approving the Bank's overall risk strategy, including risk appetite, and overseeing its implementation to ensure the Bank's long-term sustainability.
- (ii) Ensuring that the Bank establishes comprehensive risk management frameworks, policies, and infrastructure to effectively manage risks arising from its business activities.

With these objectives, the Board has established specialised committees to oversee and review key functional areas, ensuring that critical issues and relevant matters are appropriately addressed in a timely and strategic manner. While such responsibilities have been delegated to specialised committees, the Board remains ultimately responsible and accountable for the policies and decisions recommended and approved by these committees.

### ROLES AND RESPONSIBILITIES OF THE GROUP RISK MANAGEMENT COMMITTEE ("GRMC")

The scope of the GRMC focuses on risk and compliance related frameworks, policies, strategies, and methodologies. In line with this scope, the GRMC's responsibilities are summarised as follows:

- (a) Overseeing and approving material risk management and compliance frameworks, policies, strategies, methodologies, and risk tolerances.
- (b) Overseeing the adequacy of risk management frameworks and policies, including Recovery Plan, in effectively identifying, measuring, controlling, evaluating, and monitoring risks, ensuring they operate prudently and comply with regulatory guidelines.
- (c) Overseeing regulatory compliance risk exposures and material reports or inquiries from regulatory authorities and approving the necessary actions, including those related to non-compliance matters and Shariah non-compliance events.
- (d) Overseeing the implementation of remediation measures for breaches and non-compliance incidences within the Group.

(e) Overseeing that appropriate infrastructure, resources, and systems are in place for risk management and compliance functions, ensuring that employees responsible for implementing risk management and compliance systems perform their duties independently of the Bank's risk-taking activities.

(f) Overseeing periodic reports on risk exposures, risk portfolio composition, sustainability risk, and risk management activities to ensure that these risk reports facilitate understanding and determination of appropriate risk responses. These periodic reports also include assessments of the Group's compliance status as well as updates on regulatory trends and requirements.

(g) Overseeing the effectiveness of the Bank's overall compliance risk management, ensuring that it is evaluated at least annually, with adequate discussions and prioritisation of compliance issues to facilitate prompt and effective resolution.

(h) Supporting the Board in meeting regulatory expectations on risk management, as outlined in BNM's policy document on Risk Governance.

(i) Overseeing the implementation of a sound remuneration system and examining whether risks, capital, liquidity, and the likelihood and timing of earnings are considered when providing incentives, without prejudice to the tasks of the Board Remuneration Committee.

The responsibility for supporting the Board in providing oversight over technology-related matters comes under the purview of Group Information Technology Committee.

### MANAGEMENT RESPONSIBILITIES

Key responsibilities of Senior Management include:

- (a) Formulating and implementing frameworks, policies, procedures, methodologies, and risk tolerances in accordance with the Bank's strategies and overall risk appetite.
- (b) Ensuring that all relevant material and emerging risks are identified and assessed by employing appropriate tools such as stress testing, scenario analysis, and early warning signals.
- (c) Establishing clear guidance regarding the business and risk strategy for individual operating units to ensure that risk-taking activities remain within the Bank's risk appetite.
- (d) Ensuring appropriate corrective actions and remediation measures are implemented to mitigate the identified risks while relevant reports are escalated timely to the Board.

## Risk Management

- (e) Promoting a strong risk and compliance culture by maintaining a clear focus on risk and adherence to regulatory requirements. This includes timely and proportionate responses to inappropriate risk-taking behaviours while upholding governance standards and accountability.
- (f) Establishing and implementing an effective organisational structure and systems to manage material risks faced by the Bank. This includes developing an independent risk management function separate from business units and maintaining a robust system of internal controls.
- (g) Establishing a management structure that fosters accountability and enables effective oversight of delegated authorities and responsibilities for risk-taking decisions.

### RISK MANAGEMENT FRAMEWORK

An effective and efficient risk management framework is essential for building stakeholders' confidence in the Bank. The Bank's risk management framework acknowledges the diverse nature of the organisation's activities by balancing the Board's strong oversight with well-defined independent risk management functions within each business area. The Bank's Risk Management Framework is embedded in business activities to integrate risk-taking

and decision-making with prudent risk management principles. It provides a structured approach, enabling the Bank to form a consolidated and aggregated view of risks identified at the entity, business segment, and product levels. This allows for effective risk management in alignment with business objectives and compliance requirements.

The Bank's Risk Management Framework comprises the following elements:



### RISK GOVERNANCE AND ORGANISATION

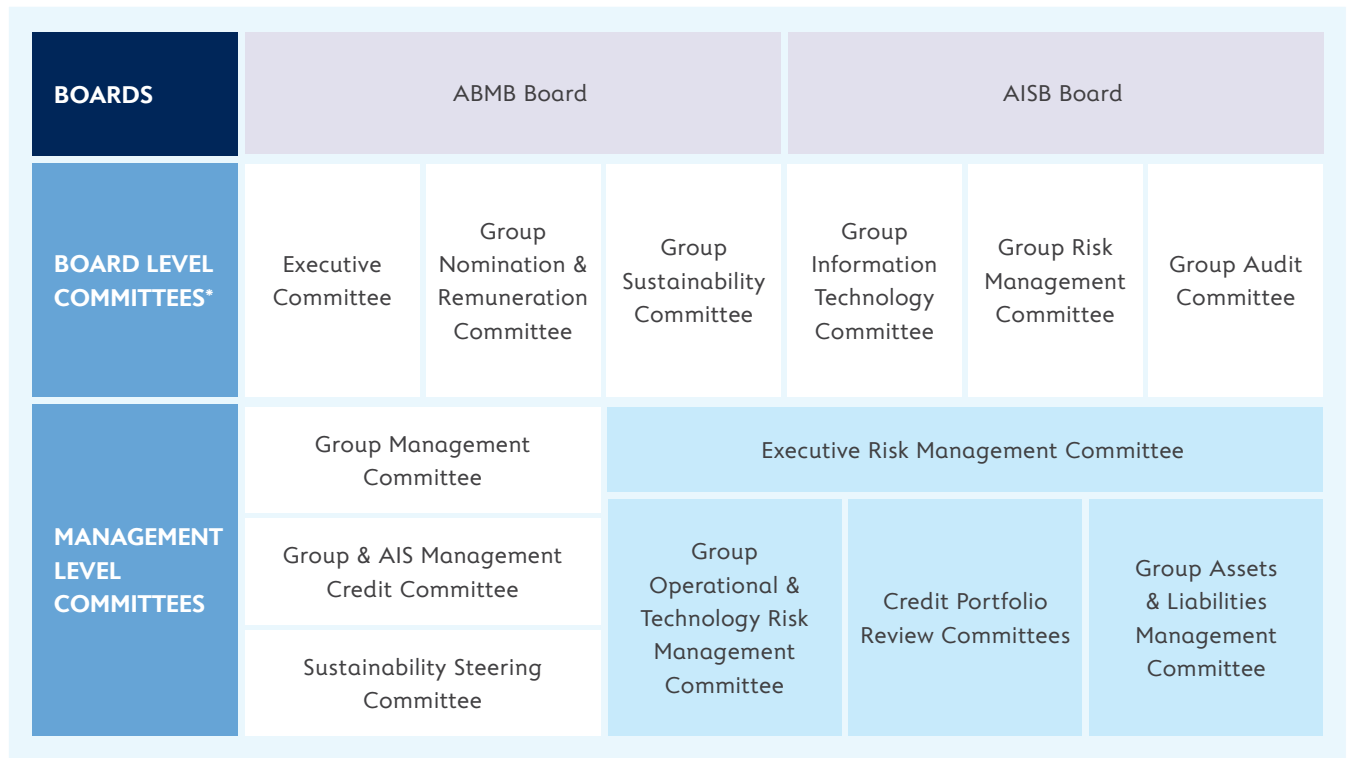
The Bank adopts the 'Three Lines of Defence' model to manage risk effectively, ensuring that each line fulfils its designated role in safeguarding the Bank:

| Concept                               | Role           | Functions   |
|---------------------------------------|----------------|---|
| <b>1<sup>st</sup> Line of Defence</b> | Risk-Taking    | Business units are the primary risk owners, responsible for managing risks within the Bank's business activities, aided by Business Support functions.  |
| <b>2<sup>nd</sup> Line of Defence</b> | Risk Control   | <p>The Bank's risk control functions are represented by independent Risk Control Units, i.e. Group Risk Management and Group Compliance (inclusive of the Shariah Review Team).</p> <p>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.</p> <p>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.</p> <p>Shariah Review Team, under Group Compliance, conducts reviews on the operations of Alliance Islamic Bank Berhad to ensure its products comply with Shariah principles. Review results and any identified non-compliances are reported to Alliance Islamic Bank Berhad's Shariah Committee.</p> |
| <b>3<sup>rd</sup> Line of Defence</b> | Risk Assurance | Group Internal Audit is responsible for conducting independent assessment and providing assurance on the adequacy and effectiveness of the Bank's internal controls related to processes, risks, and governance functions.  |

## Risk Management

### Governance Structure

The Group's governance structure provides a transparent and effective framework that encourages active involvement from the Board and Senior Management in the risk management process, ensuring a consistent view of risk across the Group. The diagram below illustrates the governance structure and the committees responsible for effective governance and oversight over risk-related functions:



\* The Shariah Committee provides oversight over Shariah related matters

The Bank places high priority on the management of risk across its two banking entities. The Board, with the support of GRMC, oversees risk and compliance related frameworks, policies, strategies, methodologies, and risk tolerances. Additionally, it ensures that the necessary infrastructure is in place to support robust risk management and compliance practices.

The Board-level GRMC is assisted by the Management-level ERM, which serves as the central conduit for several other Management-level risk committees, as depicted above. Furthermore, the Group Chief Risk Officer ("GCRO"), responsible for overseeing the Bank's risk management function, reports directly to GRMC.

## Risk Management

### RISK STRATEGY AND APPETITE

#### Risk Strategy

The Bank's risk management approach is designed to support its strategic business objectives, ensuring sustainable profitability while safeguarding long-term viability and stakeholders' interests. As an integral part of the Bank's strategic planning, risk management enables the proactive identification, assessment, and mitigation of risks that could impact the Bank's ability to achieve its goals.

While it may not be possible to eliminate all inherent risks, the Bank aims to clearly define its risk appetite i.e. the level of risk it is willing to accept in pursuit of its business objectives, and to implement risk mitigation techniques to minimise their impact.

The Bank seeks to accomplish its risk strategy and stay within its risk appetite through the following means:

- Ensuring all identified material risks are adequately managed;
- Establishing and monitoring risk appetite parameters to manage the Bank's risk-taking activities;
- Defining and allocating clear roles and responsibilities for risk controls within the Bank;
- Avoiding unjustified risk concentrations;
- Promoting a strong risk and compliance culture; and
- Applying risk-based remuneration to material risk-takers.

#### Risk Appetite

The Risk Appetite Statement defines the level of risk the Bank is willing to accept to achieve its strategic business objectives while taking into consideration customer, shareholder, and regulatory requirements. This is supported by supplementary Risk Appetite Statements for material risk areas such as Cyber, Information Technology, and Environment, Social & Governance ("ESG") as well as for individual Lines of Businesses, which are then cascaded down to a more granular and comprehensive set of Key Risk Indicators.

These Key Risk Indicators are used in the tactical management of business lines and product portfolios and are monitored on periodic basis to ensure risks remains within acceptable levels and breaches, if any, are timely escalated and managed.

### RISK AND COMPLIANCE CULTURE

#### Risk Culture

Risk management is not merely confined to inanimate frameworks, policies, procedures, limits, and risk models. Effective risk management also requires a strong risk culture. Risk culture comprises a set of values and behaviours that promote awareness, management, and control of risks in the Bank. Board members, Senior Management, and employees are all ambassadors of this culture. The Bank embeds and communicates its risk culture via the following:

- Tone from the top;
- Risk ownership and accountability; and
- Incentives.

The Board sets the tone from the top to emphasise that risk management is an integral part of the Bank's strategic and business decisions. The Board and Senior Management take the lead in upholding high standards of conduct and corporate values that align with the Bank's overall risk appetite. The expectations of the Board and Senior Management for prudent risk-taking and upholding key behaviours and values are consistently communicated to employees to instil the right risk culture.

Through the 'Three Lines of Defense' model, the Bank ensures that there is clear ownership of risks and controls. All employees, including the business and risk-taking units, are expected to know and understand the core values of the Bank, and their role in managing risks.

The Bank also ensures that the incentive and remuneration schemes are set appropriately to reward and encourage employees to demonstrate the right risk-taking behaviours that are aligned to the Bank's risk appetite and long-term interest. Behaviours that are not aligned with the Bank's risk appetite are subject to the established disciplinary and consequence management processes.

## Risk Management

### Compliance Culture

The compliance culture of the Bank is driven by a strong tone from the top to ingrain the values and principles of ethical business conduct that shape the behaviour and attitude of employees at all levels of businesses and activities across the Bank. Compliance culture goes beyond complying with laws; the Bank expects all employees to conduct their commitments with integrity and business ethics at all times.

The Bank has instilled a compliance culture where the Board, Senior Management and every employee of the Bank are committed to adhering to relevant regulatory standards. This commitment is clearly demonstrated through establishing strong compliance policies and guidelines to ensure that compliance risks are effectively managed. Key initiatives to promote compliance awareness are:

- Encouraging employees to report any situation that exposes the Bank to compliance risk;
- Raising compliance awareness through compliance communications;
- Ensuring robust compliance monitoring;
- Introduction of self-raise concept on risk, control, and compliance issues that are tracked at management committee;
- Emphasis on governance and risk control in employees' performance scorecard (i.e. KPI); and
- Compliance related e-learning modules such as Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions ("AML/CFT/CPF/TFS"), Personal Data Protection Act 2010 ("PDPA"), Anti-Bribery & Corruption ("AB&C"), and Banking Secrecy & Management of Customer Information and Permitted Disclosures ("MCIPD").

The Bank upholds a strong culture of compliance, ethical conduct, and has zero tolerance towards fraudulent and unethical activities. All employees must discharge their duties in compliance with the applicable legal and regulatory requirements, both in letter and spirit.

### Group Compliance Framework

The Framework is to ensure effective and efficient management of compliance risks in a structured manner with the aim of inculcating a stronger compliance culture and ensuring consistency in management of compliance risks across the Group. The key principles outlined in the Framework are as follows:

- (a) The Board and Senior Management are responsible to oversee and ensure the effective management of the Group's compliance risks;
- (b) Compliance is the responsibility of all employees within the Group;
- (c) The Group should hold itself to high standards in carrying on business, and at all times, observe both the spirit and the letter of the laws and regulations.

### RISK CLASSIFICATION

The Bank systematically classifies its risk universe into distinct risk categories to facilitate clear delineation of risk ownership, thorough assessment, effective control design, targeted mitigation strategies, and structured reporting.

At the primary level, these categories represent broad areas of risk to which the Bank is exposed, encompassing a wide range of potential vulnerabilities that could arise from internal operations, market fluctuations, credit exposure, regulatory changes, cybersecurity threats, and other external factors.

Within these overarching risk categories, certain risks are further classified into more specific sub-categories, allowing for a more precise application of risk management methodologies. This hierarchical approach enables the Bank to tailor its risk mitigation strategies to address the unique characteristics of each risk type.



## Risk Management

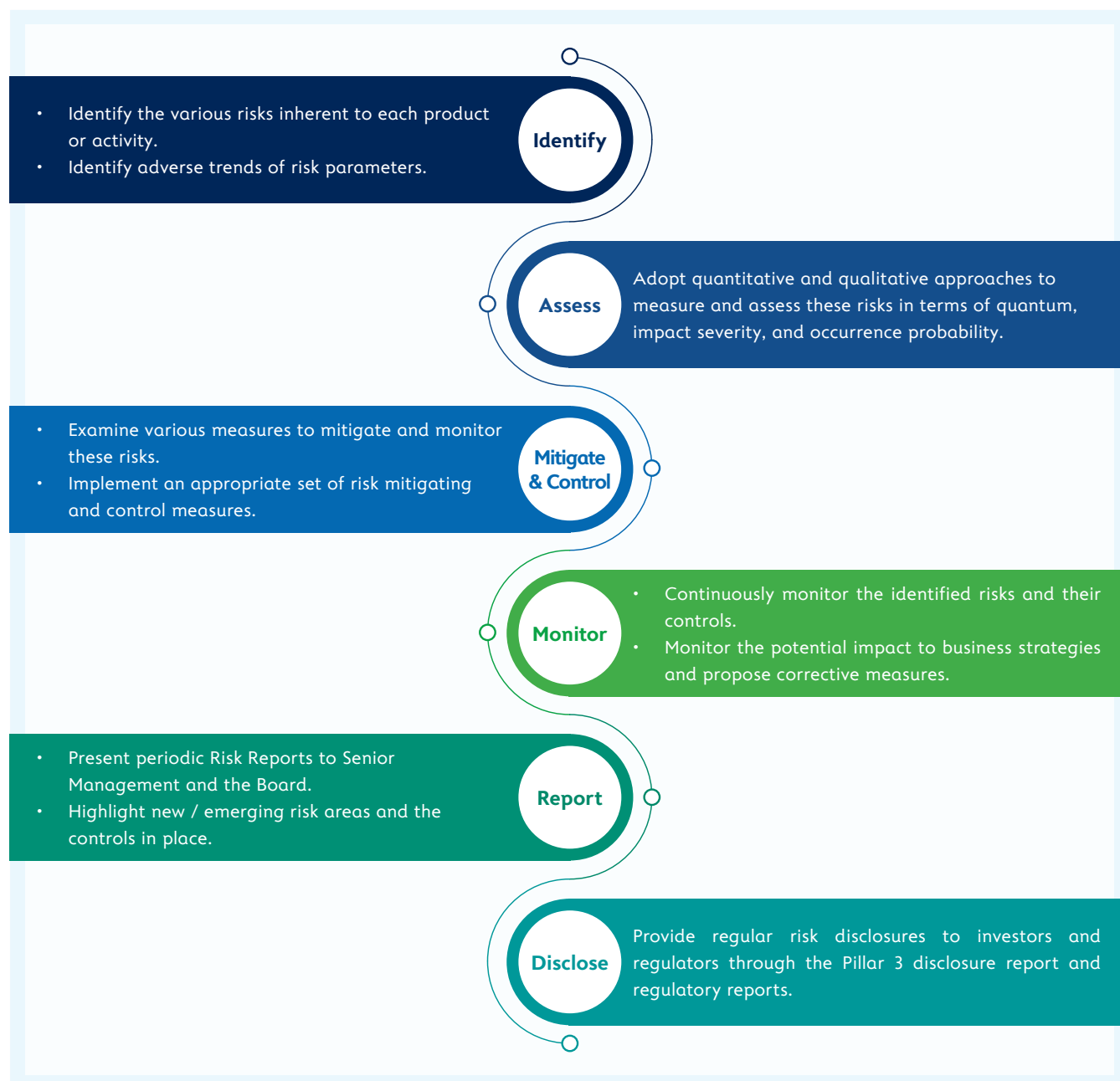
### RISK MANAGEMENT PROCESS

The Bank's risk management process is embedded in its culture and practices. It is a continuous effort involving all staff and is implemented at enterprise, portfolio, and transactional levels.

At the enterprise level, an annual Material Risk Assessment exercise is conducted to identify and evaluate all material risks faced by the Bank. The outcome of this exercise also serves as a key input for the annual Internal Capital Adequacy Assessment Process ("ICAAP"), determining whether additional capital buffers are required to mitigate the Bank's material risks.

Additionally, the Bank ensures that its risk management activities leverage on its comprehensive data infrastructure, systems as well as robust and resilient technology architecture tailored to the complexity and demands of effective risk management.

The Bank's risk management process consists of the following six steps:



## Risk Management

## RISK MANAGEMENT TECHNIQUES

The Bank's Risk Management Framework provides a structured approach to risk management, outlining key risk activities based on various risk categories. To effectively manage the identified risks, the Bank has established comprehensive frameworks and policies as well as a range of risk management techniques and tools, as illustrated in the following table:

| Risk Category                       | Risk Definition   | Risk Management Techniques/Tools  |  |
|-------------------------------------|---|---|--|
| <b>Credit Risk</b>                  | The risk of loss due to failure by customers/counterparties to fulfil their financial or contractual obligations, when due.   | <ul style="list-style-type: none"> <li>Credit Risk Management Framework, strategies, policies &amp; procedures</li> <li>Risk Acceptance Criteria</li> <li>Financing / product programs</li> <li>Product / portfolio risk limits, triggers and parameters</li> <li>Credit concentration limits</li> <li>Credit ratings / scorecards</li> </ul> | <ul style="list-style-type: none"> <li>Credit authorisation</li> <li>Early warning triggers and watchlists</li> <li>Risk-based pricing</li> <li>Stress tests</li> <li>Thematic / portfolio reviews</li> <li>Independent credit reviews</li> <li>Risk dashboard</li> <li>Key Risk Indicators</li> <li>Independent Risk Reviews</li> </ul> |
| <b>Market Risk</b>                  | The risk of loss arising from volatile changes in market variables such as interest rates, profit rates (including yield changes), foreign exchange rates, equity prices and commodity prices, carbon credit prices and digital assets prices.  | <ul style="list-style-type: none"> <li>Market Risk Management Framework and policies</li> <li>Risk measurement / valuation tools</li> <li>Product / portfolio risk limits</li> </ul>  | <ul style="list-style-type: none"> <li>Risk sensitivity and Value-at-Risk limits</li> <li>Stress testing, sensitivity &amp; scenario simulations</li> <li>Risk dashboard</li> <li>Key Risk Indicators</li> <li>Independent Risk Reviews</li> </ul>   |
| <b>Funding &amp; Liquidity Risk</b> | <ul style="list-style-type: none"> <li>The risk of loss resulting from the Bank's inability to meet its financial obligations, when due.</li> <li>Risk of incurring losses when attempting to liquidate assets, due to market disruptions and/or illiquid market situations.</li> <li>Vulnerabilities from funding maturity mismatches and concentration risk arising from the inability to secure stable funds.</li> </ul> | <ul style="list-style-type: none"> <li>Liquidity Risk Management policies</li> <li>Liquidity risk limits and triggers</li> <li>Liquidity stress testing &amp; simulations</li> <li>Liquidity gap reports</li> </ul>   | <ul style="list-style-type: none"> <li>Contingency Funding Plan and Recovery Plan</li> <li>Deposit concentration monitoring &amp; reporting</li> <li>Risk dashboard</li> <li>Key Risk Indicators</li> <li>Independent Risk Reviews</li> </ul>  |

## Risk Management

| Risk Category                    | Risk Definition  | Risk Management Techniques/Tools  |   |
|----------------------------------|--|---|---|
| <b>Operational Risk</b>          | The risk of loss resulting from failures of processes, people and systems; or from external events.  | <ul style="list-style-type: none"> <li>Operational Risk Management Framework and policies</li> <li>Risk and Control Self-Assessment</li> <li>Control testing</li> <li>Loss event data collection</li> <li>Operational risk stress testing and scenario analysis</li> </ul>  | <ul style="list-style-type: none"> <li>Business Continuity Management framework, policy, plan and drills</li> <li>Risk dashboard</li> <li>Key Risk Indicators</li> <li>Independent Risk Reviews</li> </ul>  |
| <b>Technology Risk</b>           | The risk of failures or disruptions in information technology systems, infrastructure, and digital processes within the Bank that could impact operational efficiency, service delivery, or financial stability.           | <ul style="list-style-type: none"> <li>Information Technology Risk Management Framework</li> <li>Cloud Risk Management Framework</li> <li>Digital Risk Management Framework</li> <li>Artificial Intelligence Risk Management Framework</li> </ul>   | <ul style="list-style-type: none"> <li>IT Risk and Control Self-Assessment</li> <li>Loss event data collection (IT incidents)</li> <li>Cybersecurity task force forum</li> <li>Risk dashboard</li> <li>Key Risk Indicators</li> <li>Independent Risk Reviews</li> </ul>   |
| <b>Cyber Risk</b>                | The risk of financial loss, operational disruption, or reputational damage to the Bank due to cyber threats such as data breaches, hacking, malware, or system failures.   | <ul style="list-style-type: none"> <li>Cyber Resilience Framework</li> <li>Cyber Risk and Control Self-Assessment</li> <li>Loss event data collection (Cyber threat related)</li> <li>Cyber Incident Response Plan</li> <li>Cyber risk rating platform for 3<sup>rd</sup> party service providers</li> </ul>                        | <ul style="list-style-type: none"> <li>Red Team assessments covering cyber-attacks</li> <li>Cyber insurance</li> <li>Cybersecurity task force forum</li> <li>Risk dashboard</li> <li>Key Risk Indicators</li> <li>Independent Risk Reviews</li> </ul>   |
| <b>Sustainability / ESG Risk</b> | Threats and adverse consequences to the environment, climate and society at large due to unsustainable business practices which depletes scarce resources and increases carbon footprint / greenhouse gas (GHG) emissions. | <ul style="list-style-type: none"> <li>Climate Risk Management Framework</li> <li>Sustainability Framework</li> <li>Sustainability reporting</li> <li>Climate Change &amp; Principle-based Taxonomy ("CCPT") policy and screener</li> <li>ESG Risk Acceptance Criteria</li> <li>Training and certification for employees</li> </ul> | <ul style="list-style-type: none"> <li>Targeted sustainable loan</li> <li>Prohibits lending for activities which are highly sensitive for ESG e.g. businesses with extremely high GHG emissions</li> <li>Reduce Scope 1 and 2 GHG emissions in the Bank's own operations</li> <li>Nurture customers to adopt low carbon practices</li> <li>Risk dashboard</li> <li>Key Risk Indicators</li> </ul> |

## Risk Management

| Risk Category                         | Risk Definition  | Risk Management Techniques/Tools   |  |
|---------------------------------------|--|--|--|
| <b>Regulatory Non-Compliance Risk</b> | The risk of loss or imposition of penalties, fines, or other liabilities arising from breaches of applicable laws, regulations, or contractual obligations.  | <ul style="list-style-type: none"> <li>Compliance Framework, legal manual and AML/CFT policy</li> </ul>  | <ul style="list-style-type: none"> <li>Group-wide education and programme on compliance and risk awareness</li> </ul>  |
| <b>Shariah Non-Compliance Risk</b>    | The risk of loss arising from failure to comply with Shariah rules and principles.   | <ul style="list-style-type: none"> <li>Shariah Compliance Framework</li> <li>Shariah non-compliance monitoring and reporting</li> </ul>  | <ul style="list-style-type: none"> <li>Independent Shariah compliance reviews</li> <li>Risk dashboard</li> <li>Key Risk Indicators</li> </ul>  |
| <b>Strategic Risk</b>                 | The risk of loss arising from adopting the wrong business strategy, failure to properly execute business strategies, or failure to effectively respond to changes in the industry / economy.   | <ul style="list-style-type: none"> <li>Strategic Risk Management Framework</li> <li>Annual strategy and budget setting exercise</li> <li>Capital management framework and initiatives</li> </ul>                                     | <ul style="list-style-type: none"> <li>Stress tests / reverse stress tests</li> <li>Strategic project initiatives</li> <li>Business reviews and production meetings</li> </ul>   |
| <b>Reputational Risk</b>              | The risk of loss arising from negative perception by customers, counterparties, shareholders and other relevant key stakeholders.  | <ul style="list-style-type: none"> <li>Reputational Risk Management Framework</li> <li>Code of Conduct guidelines</li> </ul>   | <ul style="list-style-type: none"> <li>Managing investor relations</li> <li>Corporate Social Responsibility programmes</li> </ul>  |
| <b>Model Risk</b>                     | The risk of loss arising from inappropriate reliance on risk models.   | <ul style="list-style-type: none"> <li>Independent Model Validation Framework</li> </ul>   | <ul style="list-style-type: none"> <li>Back-testing and independent model validation exercises</li> </ul>  |
| <b>Health &amp; Safety Risk</b>       | The risk of loss due to events that impact the health and safety of stakeholders, e.g. large-scale outbreaks of infectious disease(s) over a wide geographical area or natural disasters which causes significant economic and social disruption, etc. | <ul style="list-style-type: none"> <li>Customer Relief Assistance</li> <li>Work-from-home</li> <li>Distribution of face masks and sanitisers</li> <li>Travel advisory</li> <li>Employee communication on health awareness</li> </ul> | <ul style="list-style-type: none"> <li>Temperature screening and regular sanitisation of public areas</li> <li>Split site operations for essential/critical services</li> <li>Regular Senior Management reporting</li> </ul> |

## Additional Compliance Information

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 March 2025, the following bonds and sukuk were issued:

- (i) RM300.0 million Senior Medium Term Notes (“Senior MTN”) issued by Alliance Bank Malaysia Berhad (“ABMB”) on 12 August 2024 under its existing Senior MTN Programme of up to RM1.5 billion in nominal value. The proceeds raised from the Senior MTN issuance were utilised for ABMB’s general banking, working capital and other corporate purposes;
- (ii) RM300.0 million Additional Tier-1 Capital Securities (“AT1 Capital Securities”) issued by ABMB on 20 September 2024 under its existing AT1 Capital Securities Programme of up to RM1.0 billion in nominal value. The proceeds raised from the AT1 Capital Securities issuance were utilised for ABMB’s general banking, working capital and other corporate purposes;
- (iii) RM200.0 million Senior Sukuk Murabahah issued by Alliance Islamic Bank Berhad (“AIS”) on 12 August 2024 under its existing Perpetual Sukuk Programme of up to RM2.5 billion in nominal value. The proceeds raised from the Senior Sukuk Murabahah issuance were utilised for AIS’s general banking, working capital and other corporate purposes; and
- (iv) RM100.0 million Tier-2 Subordinated Sukuk Murabahah (“Subordinated Sukuk Murabahah”) issued by AIS on 20 September 2024 under its existing Perpetual Sukuk Programme of up to RM2.5 billion in nominal value. The proceeds raised from the Subordinated Sukuk Murabahah issuance were utilised for AIS’s general banking, working capital and other corporate purposes.

### 2. PROCEDURES FOR RELATED PARTY TRANSACTIONS (“RPTS”) AND RECURRENT RELATED PARTY TRANSACTIONS (“RRPTS”)

The Bank has established internal procedures on RPTS and RRPTS to ensure all RPTS and RRPTS are undertaken on an arm’s length basis and on normal commercial terms not more favourable to the related parties than those generally available to the non-related parties.

Generally, a comparison of the terms offered by the related party with at least three non-related parties providing similar services/products will be made, taking into consideration stipulated criteria such as pricing/cost, quality of service/product and delivery schedules, level of efficiency, etc. to establish whether the terms offered by the related party are fair and reasonable and in the commercial interests of the Bank and comparable with those offered by the non-related parties.

The Group Audit Committee assisted by Group Internal Audit reviews all RPTS and RRPTS where the amounts of consideration equal to or exceed the minimum thresholds set by the Board before recommending to the Board for approval, if thought fit.

### 3. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES POLICY

Bank Negara Malaysia Guidelines on Credit Transactions and Exposures with Connected Parties (“BNM Guidelines”) outline standards and guidelines for banking institutions to extend credit in the ordinary course of business to connected parties which are of good credit standing, while ensuring an appropriate level of prudence based on sound credit risk management practices.

The Bank has established an internal policy on credit transactions and exposures with connected parties which covers, amongst others, the approval, limits, declaration, monitoring and reporting of such transactions. This is to ensure the connected parties do not inappropriately benefit from such transactions to the detriment of the Bank, and that such transactions are in compliance with the BNM Guidelines.

### 4. MATERIAL CONTRACTS INVOLVING DIRECTORS, GROUP CHIEF EXECUTIVE OFFICER OR MAJOR SHAREHOLDERS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Bank and/or its subsidiaries involving the interests of the Directors, Group Chief Executive Officer or major shareholders, either still subsisting at the end of the financial year ended 31 March 2025 or, if not then subsisting, entered into since the end of the previous financial year.



# FINANCIAL STATEMENTS

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## Statement of Board of Directors' Responsibilities

### For preparation of the Annual Audited Financial Statements

The Companies Act 2016 requires Directors to prepare financial statements for each financial year, which give a true and fair view of the financial position as at the end of the financial year and the financial performance for the financial year of the Group and the Bank.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards, and International Financial Reporting Standards. The Directors are also responsible to ensure their consistent use in the financial statements, supported where necessary by reasonable and prudent judgments.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that the Group and the Bank maintain adequate accounting records and an effective system of internal controls to safeguard the assets of the Group and the Bank and prevent and detect fraud or any other irregularities.

# Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 March 2025.

## PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services.

The principal activities of the subsidiaries, as set out in Note 12 to the financial statements, consist of Islamic banking, nominees services and related financial services.

There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

|                                   | GROUP<br>RM'000 | BANK<br>RM'000 |
|-----------------------------------|-----------------|----------------|
| Profit before taxation            | 992,925         | 841,257        |
| Taxation and zakat                | (242,199)       | (187,976)      |
| Net profit for the financial year | 750,726         | 653,281        |

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

## DIVIDENDS

The amounts of dividends declared and paid by the Group and the Bank since 31 March 2024 were as follows:

|  | RM'000  |
|--|---------|
| (i) A single tier second interim dividend of 11.45 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM177,258,000 in respect of the financial year ended 31 March 2024, was paid on 28 June 2024.    | 177,258 |
| (ii) A single tier first interim dividend of 9.50 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM147,070,000 in respect of the financial year ended 31 March 2025, was paid on 30 December 2024. | 147,070 |
|  | 324,328 |

Subsequent to the financial year end, the Directors declared a single tier second interim dividend of 9.90 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM153,262,000 in respect of the current financial year. The accompanying financial statements do not reflect this dividend. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2026.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2025.

## Directors' Report

### ISSUE OF SHARES AND DEBENTURES

There was no issuance of new shares during the financial year. The Group and the Bank made various issuance and redemption of debt securities during the financial year. The details are set out in Notes 24 and 25 to the financial statements.

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowances have been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent.

### CURRENT ASSETS

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business, had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

### VALUATION METHOD

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank as misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Group or of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Bank to meet their obligations as and when they fall due.

### CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Bank, which would render any amount stated in the financial statements misleading.

## Directors' Report

### ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

### DIRECTORS

The Directors of the Bank in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Amirsham Bin A Aziz (Chairman)

(appointed on 1 October 2024, redesignated as Chairman with effect from 10 October 2024)

Wong Yuen Weng Ernest

Tan Chian Khong

Susan Yuen Su Min

Lum Piew

Cheryl Khor Hui Peng

Chia Yew Hock Wilson

Dr. John Lee Hin Hock (appointed on 1 April 2024)

Oong Kee Leong (appointed on 1 September 2024)

Lily Rozita Binti Mohamad Khairi (appointed on 15 November 2024)

Datuk Wan Azhar Bin Wan Ahmad (retired with effect from 7 April 2024)

Lee Boon Huat (retired with effect from 7 April 2024)

Tan Sri Dato' Ahmad Bin Mohd Don (Chairman) (demised on 17 September 2024)

Mazidah Binti Abdul Malik (retired with effect from 18 January 2025)

### DIRECTORS' REMUNERATION

The Directors' remuneration for the Group and the Bank for the financial year amounted to RM4,556,000 and RM3,601,000 respectively. Details of Directors' remuneration are set out in Note 40 to the financial statements.

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Bank is a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than benefits shown under Directors' remuneration in Note 40 to the financial statements) by reason of a contract made by the Bank or its subsidiary with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.



## Directors' Report

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings that is required to be kept under Section 59 of the Companies Act 2016, none of the Directors in office at the end of the financial year had any interest in shares of the Bank or its subsidiaries or its related corporations during the financial year.

### BUSINESS REVIEW FOR FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2025

#### Profitability

The Group recorded a net profit after taxation of RM750.7 million for the financial year ended 31 March 2025, a year-on-year ("YOY") increase of RM60.3 million or 8.7%. This growth was primarily driven by increased revenue after taking into account higher allowances for expected credit losses and operating expenses.

Net interest income increased by RM226.4 million or 13.2% YOY, predominantly attributed to loan growth. The net interest margin ("NIM") for the period was 2.45% [2024: 2.48%].

The Group reported other operating income of RM323.4 million, an increase of RM23.0 million or 7.7% YOY. This growth primarily stemmed from increased revenue from treasury and investment income and trade fees, after taking into account lower wealth management income and higher credit card fee expenses.

Total revenue stood at RM2.3 billion, increased by RM249.5 million or 12.3% YOY.

#### Operating Expenses

Operating expenses rose by RM114.8 million, or 11.8% YOY. The cost-to-income ratio ("CIR") stood at 48.0%.

#### Loan Growth

The implementation of the ACCELER8 strategic plan facilitated an expansion in the Group's loans, advances, and financing, which increased by 12.0% YOY to reach RM62.4 billion. This growth was predominantly propelled by advancements across all business lines.

#### Asset Quality

The Group's allowance for expected credit losses on loans, advances, financing, and other financial assets posted a net charge of RM188.6 million, an increase of RM53.1 million YOY. The net credit cost stood at 31.9 basis points, while the loan loss coverage, including regulatory reserves, stood at 116.8%.

The Group will maintain a prudent approach by implementing the credit risk framework across all business lines. This involves stratifying customers based on their risk profiles and engaging with them accordingly. Additionally, the Group will focus on controlling credit costs by refining credit policies, robust credit underwriting standards, and intensifying collection efforts.

#### Healthy Funding and Liquidity Position

The Group's current/savings account ("CASA") ratio was 41.0%, with customer deposits totalling RM65.8 billion. Our funding strategy has enabled the Group to maintain a robust liquidity coverage ratio and loans-to-funds ratio, which stood at 171.6% and 85.6%, respectively.

#### Proactive Capital Management

We maintained capital position with the Common Equity Tier-1 ("CET 1") ratio at 12.2%, the Tier-1 Capital Ratio at 13.4%, and the Total Capital Ratio at 16.7%, all comfortably surpassing regulatory thresholds.

Additionally, for the financial year ended 31 March 2025, the Group declared a second interim dividend of 9.9 sen per share.

## Directors' Report

## BUSINESS REVIEW FOR FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2025 (CONT'D)

## Performance by Business Segment and Subsidiary

The Group's business segments encompass Consumer Banking, Business Banking, and Financial Markets.

In the Consumer Banking segment, profit before tax was recorded at RM130.6 million, reflecting a decrease of RM18.0 million YOY. Net income saw an increase of RM136.6 million or 20.8% to RM792.2 million, driven primarily by a rise in net interest income by RM155.3 million offset by a decrease in other operating income by RM18.7 million. Operating expenses increased by RM38.2 million or 7.9%, while the allowance for expected credit losses increased by RM116.5 million. Segment assets were recorded at RM32.8 billion.

For the Business Banking segment, comprising corporate, commercial, and SME banking, profit before tax rose to RM561.8 million, an increase of RM64.4 million or 12.9% YOY. Net income increased by RM67.7 million or 6.7% to RM1.1 billion, driven by higher net interest income by RM50.8 million and higher other operating income by RM16.9 million. Operating expenses increased by RM66.8 million or 17.0%, while the allowance for expected credit losses decreased by RM63.5 million. Segment assets were recorded at RM33.3 billion.

In the Financial Markets segment, profit before tax reached RM318.9 million, up by RM29.3 million or 10.1% YOY. Net income increased by RM34.6 million or 10.3%, primarily due to higher net interest income by RM19.1 million and lower other operating loss by RM15.5 million. Operating expenses rose by RM5.2 million. Segment assets recorded at RM18.8 billion.

The Islamic Banking segment, which includes consumer banking, business banking, and financial markets, recorded a net profit after taxation of RM192.2 million, which increased by RM30.4 million, or 18.8% YOY. Net income increased by RM102.8 million, or 23.6%. Net profit income increased by RM83.1 million, while other operating income increased by RM19.7 million. Operating expenses increased by RM26.2 million, or 14.6%. The allowance for expected credit losses increased by RM44.3 million. Total assets stood at RM19.4 billion.

## ECONOMIC AND BUSINESS OUTLOOK FOR NEXT FINANCIAL YEAR

Malaysia's Ministry of Finance forecasts GDP growth of 4.5%-5.5% for 2025. While domestic demand and government initiatives are expected to drive this growth, external global developments uncertainties remain a potential risk.

As we reach the midpoint of our Acceler8 2027 strategy, we will continue to pursue the eight growth pillars to ensure sustainable expansion and strengthen our market position:

- **Maintain momentum in SME expansion:** Continue optimizing customer engagement and expanding digital channels.
- **Support business customers throughout their lifecycle:** Serve as the primary bank for businesses at all stages, from small SMEs to IPOs, with tailored financial solutions, driving recurring transactional fee income.
- **Expand the Consumer business:** Deepen relationships with young professionals and high-net-worth clients, including scaling up innovative digital propositions like the virtual credit card.
- **Ecosystem Partnerships:** Offer holistic solutions, particularly in sustainability, by collaborating with strategic partners.
- **Become the regional leader in selected economic corridors:** Capture growth in key economic corridors (Penang, Johor, East Malaysia).
- **Corporate & Capital Markets:** Enhance client coverage and create value through synergies.
- **Islamic Banking:** Increase market share with unique offerings like Halal in One and sustainable financing.
- **Strategic Partnerships:** Expand product and distribution capabilities through collaborations.

## Directors' Report

### ECONOMIC AND BUSINESS OUTLOOK FOR NEXT FINANCIAL YEAR (CONT'D)

We will remain vigilant of the evolving global developments, particularly the potential escalation of US-China trade tensions, which could weigh on global trade activity and economic growth. Notwithstanding this, we will continue to upgrade our products, services, and technology to drive future growth, prudently expand lending, diversify deposit sources, and strengthen risk management in FY2026.

### RATING BY EXTERNAL RATING AGENCY

The Bank is rated by RAM Rating Services Berhad ("RAM"). Based on RAM's rating in September 2024, the Bank's short-term and long-term ratings are reaffirmed at P1 and A1 respectively. RAM has classified these rating categories as follows:

P1 - Financial institutions in this category have superior capacities for timely payments of obligations.

A1 - Financial institutions rated in this category are adjudged to offer adequate safety for timely payments of financial obligations. This level of rating indicates financial institutions with adequate credit profiles, but possess one or more problem areas, giving rise to the possibility of future riskiness. Financial institutions rated in this category have generally performed at industry average and are considered to be more vulnerable to changes in economic conditions than those rated in the higher categories.

### SUBSIDIARIES

Details of subsidiaries are set out in Note 12 to the financial statements.

### AUDITORS' REMUNERATION

Total auditors' remuneration for the Group and the Bank for the financial year ended 31 March 2025 are RM2,393,000 and RM1,989,000 respectively. Details of auditors' remuneration are set out in Note 32 to the financial statements.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 49 to the financial statements.

### SUBSEQUENT EVENTS

The events subsequent to the end of the financial reporting period are disclosed in Note 50 to the financial statements.

### AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

**Amirsham Bin A Aziz**  
Kuala Lumpur, Malaysia  
30 May 2025

**Tan Chian Khong**

## Statement by Directors

Pursuant To Section 251(2) Of The Companies Act 2016

We, Amirsham Bin A Aziz and Tan Chian Khong, being two of the Directors of Alliance Bank Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 226 to 378 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2025 and the financial performance of the Group and of the Bank for the financial year ended 31 March 2025 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**Amirsham Bin A Aziz**  
Kuala Lumpur, Malaysia  
30 May 2025

**Tan Chian Khong**

## Statutory Declaration

Pursuant To Section 251(1) Of The Companies Act 2016

I, Ronnie Royston Fernandiz, being the officer primarily responsible for the financial management of Alliance Bank Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 226 to 378 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the  
abovenamed Ronnie Royston Fernandiz  
at Kuala Lumpur in the Federal Territory  
on 30 May 2025

**Ronnie Royston Fernandiz**  
MIA Membership No. (CA 13837)

Before me,

**Mazlee Bin Ismail**  
Commissioner for Oaths

Kuala Lumpur, Malaysia  
30 May 2025

# Independent Auditors' Report

To The Members Of Alliance Bank Malaysia Berhad  
(Incorporated in Malaysia)  
(Company No: 198201008390 (88103-W))

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Alliance Bank Malaysia Berhad ("the Bank") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 March 2025 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 226 to 378.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and other ethical responsibilities*

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Bank. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.



## Independent Auditors' Report

To The Members Of Alliance Bank Malaysia Berhad  
(Incorporated in Malaysia)  
(Company No: 198201008390 (88103-W))

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matters   | How our audit addressed the key audit matter  |
|---|---|
| <b>Allowance for impairment on loans, advances and financing</b>  |   |
| <p>Refer to accounting policies 2(a)(ii) and 2(j)(i), and Notes 9 and 33 of the Financial Statements of the Group and the Bank.</p> <p>MFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. This is a complex accounting standard which has required considerable judgement and estimates in its implementation.</p> <p>In particular, the significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> <li>The models are inherently complex and judgement is applied in determining the appropriate construct of the model;</li> <li>Identification of loans, advances and financing that have experienced a significant increase in credit risk; and</li> <li>Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets to be used as inputs to the models.</li> </ul> | <p>We obtained an understanding and tested management's controls over identification of loans, advances and financing that have experienced significant increase in credit risk or objective evidence of impairment in accordance with the Group's policy and procedures, and the calculation of ECL provisions.</p> <p>We tested a sample of loans, advances and financing and assessed the reasonableness of management's judgement that there was no significant increase in credit risk or objective evidence of impairment for these loans.</p> <p>Where objective evidence of impairment was identified by the Group and impairment loss was individually calculated, we examined both the quantum and timing of future cash flows used by the Group in the impairment loss calculation, challenged the assumptions and compared the assumptions to external evidence where available. Calculations of the discounted cash flows were also re-performed.</p> <p>For staging and identification of exposures with significant increase in credit risk, we assessed and tested the reasonableness of the transfer criteria applied by the Group for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Group's policy and credit risk management practices.</p> |

## Independent Auditors' Report

To The Members Of Alliance Bank Malaysia Berhad  
(Incorporated in Malaysia)  
(Company No: 198201008390 (88103-W))

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Key audit matters (cont'd)

| Key audit matters | How our audit addressed the key audit matter  |
|-------------------|---|
|                   | <p>To determine the appropriateness of models implemented by the Group, we have:</p> <ol style="list-style-type: none"> <li>1) Assessed the methodologies inherent within the ECL models applied against the requirements of MFRS 9;</li> <li>2) Tested the design and operating effectiveness of the controls relating to: <ul style="list-style-type: none"> <li>- Governance over ECL model and methodology;</li> <li>- Data used to determine the allowances for credit losses; and</li> <li>- Calculation, review and approval of the ECL calculation.</li> </ul> </li> <li>3) Assessed and tested the significant modelling assumptions;</li> <li>4) Assessed and considered reasonableness of forward-looking forecasts assumptions. We have checked to independent sources to determine whether the macro-economic information is supportable and reasonable at the reporting date of the Group's financial statements. We have also checked the reasonableness of the probability weightage accorded to the economic scenarios;</li> <li>5) Checked the accuracy of data and calculation of the ECL amount, on a sample basis and assessed the reasonableness of the overlay adjustment to the ECL; and</li> <li>6) Assessed whether the disclosures in the financial statements appropriately reflect the Group's credit risk exposures.</li> </ol> <p>Based on the procedures performed, we did not find any material exceptions to the Group's assessment on impairment of loans, advances and financing.</p> |

## Independent Auditors' Report

To The Members Of Alliance Bank Malaysia Berhad  
(Incorporated in Malaysia)  
(Company No: 198201008390 (88103-W))

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and Annual Report 2025, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Independent Auditors' Report

To The Members Of Alliance Bank Malaysia Berhad  
(Incorporated in Malaysia)  
(Company No: 198201008390 (88103-W))

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Independent Auditors' Report

To The Members Of Alliance Bank Malaysia Berhad  
(Incorporated in Malaysia)  
(Company No: 198201008390 (88103-W))

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Auditors' responsibilities for the audit of the financial statements (cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

**MOHAMED ZHARIF BIN MD AGIL**  
03795/10/2025 J  
Chartered Accountant

Kuala Lumpur  
30 May 2025



# Statements of Financial Position

As At 31 March 2025

|  | Note | GROUP             |                   | BANK              |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|
|  |      | 2025<br>RM'000    | 2024<br>RM'000    | 2025<br>RM'000    | 2024<br>RM'000    |
| <b>ASSETS</b>  |      |                   |                   |                   |                   |
| Cash and short-term funds  | 3    | 4,588,931         | 4,596,653         | 3,344,893         | 3,280,522         |
| Deposits and placements with banks and other financial institutions    | 4    | 611,989           | -                 | 257,130           | -                 |
| Financial assets at fair value through profit or loss                  | 5    | 305,999           | 335,238           | 305,999           | 335,238           |
| Financial investments at fair value through other comprehensive income | 6    | 11,199,629        | 10,047,311        | 9,357,881         | 8,228,402         |
| Financial investments at amortised cost                                | 7    | 4,065,023         | 3,870,445         | 3,397,964         | 3,400,709         |
| Derivative financial assets  | 8    | 151,261           | 183,035           | 151,261           | 183,035           |
| Loans, advances and financing  | 9    | 61,418,548        | 54,720,750        | 47,137,566        | 41,236,476        |
| Other assets   | 10   | 248,134           | 1,020,815         | 267,498           | 1,123,527         |
| Tax recoverable  |      | 5,782             | 10,639            | -                 | -                 |
| Statutory deposits   | 11   | 1,276,202         | 1,125,413         | 972,419           | 851,813           |
| Investments in subsidiaries  | 12   | -                 | -                 | 731,222           | 646,656           |
| Investment in joint venture  | 13   | 1,182             | 1,135             | 1,094             | 1,094             |
| Right-of-use assets  | 14   | 116,929           | 120,970           | 116,929           | 120,970           |
| Property, plant and equipment  | 15   | 491,572           | 234,093           | 491,369           | 233,908           |
| Deferred tax assets  | 16   | 219,086           | 217,253           | 152,643           | 153,468           |
| Intangible assets  | 17   | 517,038           | 462,372           | 515,385           | 460,219           |
| <b>TOTAL ASSETS</b>  |      | <b>85,217,305</b> | <b>76,946,122</b> | <b>67,201,253</b> | <b>60,256,037</b> |
| <b>LIABILITIES AND EQUITY</b>  |      |                   |                   |                   |                   |
| Deposits from customers  | 18   | 65,834,954        | 57,397,495        | 49,776,588        | 42,526,469        |
| Deposits and placements of banks and other financial institutions      | 19   | 2,054,909         | 2,055,057         | 1,844,421         | 1,865,994         |
| Financial liabilities designated at fair value through profit or loss  | 20   | 1,883,460         | 1,928,111         | 1,883,460         | 1,928,111         |
| Obligations on securities sold under repurchase agreements             |      | 1,724,476         | 2,022,726         | 1,724,476         | 2,022,726         |
| Derivative financial liabilities                                       | 8    | 247,625           | 287,067           | 247,625           | 287,067           |
| Recourse obligations on loans and financing sold to Cagamas            | 21   | 905,646           | 1,227,674         | 604,096           | 724,796           |
| Lease liabilities  | 22   | 117,124           | 124,712           | 117,124           | 124,712           |
| Other liabilities  | 23   | 2,381,446         | 3,134,385         | 2,166,273         | 2,947,355         |
| Provision for taxation   |      | 22,843            | 20,933            | 26,189            | 11,567            |
| Provision for zakat  |      | 1,427             | 916               | -                 | -                 |
| Other borrowings   | 24   | 502,644           | -                 | 301,610           | -                 |
| Subordinated obligations   | 25   | 1,872,304         | 1,571,918         | 1,772,176         | 1,471,684         |
| <b>TOTAL LIABILITIES</b>   |      | <b>77,548,858</b> | <b>69,770,994</b> | <b>60,464,038</b> | <b>53,910,481</b> |
| Share capital  | 26   | 1,548,106         | 1,548,106         | 1,548,106         | 1,548,106         |
| Reserves   | 27   | 6,120,341         | 5,627,022         | 5,189,109         | 4,797,450         |
| <b>TOTAL EQUITY</b>  |      | <b>7,668,447</b>  | <b>7,175,128</b>  | <b>6,737,215</b>  | <b>6,345,556</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                    |      | <b>85,217,305</b> | <b>76,946,122</b> | <b>67,201,253</b> | <b>60,256,037</b> |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                   | 43   | <b>65,980,089</b> | <b>58,359,769</b> | <b>62,257,521</b> | <b>54,726,409</b> |
| Net assets per share attributable to equity holders of the Bank (RM)   |      | 4.95              | 4.63              |                   |                   |

The accompanying notes form an integral part of these financial statements.

## Statements of Income

For The Financial Year Ended 31 March 2025

|  | Note | GROUP              |                | BANK               |                |
|--|------|--------------------|----------------|--------------------|----------------|
|  |      | 2025<br>RM'000     | 2024<br>RM'000 | 2025<br>RM'000     | 2024<br>RM'000 |
| Interest income  | 28   | <b>2,865,144</b>   | 2,465,837      | <b>2,854,689</b>   | 2,455,990      |
| Interest expense   | 29   | <b>(1,414,017)</b> | (1,156,265)    | <b>(1,414,508)</b> | (1,157,102)    |
| Net interest income  |      | <b>1,451,127</b>   | 1,309,572      | <b>1,440,181</b>   | 1,298,888      |
| Net income from Islamic banking business   | 30   | <b>547,078</b>     | 440,111        | -                  | -              |
|  |      | <b>1,998,205</b>   | 1,749,683      | <b>1,440,181</b>   | 1,298,888      |
| Fee and commission income  |      | <b>270,838</b>     | 276,743        | <b>270,622</b>     | 276,548        |
| Fee and commission expense   |      | <b>(157,542)</b>   | (129,446)      | <b>(157,542)</b>   | (129,446)      |
| Investment income  |      | <b>67,816</b>      | 142,398        | <b>161,398</b>     | 204,375        |
| Other income/(expense)   |      | <b>90,622</b>      | (18,928)       | <b>95,521</b>      | (12,869)       |
| Other operating income   | 31   | <b>271,734</b>     | 270,767        | <b>369,999</b>     | 338,608        |
| Net income   |      | <b>2,269,939</b>   | 2,020,450      | <b>1,810,180</b>   | 1,637,496      |
| Other operating expenses   | 32   | <b>(1,088,499)</b> | (973,729)      | <b>(862,662)</b>   | (777,934)      |
| Operating profit before allowances   |      | <b>1,181,440</b>   | 1,046,721      | <b>947,518</b>     | 859,562        |
| Allowance for expected credit losses on loans, advances and financing and other financial assets | 33   | <b>(187,947)</b>   | (134,895)      | <b>(105,264)</b>   | (96,631)       |
| Allowance for expected credit losses on financial investments                                    | 34   | <b>(615)</b>       | (545)          | <b>(997)</b>       | (447)          |
| Operating profit after allowances  |      | <b>992,878</b>     | 911,281        | <b>841,257</b>     | 762,484        |
| Share of results of joint venture  | 13   | <b>47</b>          | 41             | -                  | -              |
| Profit before taxation and zakat   |      | <b>992,925</b>     | 911,322        | <b>841,257</b>     | 762,484        |
| Taxation and zakat   | 35   | <b>(242,199)</b>   | (220,847)      | <b>(187,976)</b>   | (163,541)      |
| Net profit for the financial year  |      | <b>750,726</b>     | 690,475        | <b>653,281</b>     | 598,943        |
| Net profit for the financial year attributable to:   |      |                    |                |                    |                |
| Equity holders of the Bank   |      | <b>750,726</b>     | 690,475        | <b>653,281</b>     | 598,943        |
| Earnings per share attributable to:  | 36   |                    |                |                    |                |
| Equity holders of the Bank   |      |                    |                |                    |                |
| - Basic (sen)  |      | <b>48.5</b>        | 44.6           |                    |                |
| - Diluted (sen)  |      | <b>48.5</b>        | 44.6           |                    |                |

The accompanying notes form an integral part of these financial statements.

# Statements of Comprehensive Income

For The Financial Year Ended 31 March 2025

|   | GROUP           |                | BANK            |                |
|---|-----------------|----------------|-----------------|----------------|
|   | 2025<br>RM'000  | 2024<br>RM'000 | 2025<br>RM'000  | 2024<br>RM'000 |
| Net profit for the financial year   | <b>750,726</b>  | 690,475        | <b>653,281</b>  | 598,943        |
| Other comprehensive income:   |                 |                |                 |                |
| Items that may be reclassified subsequently to profit or loss:  |                 |                |                 |                |
| Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI") | <b>66,921</b>   | 60,785         | <b>62,706</b>   | 53,461         |
| - Net gain from change in fair values   | <b>76,657</b>   | 82,696         | <b>67,954</b>   | 71,599         |
| - Realised loss/(gain) transferred to statements of income on disposal                                  | <b>11,266</b>   | (3,293)        | <b>13,770</b>   | (2,016)        |
| - Transfer to deferred tax  | <b>(21,101)</b> | (19,056)       | <b>(19,614)</b> | (16,487)       |
| - Changes in expected credit losses   | <b>99</b>       | 438            | <b>596</b>      | 365            |
| Other comprehensive income, net of tax  | <b>66,921</b>   | 60,785         | <b>62,706</b>   | 53,461         |
| Total comprehensive income for the financial year   | <b>817,647</b>  | 751,260        | <b>715,987</b>  | 652,404        |
| Total comprehensive income for the financial year attributable to:                                      |                 |                |                 |                |
| Equity holders of the Bank  | <b>817,647</b>  | 751,260        | <b>715,987</b>  | 652,404        |

The accompanying notes form an integral part of these financial statements.

## Statements of Changes in Equity

For The Financial Year Ended 31 March 2025

| GROUP                                    | Attributable to equity holders of the Bank |                               |                            |                          |                            |                        |
|--|--|-------------------------------|----------------------------|--------------------------|----------------------------|------------------------|
|  | Share capital<br>RM'000                    | Regulatory reserves<br>RM'000 | Capital reserves<br>RM'000 | FVOCI reserves<br>RM'000 | Retained profits<br>RM'000 | Total equity<br>RM'000 |
| At 1 April 2024                          | 1,548,106                                  | 155,485                       | 10,018                     | (87,888)                 | 5,549,407                  | 7,175,128              |
| Net profit for the financial year        | -  | -                             | -                          | -                        | 750,726                    | 750,726                |
| Other comprehensive income               | -  | -                             | -                          | 66,921                   | -                          | 66,921                 |
| Total comprehensive income               | -  | -                             | -                          | 66,921                   | 750,726                    | 817,647                |
| Transfer from regulatory reserves        | -  | (38,312)                      | -                          | -                        | 38,312                     | -                      |
| Dividends paid to shareholders (Note 37) | -  | -                             | -                          | -                        | (324,328)                  | (324,328)              |
| At 31 March 2025                         | 1,548,106                                  | 117,173                       | 10,018                     | (20,967)                 | 6,014,117                  | 7,668,447              |
| At 1 April 2023                          | 1,548,106                                  | 257,241                       | 100,150                    | (148,673)                | 4,989,825                  | 6,746,649              |
| Net profit for the financial year        | -  | -                             | -                          | -                        | 690,475                    | 690,475                |
| Other comprehensive income               | -  | -                             | -                          | 60,785                   | -                          | 60,785                 |
| Total comprehensive income               | -  | -                             | -                          | 60,785                   | 690,475                    | 751,260                |
| Transfer from regulatory reserves        | -  | (101,756)                     | -                          | -                        | 101,756                    | -                      |
| Effect of subsidiary's capital return    | -  | -                             | (90,132)                   | -                        | 90,132                     | -                      |
| Dividends paid to shareholders (Note 37) | -  | -                             | -                          | -                        | (322,781)                  | (322,781)              |
| At 31 March 2024                         | 1,548,106                                  | 155,485                       | 10,018                     | (87,888)                 | 5,549,407                  | 7,175,128              |

The accompanying notes form an integral part of these financial statements.

# Statements of Changes in Equity

For The Financial Year Ended 31 March 2025

| BANK  | ← Non-distributable reserves → |                               |                            |                          | Distributable reserves     | Total equity<br>RM'000 |
|---|--------------------------------|-------------------------------|----------------------------|--------------------------|----------------------------|------------------------|
|   | Share capital<br>RM'000        | Regulatory reserves<br>RM'000 | Capital reserves<br>RM'000 | FVOCI reserves<br>RM'000 | Retained profits<br>RM'000 |                        |
| At 1 April 2024                             | 1,548,106                      | 155,485                       | -                          | (83,022)                 | 4,724,987                  | 6,345,556              |
| Net profit for the financial year           | -                              | -                             | -                          | -                        | 653,281                    | 653,281                |
| Other comprehensive income                  | -                              | -                             | -                          | 62,706                   | -                          | 62,706                 |
| Total comprehensive income                  | -                              | -                             | -                          | 62,706                   | 653,281                    | 715,987                |
| Transfer from regulatory reserves           | -                              | (38,312)                      | -                          | -                        | 38,312                     | -                      |
| Dividends paid to shareholders (Note 37)    | -                              | -                             | -                          | -                        | (324,328)                  | (324,328)              |
| At 31 March 2025                            | 1,548,106                      | 117,173                       | -                          | (20,316)                 | 5,092,252                  | 6,737,215              |
| At 1 April 2023                             | 1,548,106                      | 231,857                       | 15,515                     | (135,652)                | 4,324,216                  | 5,984,042              |
| Net profit for the financial year           | -                              | -                             | -                          | -                        | 598,943                    | 598,943                |
| Other comprehensive income                  | -                              | -                             | -                          | 53,461                   | -                          | 53,461                 |
| Total comprehensive income                  | -                              | -                             | -                          | 53,461                   | 598,943                    | 652,404                |
| Transfer from regulatory reserves           | -                              | (82,417)                      | -                          | -                        | 82,417                     | -                      |
| Effect of business transfer from subsidiary | -                              | 6,045                         | -                          | (831)                    | 26,677                     | 31,891                 |
| Effect of subsidiary's capital return       | -                              | -                             | (15,515)                   | -                        | 15,515                     | -                      |
| Dividends paid to shareholders (Note 37)    | -                              | -                             | -                          | -                        | (322,781)                  | (322,781)              |
| At 31 March 2024                            | 1,548,106                      | 155,485                       | -                          | (83,022)                 | 4,724,987                  | 6,345,556              |

The accompanying notes form an integral part of these financial statements.

# Statements of Cash Flows

For The Financial Year Ended 31 March 2025

|   | GROUP            |                | BANK             |                |
|---|------------------|----------------|------------------|----------------|
|   | 2025<br>RM'000   | 2024<br>RM'000 | 2025<br>RM'000   | 2024<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                  |                |                  |                |
| Profit before taxation and zakat  | <b>992,925</b>   | 911,322        | <b>841,257</b>   | 762,484        |
| Adjustments for:  |                  |                |                  |                |
| Accretion of discount less amortisation of premium of financial investments                 | <b>(53,176)</b>  | (41,557)       | <b>(53,176)</b>  | (41,557)       |
| Allowance for expected credit losses on loans, advances and financing                       | <b>233,956</b>   | 122,929        | <b>137,588</b>   | 93,716         |
| (Write-back of)/allowance for expected credit losses on commitments and contingencies       | <b>(10,970)</b>  | 17,706         | <b>(9,853)</b>   | 13,701         |
| Allowance for expected credit losses on financial investments                               | <b>615</b>       | 545            | <b>997</b>       | 447            |
| Allowance for expected credit losses on other receivables                                   | <b>4,886</b>     | 1,993          | <b>5,269</b>     | 1,699          |
| Allowance for expected credit losses on deposits and placements with banks                  | <b>16</b>        | -              | <b>16</b>        | -              |
| Amortisation of computer software   | <b>47,056</b>    | 47,626         | <b>46,445</b>    | 47,051         |
| Depreciation of property, plant and equipment   | <b>22,563</b>    | 22,386         | <b>22,466</b>    | 22,199         |
| Depreciation of right-of-use assets   | <b>31,386</b>    | 27,660         | <b>31,386</b>    | 27,660         |
| Dividends from financial assets at fair value through profit or loss                        | <b>(1,357)</b>   | (1,356)        | <b>(1,357)</b>   | (1,356)        |
| Dividends from subsidiaries   | -                | -              | <b>(93,582)</b>  | (64,330)       |
| Interest expense on lease liabilities   | <b>5,131</b>     | 5,520          | <b>5,131</b>     | 5,520          |
| Interest expense on obligations of securities sold under repurchase agreements              | -                | 48,860         | -                | 48,860         |
| Interest expense on other borrowings  | <b>7,097</b>     | -              | <b>7,097</b>     | -              |
| Interest expense on subordinated obligations  | <b>67,039</b>    | 60,436         | <b>67,158</b>    | 60,551         |
| Interest expense on recourse obligations on loans and financing sold to Cagamas             | <b>20,531</b>    | 25,340         | <b>20,531</b>    | 25,340         |
| Interest income from financial investments at amortised cost                                | <b>(118,041)</b> | (115,334)      | <b>(123,826)</b> | (121,135)      |
| Interest income from financial investments at fair value through other comprehensive income | <b>(340,209)</b> | (290,086)      | <b>(342,408)</b> | (290,086)      |
| Computer software written-off   | <b>82</b>        | 2              | <b>82</b>        | 2              |
| Gain on disposal of property, plant and equipment   | <b>(34)</b>      | -              | <b>(34)</b>      | -              |
| Property, plant and equipment written-off   | <b>1</b>         | 40             | <b>1</b>         | 40             |
| Cash flows from operating activities carried forward  | <b>909,497</b>   | 844,032        | <b>561,188</b>   | 590,806        |

The accompanying notes form an integral part of these financial statements.



## Statements of Cash Flows

For The Financial Year Ended 31 March 2025

|   | GROUP              |                | BANK               |                |
|---|--------------------|----------------|--------------------|----------------|
|   | 2025<br>RM'000     | 2024<br>RM'000 | 2025<br>RM'000     | 2024<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTD)</b>   |                    |                |                    |                |
| Cash flows from operating activities brought forward  | <b>909,497</b>     | 844,032        | <b>561,188</b>     | 590,806        |
| Net loss/(gain) from sale of financial investments at fair value through other comprehensive income               | <b>13,770</b>      | (2,016)        | <b>13,770</b>      | (2,016)        |
| Unrealised loss arising from derivative instruments   | <b>70,774</b>      | 4,886          | <b>70,774</b>      | 7,239          |
| Unrealised gain arising from financial assets at fair value through profit or loss                                | <b>(31,188)</b>    | (25,562)       | <b>(31,188)</b>    | (25,562)       |
| Unrealised loss arising from financial liabilities designated at fair value through profit or loss                | <b>451</b>         | 36,021         | <b>451</b>         | 36,021         |
| Share of results of joint venture   | <b>(47)</b>        | (41)           | <b>-</b>           | -              |
| Cash flows from operating activities before working capital changes   | <b>963,257</b>     | 857,320        | <b>614,995</b>     | 606,488        |
| Changes in working capital:   |                    |                |                    |                |
| Deposits from customers   | <b>8,437,459</b>   | 6,548,465      | <b>7,250,119</b>   | 5,630,116      |
| Deposits and placements of banks and other financial institutions   | <b>(148)</b>       | 335,773        | <b>(21,573)</b>    | 329,792        |
| Deposits and placements with banks and other financial institutions with original maturity more than three months | <b>(29,088)</b>    | 88,553         | <b>(16)</b>        | 88,553         |
| Derivative instruments  | <b>(63,252)</b>    | -              | <b>(63,814)</b>    | -              |
| Financial assets at fair value through profit or loss   | <b>60,427</b>      | (49,231)       | <b>60,427</b>      | (49,231)       |
| Financial liabilities designated at fair value through profit or loss   | <b>(47,563)</b>    | 106,933        | <b>(47,563)</b>    | 106,933        |
| Loans, advances and financing   | <b>(6,931,755)</b> | (6,917,674)    | <b>(6,038,677)</b> | (5,539,429)    |
| Other assets  | <b>767,797</b>     | (474,162)      | <b>850,761</b>     | (435,952)      |
| Other liabilities   | <b>(741,790)</b>   | 956,099        | <b>(779,899)</b>   | 913,413        |
| Obligations on securities sold under repurchase agreements  | <b>(298,250)</b>   | 1,339,468      | <b>(298,250)</b>   | 1,339,468      |
| Statutory deposits  | <b>(150,789)</b>   | (145,812)      | <b>(120,606)</b>   | (123,702)      |
| Cash generated from operating activities  | <b>1,966,305</b>   | 2,645,732      | <b>1,405,904</b>   | 2,866,449      |
| Taxation and zakat paid   | <b>(257,857)</b>   | (228,191)      | <b>(192,143)</b>   | (179,027)      |
| Net cash generated from operating activities  | <b>1,708,448</b>   | 2,417,541      | <b>1,213,761</b>   | 2,687,422      |

## Statements of Cash Flows

For The Financial Year Ended 31 March 2025

|   | GROUP              |                | BANK               |                |
|---|--------------------|----------------|--------------------|----------------|
|   | 2025<br>RM'000     | 2024<br>RM'000 | 2025<br>RM'000     | 2024<br>RM'000 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                    |                |                    |                |
| Dividends from subsidiaries   | -                  | -              | <b>93,582</b>      | 64,330         |
| Dividends from financial assets at fair value through profit or loss                          | <b>1,357</b>       | 1,356          | <b>1,357</b>       | 1,356          |
| Interest received from financial assets at fair value through profit or loss                  | -                  | 4,752          | -                  | 4,752          |
| Interest received from financial investments at fair value through other comprehensive income | <b>329,609</b>     | 255,987        | <b>333,643</b>     | 254,762        |
| Interest received from financial investments at amortised cost                                | <b>122,826</b>     | 94,932         | <b>129,354</b>     | 104,774        |
| Interest paid for derivative instruments  | -                  | (45,853)       | -                  | (45,735)       |
| Purchase of computer software   | <b>(101,804)</b>   | (69,562)       | <b>(101,693)</b>   | (69,224)       |
| Purchase of property, plant and equipment   | <b>(280,043)</b>   | (198,875)      | <b>(279,928)</b>   | (198,807)      |
| Proceeds from disposal of property, plant and equipment                                       | <b>34</b>          | 9              | <b>34</b>          | 4              |
| Proceeds from subsidiary  | -                  | -              | <b>5,000</b>       | 226,745        |
| Purchase of joint venture   | -                  | -              | -                  | (1,094)        |
| Purchase of goodwill  | -                  | -              | -                  | (20,722)       |
| Subscription of subsidiary's ordinary shares  | -                  | -              | <b>(89,566)</b>    | (37,500)       |
| Purchase of:  |                    |                |                    |                |
| - financial investments at fair value through other comprehensive income                      | <b>(4,307,455)</b> | (6,242,319)    | <b>(3,696,703)</b> | (4,116,172)    |
| - financial investments at amortised cost   | <b>(2,857,303)</b> | (867,513)      | <b>(546,171)</b>   | (602,543)      |
| Redemption/disposal of:   |                    |                |                    |                |
| - financial investments at fair value through other comprehensive income                      | <b>3,205,481</b>   | 4,774,851      | <b>2,610,099</b>   | 2,157,133      |
| - financial investments at amortised cost   | <b>2,732,101</b>   | 477,479        | <b>626,508</b>     | 425,090        |
| Net cash used in investing activities   | <b>(1,155,197)</b> | (1,814,756)    | <b>(914,484)</b>   | (1,852,851)    |

## Statements of Cash Flows

For The Financial Year Ended 31 March 2025

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                |                |                |                |
| Dividends paid to shareholders of the company   | (324,328)      | (322,781)      | (324,328)      | (322,781)      |
| Interest paid on obligations on securities sold under repurchase agreements   | -              | (41,242)       | -              | (41,242)       |
| Interest paid on other borrowings   | (4,453)        | -              | (5,487)        | -              |
| Interest paid on subordinated obligations   | (66,653)       | (60,020)       | (66,666)       | (60,119)       |
| Interest paid on recourse obligations on loans and financing sold to Cagamas  | (22,605)       | (19,182)       | (21,262)       | (21,913)       |
| Repayment of lease liabilities  | (40,064)       | (33,595)       | (40,064)       | (33,595)       |
| Proceeds from issuance of other borrowings  | 500,000        | -              | 300,000        | -              |
| Proceeds from issuance of subordinated obligations  | 300,000        | -              | 300,000        | -              |
| (Repayment)/proceeds from recourse obligations on loans and financing sold to Cagamas   | (319,954)      | 900,032        | (119,969)      | 500,017        |
| Net cash generated from financing activities  | 21,943         | 423,212        | 22,224         | 20,367         |
| Net change in cash and cash equivalents   | 575,194        | 1,025,997      | 321,501        | 854,938        |
| Cash and cash equivalents at beginning of financial year  | 4,596,653      | 3,570,656      | 3,280,522      | 2,425,584      |
| Cash and cash equivalents at end of financial year  | 5,171,847      | 4,596,653      | 3,602,023      | 3,280,522      |
| Cash and cash equivalents comprise the following:   |                |                |                |                |
| Cash and short-term funds (Note 3)  | 4,588,931      | 4,596,653      | 3,344,893      | 3,280,522      |
| Deposits and placements with banks and other financial institutions (Note 4)  | 611,989        | -              | 257,130        | -              |
|   | 5,200,920      | 4,596,653      | 3,602,023      | 3,280,522      |
| Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months | (29,073)       | -              | -              | -              |
|   | 5,171,847      | 4,596,653      | 3,602,023      | 3,280,522      |

## Statements of Cash Flows

For The Financial Year Ended 31 March 2025

A reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows as follows:

|  | Recourse<br>obligations<br>on loans and<br>financing sold<br>to Cagamas<br>RM'000 | Lease<br>liabilities<br>RM'000 | Other<br>borrowings<br>RM'000 | Subordinated<br>obligations<br>RM'000 | Total<br>RM'000 |
|--|---|--------------------------------|-------------------------------|---------------------------------------|-----------------|
| <b>GROUP</b>   |   |                                |                               |                                       |                 |
| At 1 April 2024  | 1,227,674   | 124,712                        | -                             | 1,571,918                             | 2,924,304       |
| Cash flow  |   |                                |                               |                                       |                 |
| - Proceeds from issuance                                   | -   | -                              | 500,000                       | 300,000                               | 800,000         |
| - Redemption/repayment                                     | (319,954)   | (40,064)                       | -                             | -                                     | (360,018)       |
| - Interest payment   | (22,605)  | -                              | (4,453)                       | (66,653)                              | (93,711)        |
| Non-cash changes   |   |                                |                               |                                       |                 |
| - Interest accrued   | 20,531  | 5,131                          | 7,097                         | 67,039                                | 99,798          |
| - Additions, remeasurement and<br>termination of contracts | -   | 27,345                         | -                             | -                                     | 27,345          |
| At 31 March 2025   | 905,646   | 117,124                        | 502,644                       | 1,872,304                             | 3,397,718       |

|  | Recourse<br>obligations<br>on loans and<br>financing sold<br>to Cagamas<br>RM'000 | Lease<br>liabilities<br>RM'000 | Subordinated<br>obligations<br>RM'000 | Obligations<br>on securities<br>sold under<br>repurchase<br>agreements<br>RM'000 | Total<br>RM'000 |
|--|---|--------------------------------|---------------------------------------|--|-----------------|
| <b>GROUP</b>   |   |                                |                                       |  |                 |
| At 1 April 2023  | 321,484   | 113,251                        | 1,571,502                             | 675,640  | 2,681,877       |
| Cash flow  |   |                                |                                       |  |                 |
| - Proceeds from issuance                                   | 900,032   | -                              | -                                     | 1,339,468  | 2,239,500       |
| - Redemption/repayment                                     | -   | (33,595)                       | -                                     | -  | (33,595)        |
| - Interest payment   | (19,182)  | -                              | (60,020)                              | (41,242)   | (120,444)       |
| Non-cash changes   |   |                                |                                       |  |                 |
| - Interest accrued   | 25,340  | 5,520                          | 60,436                                | 48,860   | 140,156         |
| - Additions, remeasurement and<br>termination of contracts | -   | 39,536                         | -                                     | -  | 39,536          |
| At 31 March 2024   | 1,227,674   | 124,712                        | 1,571,918                             | 2,022,726  | 4,947,030       |

## Statements of Cash Flows

For The Financial Year Ended 31 March 2025

A reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows as follows: (cont'd)

|  | Recourse<br>obligations<br>on loans and<br>financing sold<br>to Cagamas<br>RM'000 | Lease<br>liabilities<br>RM'000 | Other<br>borrowings<br>RM'000 | Subordinated<br>obligations<br>RM'000 | Total<br>RM'000 |
|--|---|--------------------------------|-------------------------------|---------------------------------------|-----------------|
| <b>BANK</b>  |   |                                |                               |                                       |                 |
| At 1 April 2024  | 724,796   | 124,712                        | -                             | 1,471,684                             | 2,321,192       |
| Cash flow  |   |                                |                               |                                       |                 |
| - Proceeds from issuance                                   | -   | -                              | 300,000                       | 300,000                               | 600,000         |
| - Redemption/repayment                                     | (119,969)   | (40,064)                       | -                             | -                                     | (160,033)       |
| - Interest payment   | (21,262)  | -                              | (5,487)                       | (66,666)                              | (93,415)        |
| Non-cash changes   |   |                                |                               |                                       |                 |
| - Interest accrued   | 20,531  | 5,131                          | 7,097                         | 67,158                                | 99,917          |
| - Additions, remeasurement and<br>termination of contracts | -   | 27,345                         | -                             | -                                     | 27,345          |
| At 31 March 2025   | 604,096   | 117,124                        | 301,610                       | 1,772,176                             | 2,795,006       |

|  | Recourse<br>obligations<br>on loans and<br>financing sold<br>to Cagamas<br>RM'000 | Lease<br>liabilities<br>RM'000 | Subordinated<br>obligations<br>RM'000 | Obligations<br>on securities<br>sold under<br>repurchase<br>agreements<br>RM'000 | Total<br>RM'000 |
|--|---|--------------------------------|---------------------------------------|--|-----------------|
| <b>BANK</b>  |   |                                |                                       |  |                 |
| At 1 April 2023  | 221,352   | 113,251                        | 1,471,252                             | 675,640  | 2,481,495       |
| Cash flow  |   |                                |                                       |  |                 |
| - Proceeds from issuance                                   | 500,017   | -                              | -                                     | 1,339,468  | 1,839,485       |
| - Redemption/repayment                                     | -   | (33,595)                       | -                                     | -  | (33,595)        |
| - Interest payment   | (21,913)  | -                              | (60,119)                              | (41,242)   | (123,274)       |
| Non-cash changes   |   |                                |                                       |  |                 |
| - Interest accrued   | 25,340  | 5,520                          | 60,551                                | 48,860   | 140,271         |
| - Additions, remeasurement and<br>termination of contracts | -   | 39,536                         | -                                     | -  | 39,536          |
| At 31 March 2024   | 724,796   | 124,712                        | 1,471,684                             | 2,022,726  | 4,343,918       |

# Notes to the Financial Statements

As at 31 March 2025

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in all aspects of banking business and the provision of related financial services.

The principal activities of the subsidiaries are Islamic banking, nominees services, investment advisory services and related financial services.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office is located at 3<sup>rd</sup> Floor, Menara Multi-Purpose, Capital Square, No 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 May 2025.

## 2. MATERIAL ACCOUNTING POLICIES

### (a) Basis of Preparation

#### Malaysian Financial Reporting Standards ("MFRS") Framework

The financial statements of the Group and the Bank have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, as modified by the financial investments at fair value through other comprehensive income and financial assets/liabilities (including derivative instruments) at fair value through profit or loss.

The financial statements incorporate all activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The financial statements are presented in Ringgit Malaysia ("RM") and all numbers are rounded to the nearest thousand (RM'000), unless otherwise stated.

The preparation of the financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in the following notes:

- (i) Annual testing for impairment of goodwill (Note 17) - the measurement of the recoverable amount of cash-generating units is determined based on the value-in-use method, which requires the use of estimates for cash flow projections approved by the Board of Directors covering a 4-year period, estimated growth rates for cash flows beyond the fourth year are extrapolated in perpetuity and discount rates are applied to the cash flow projections. A sensitivity assessment has been performed by stressing the estimated growth rates and discount rates by a certain percentage.



## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of Preparation (cont'd)

##### Malaysian Financial Reporting Standards ("MFRS") Framework (cont'd)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in the following notes: (cont'd)

- (ii) The measurement of allowance for expected credit losses ("ECL") for financial assets measured at amortised cost and at fair value through other comprehensive income. These are the areas that require the use of significant assumptions about future economic conditions and credit behaviour.

The allowance for ECL is recognised using forward-looking information including macroeconomic factors. Using forward-looking information will increase the level of judgement as to how changes in these macroeconomic factors will affect the allowance for ECL. The methodology and assumptions including any forecasts of future economic conditions will continue to be monitored and reviewed.

The sensitivity effect on the macroeconomic factor is further disclosed in Note 41(a)(vi).

Some of the areas of significant judgements involved in the measurement of ECL are detailed as follows:

- Significant increase in credit risk and further disclosure in Note 41(a)(iv)(a);
- Development of ECL models and assumption for the measurement of ECL;
- Determining the number and relative weightings of forward-looking scenarios; and
- Establishing groups of similar financial assets for the purpose of measuring ECL on a collective basis.

The Group and the Bank have also applied pre-emptive provisions and post-model adjustments to determine a sufficient overall level of allowance for ECL as at 31 March 2025. The basis is further disclosed in Note 41(a)(vii).

##### Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Bank

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and the Bank for the financial year beginning on 1 April 2024 are as follows:

- Amendments to MFRS 101 "Classification of Liabilities as Current or Non-current"
- Amendments to MFRS 101 "Non-current Liabilities with Covenants"
- Amendments to MFRS 16 "Lease Liability in a Sale and Leaseback"
- IFRIC agenda decision on disclosure of revenues and expenses for reportable segments (MFRS 8 Operating Segments)

The adoption of the above standards, amendments to published standards, interpretations to existing standards did not have any significant impact on the financial statements of the Group and the Bank, except for the IFRIC agenda decision which the Group and the Bank are in the midst of assessing the impacts on the financial statements.

## Notes to the Financial Statements

As at 31 March 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

## (a) Basis of Preparation (cont'd)

**Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective**

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period:

Financial year beginning after 1 April 2025

## (i) Amendments to MFRS 121 “Lack of Exchangeability”

The amendments clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations.

If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for a specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

Financial year beginning after 1 April 2026

## (i) Amendments to MFRS 9 and MFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments clarify that financial assets require to be derecognised on that date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged or settled. In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems if specified criteria are met.

The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion.

New disclosure requirements have been added for certain instruments with contractual terms that can change cash flows such as some financial instruments with features linked to the achievement of environmental, social and governance targets.

In addition, the amendments also update the disclosures for equity instruments designated at fair value through other comprehensive income (“FVOCI”).

## (ii) Amendments to MFRS 9 and MFRS 7 “Contracts Referencing Nature-dependent Electricity”

The amendments have added the buyer’s application guidance on the MFRS 9 “own-use exemption” for contracts to buy and take delivery of electricity because the source of its generation depends on uncontrollable natural conditions e.g. the weather (“contracts referencing nature-dependent electricity”). Under the amendments, the buyer can apply the MFRS 9 “own-use exemption” to account for these contracts as executory contracts if the buyer has been, and expects to be, an “net purchaser” of electricity for the contract period, based on the criteria set in the standard.

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of Preparation (cont'd)

**Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (cont'd)**

Financial year beginning after 1 April 2026 (cont'd)

#### (ii) Amendments to MFRS 9 and MFRS 7 “Contracts Referencing Nature-dependent Electricity” (cont'd)

The amendments also permit hedge accounting in MFRS 9 if these contracts referencing nature-dependent electricity are used as hedging instruments.

On the other hand, new MFRS 7 disclosure requirements have been introduced to enable users to understand the effects of these contracts on an entity's financial performance and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

Financial year beginning after 1 April 2027

#### (i) MFRS 19 “Subsidiaries without Public Accountability”

The MASB had on 15 July 2024 issued MFRS 19 “Subsidiaries without Public Accountability” effective for annual periods beginning on or after 1 January 2027.

The new MFRS allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other MFRS accounting standards.

An entity may elect to apply MFRS 19 if at the end of the reporting period:

- it is a subsidiary;
- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with MFRS Accounting Standards.

#### (ii) MFRS 18 “Presentation and Disclosures in Financial Statements”

The MASB had on 14 June 2024 issued MFRS 18 “Presentation and Disclosures in Financial Statements” effective for annual periods beginning on or after 1 January 2027, replaces MFRS 101 “Presentation of Financial Statements”.

The new MFRS introduces a new structure of profit or loss statement.

#### (a) Income and expenses are classified into 3 new main categories:

- (i) Operating category which typically includes result from the main business activities.
- (ii) Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
- (iii) Financing category that presents income and expenses from financing liabilities.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(a) Basis of Preparation (cont'd)**

**Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (cont'd)**

Financial year beginning after 1 April 2027 (cont'd)

(ii) MFRS 18 "Presentation and Disclosures in Financial Statements" (cont'd)

(b) Entities are required to present two new specified subtotals: "Operating profit or loss" and "Profit or loss before financing and income taxes".

Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

MFRS 18 will be applied retrospectively.

The adoption of the above standards, amendments to published standards and interpretations to existing standards are not expected to give rise to any significant impact on the financial statements of the Group and the Bank, except for the adoption of MFRS 18 and amendments of MFRS 9, of which the Group and the Bank are in the midst of assessing the impacts on the financial statements.

**(b) Economic Entities in the Group****(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

Subsidiaries are consolidated using the acquisition method of accounting. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (b) Economic Entities in the Group (cont'd)

##### (i) Subsidiaries (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill [Note 2(d)(i)]. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of income.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and any gains or losses arising from such remeasurement are recognised in statements of income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in statements of income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

In a group reorganisation, the assets and liabilities of the acquired entity are included in the consolidated financial statements of the Group at their existing carrying amounts without fair value uplift. The difference between the consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) is recognised in equity. No goodwill is recognised. The acquired entity's assets and liabilities are incorporated in the consolidated financial statements of the Group as if the entity had always been, prior to the group reorganisation.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transfer assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (ii) Changes in Ownership Interests in Subsidiaries Without Change of Control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

##### (iii) Disposal of Subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statements of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statements of income.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(b) Economic Entities in the Group (cont'd)****(iii) Disposal of Subsidiaries (cont'd)**

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

**(iv) Associates**

Associates are all entities over which the Group has significant influence, but not control or joint control, generally accompanying a shareholding of between 20% and 50% of voting rights. Significant influence is the power to participate in financial and operating policy decisions of associates but not power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in statements of income, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statements of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statements of income.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statements of income where appropriate.

Dilution gains and losses arising in investments in associates are recognised in the statements of income.



## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (b) Economic Entities in the Group (cont'd)

##### (v) Joint Arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statements of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in statements of income, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statements of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statements of income.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statements of income where appropriate.

Dilution gains or losses arising in investments in associates are recognised in statements of income.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(c) Investments in Subsidiaries, Joint Ventures and Associates in Separate Financial Statements**

In the Bank's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment loss. The policy for the recognition and measurement of impairment is in accordance with Note 2(j)(ii)(b). On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments is recognised in the statements of income.

**(d) Intangible Assets****(i) Goodwill**

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in statements of income.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segments level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

**(ii) Computer Software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. The costs are amortised over their useful lives of five years and are stated at cost less accumulated amortisation and accumulated impairment, if any. Computer software is assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and amortisation method are reviewed at least at the end of each reporting period.

The policy for the recognition and measurement of impairment is in accordance with Note 2(j)(ii)(b).

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs include software development employee costs and an appropriate portion of relevant overheads.

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the statements of income during the financial year in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment is in accordance with Note 2(j)(ii)(b).

Freehold land has an unlimited useful life and therefore is not depreciated. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, summarised as follows:

|  |             |
|--|-------------|
| Buildings                                | 2%          |
| Office equipment, furniture and fixtures | 10% - 20%   |
| Motor vehicles                           | 20%         |
| Renovations                              | 20%         |
| Computer equipment                       | 20% - 33.3% |

Depreciation on assets under construction commences when the assets are ready for their intended use.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statements of income.

#### (f) Financial Assets

##### (i) Classification

The Group and the Bank classify the financial assets in the following measurement categories:

- Fair value through other comprehensive income ("FVOCI");
- Fair value through profit or loss ("FVTPL"); and
- Amortised cost.

## Notes to the Financial Statements

As at 31 March 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

## (f) Financial Assets (cont'd)

## (i) Classification (cont'd)

**Business model assessment**

The Group and the Bank conduct assessments on the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio, as to whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

**Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")**

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets' contractual cash flows represent SPPI.

In applying the SPPI test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

For financial assets measured at fair value, gains and losses will either be recorded in statements of income or statements of other comprehensive income ("OCI"). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investment at FVTPL by the Group and the Bank.

## (i) Financial investments at FVOCI comprise:

Debt securities where the contractual cash flows are solely principal and interest, and the objective of the Group's and the Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.

## (ii) The Group and the Bank classify the following financial assets at FVTPL:

- Debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income; and
- Equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (f) Financial Assets (cont'd)

##### (i) Classification (cont'd)

##### Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI") (cont'd)

(iii) The Group and the Bank classify their financial investments at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The policy of the recognition of impairment is in accordance with Note 2(j)(i).

##### (ii) Recognition and Initial Measurement

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Group and the Bank settle to purchase or sell the asset.

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statements of income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

##### (iii) Subsequent Measurement

##### Debt instruments

There are three measurement categories into which the Group and the Bank classify its debt instruments:

##### (i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest/profit income from these financial assets is included in gross interest/profit income using the effective interest/profit method. Any gain or loss arising on derecognition is recognised directly in statements of income and presented in other operating income. Impairment losses are presented as a separate line item in the statements of income.

##### (ii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest/profit income and foreign exchange gains and losses which are recognised in statements of income.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(f) Financial Assets (cont'd)****(iii) Subsequent Measurement (cont'd)****Debt instruments (cont'd)**

There are three measurement categories into which the Group and the Bank classify its debt instruments: (cont'd)

**(ii) FVOCI (cont'd)**

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statements of income and recognised in other operating income. Interest/profit income from these financial assets is included in gross interest/profit income using the effective interest/profit method. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as a separate line item in the statements of income and statements of comprehensive income.

**(iii) FVTPL**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in statements of income and presented net within other operating income in the period which it arises.

**Equity instruments**

The Group and the Bank subsequently measures all equity investments at fair value where the Group's and the Bank's management has elected to present fair value gains and losses on equity investments through statements of income. Changes in the fair value of financial assets at FVTPL are recognised in other operating income in the statements of income. Dividends from such investments continue to be recognised in statements of income as other operating income when the Group's and the Bank's right to receive payments is established.

**(iv) Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Bank have transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group and the Bank are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as amount due to Cagamas Berhad.

When financial investments at FVOCI are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to statements of income.



## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (g) Derivative Financial Instrument and Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value are recognised immediately in statements of income.

Derivatives that qualify for hedge accounting are designated as either:

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) Hedges of a net investment in a foreign operation (net investment hedge).

The Group and the Bank document at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Bank document its risk management objective and strategy for undertaking its hedge transactions.

The hedges for the Group and the Bank that meet the strict criteria for hedge accounting are accounted for as described below:

#### (i) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in statements of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies fair value hedge accounting for hedging fixed interest risk on securities. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate securities is recognised in statements of income. The gain or loss relating to the ineffective portion is recognised in statements of income within the other operating income. Changes in the fair value of the hedge fixed rate securities attributable to interest rate risk are recognised in equity.

If the hedge no longer meets the criteria for hedge accounting, the carrying amount of a hedged item is adjusted using the effective interest method to amortise to statements of income over the period to maturity.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(g) Derivative Financial Instrument and Hedge Accounting (cont'd)****(ii) Cash Flow Hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in statements of income.

Amounts accumulated in equity are reclassified to statements of income in the periods when the hedged item affect the statements of income. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in statements of income at the same time as the interest expense on the hedged borrowings.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example property, plant and equipment), the gains or losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in depreciation of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the periods when the hedged item affects the statements of income. When hedged future cash flows or forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to statements of income.

**Interest Rate Benchmark Reform**

The London Interbank Offered Rate ("LIBOR"), a key USD-based benchmark rate used for setting interest rate for derivatives has permanently ceased on 30 September 2024 and has been replaced by the Secured Overnight Financing Rate ("SOFR").

**(h) Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

**(i) Other Assets**

Other receivables, deposits, trade receivables, amount due from subsidiaries and related parties included in other assets are carried at amortised cost using the effective yield method, less impairment allowance. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the end of the reporting period.

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (j) Impairment of Assets

##### (i) Impairment of Financial Assets

The Group and the Bank assess on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's and the Bank's financial assets that are subjected to the ECL model include financial assets classified at amortised cost, debt instruments measured at FVOCI, loans commitments, financial guarantee contracts and other commitments.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

##### (a) General 3-stage approach

At each reporting date, the Group and the Bank measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Impairment will be measured on each reporting date according to a three-stage ECL impairment model:

- Stage 1 - from initial recognition of a financial asset to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL);
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset (Lifetime ECL); and
- Stage 3 - when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL). This includes exposures which have triggered obligatory impairment criterion or are judgmentally impaired.

The detailed measurement of ECL is set out in Note 41.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(j) Impairment of Assets (cont'd)****(i) Impairment of Financial Assets (cont'd)****(b) Simplified approach for other receivables**

The Group and the Bank apply the MFRS 9 simplified approach to measure ECL which uses probability default ratio ("PD") and loss given default ("LGD") for the due amount.

The PD methodology is derived based on net flow rate model as a simplified approach in view of its low credit risk and non-maturity profile on due amount. LGD is deemed to be in full at any point in time as accounts comprise short term repayments and forward-looking elements will not be considered.

**(c) Write-off**

The Group and the Bank write-off financial assets, in whole or in part, when all practical recovery efforts have been exhausted and it is concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of borrower's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Bank may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off will result in bad debts recoveries.

**(ii) Impairment of Non-Financial Assets****(a) Goodwill/Intangible assets**

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from business combinations or intangible assets is allocated to CGUs which are expected to benefit from the synergies of the business combination or the intangible asset.

The recoverable amount is determined for each CGU based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment is recognised in the statements of comprehensive income when the carrying amount of the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the CGU. The total impairment is allocated, first, to reduce the carrying amount of goodwill or intangible assets allocated to the CGU and then to the other assets of the CGU on a pro-rata basis.

An impairment on goodwill is not reversed in subsequent periods. An impairment for other intangible assets is reversed if, and only if, there has been a change in the estimates used to determine the intangible asset's recoverable amount since the last impairment was recognised and such reversal is through the statements of income to the extent that the intangible asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment had been recognised.

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (j) Impairment of Assets (cont'd)

##### (ii) Impairment of Non-Financial Assets (cont'd)

##### (b) Other non-financial assets

Other non-financial assets such as property, plant and equipment, computer software, foreclosed properties and investments in subsidiaries and associates are reviewed for objective indications of impairment at the end of each reporting period or whenever there is any indication that these assets may be impaired. Where such indications exist, impairment is determined as the excess of the asset's carrying value over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in the statements of income. An impairment for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised.

The carrying amount is increased to its revised recoverable amount, provided that the amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment been recognised for the asset in prior years. A reversal of impairment for an asset is recognised in the statements of income.

#### (k) Financial Liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost.

Certain financial liabilities are designated at initial recognition at fair value through profit or loss when one of the designation criteria is met:

- (i) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (ii) Its performance is evaluated on a fair value basis, in accordance with a documented management or investment strategy.

A financial liability which does not meet any of these criteria may still be designated as measured at FVTPL when it contains one or more embedded derivatives that sufficiently modify the cash flows of the liability and are not clearly closely related.

The component of fair value changes relating to the Group's and the Bank's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in statements of income, but are transferred to retained earnings when realised.

Interest payables are now classified into the respective class of financial liabilities.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(l) Repurchase Agreements**

Financial instruments purchased under resale agreements are instruments which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the instruments is reflected as an asset in the statements of financial position and measured at amortised cost.

Conversely, obligations on financial instruments sold under repurchase agreements are instruments which the Group and the Bank have sold from their portfolio, with a commitment to repurchase at future dates, are measured at amortised cost. Such financing transactions and the obligations to repurchase the instruments are reflected as a liability in the statements of financial position.

**(m) Bills and Acceptances Payable**

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market. Refer to Note 2(k).

**(n) Subordinated Obligations and Other Borrowings**

The interest-bearing instruments are classified as liabilities in the statements of financial position as there is a contractual obligation by the Group and the Bank to make cash payments of either principal or interest or both to holders of the debt securities, and the Group and the Bank are contractually obliged to settle the financial instrument in cash or another financial instrument.

Subsequent to initial recognition, debt securities issued are recognised at amortised cost, with any difference between proceeds net of transaction costs and the redemption value being recognised in the statements of income over the period of the borrowings on an effective interest/profit method.

**(o) Provisions**

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Bank expect a provision to be reimbursed by another party (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.



## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (p) Leases

##### Lease in which the Group and the Bank are a Lessee

Leases are recognised as right-of-use ("ROU") assets and a corresponding liability at the date on which the leased asset is available for use by the Group and the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Bank are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

##### (i) Lease Term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank and affects whether the Group and the Bank are reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in remeasurement of the lease liabilities.

##### (ii) ROU Assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss, if any. ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Bank are reasonably certain to exercise a purchase option, the ROU assets are depreciated on the underlying asset's useful life. In addition, ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets are presented as a separate line item in the statements of financial position.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(p) Leases (cont'd)****Lease in which the Group and the Bank are a Lessee (cont'd)****(iii) Lease Liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Bank are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statements of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Bank present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the net interest income in statements of income.

**(iv) Short-Term Leases and Leases of Low Value Assets**

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer equipment and small items of office equipment. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an operating expense in statements of income.

**Lease in which the Bank is a Lessor**

As a lessor, the Bank determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (p) Leases (cont'd)

##### Lease in which the Bank is a Lessor (cont'd)

##### (i) Finance Leases

The Bank classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Bank derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from the lessee and the unguaranteed residual value of the underlying asset.

Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to MFRS 9 impairment. In addition, the Bank reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Bank revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

##### (ii) Operating Leases

The Bank classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Bank recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

##### (iii) Sublease Classification

When the Bank is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU assets arising from the head lease, not with reference to the underlying assets. If a head lease is short-term lease to which the Bank applies the exemption described above, then it classifies the sublease as an operating lease.

##### (iv) Separating Lease and Non-Lease Components

If an arrangement contains lease and non-lease components, the Bank allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

#### (q) Share Capital and Dividends Declared

##### (i) Classification

Ordinary shares with discretionary dividends are classified as equity.

##### (ii) Share Issue Costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(q) Share Capital and Dividends Declared (cont'd)****(iii) Dividends Declared**

Dividends declared on ordinary shares are deducted from equity in the period in which all relevant approvals have been obtained.

**(iv) Earnings Per Share****Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owner of the Group and the Bank, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(r) Revenue Recognition****(i) Recognition of Interest and Financing Income**

Interest income and financing income are recognised using effective interest/profit rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loans/financing or, where appropriate, a shorter period to the net carrying amount of the loan/financing. When calculating the effective interest/profit rate, the Group and the Bank estimate cash flows considering all contractual terms of the loans/financing but do not consider future credit losses. The calculation includes significant fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income and financing income are recognised in the statements of income for all interest/profit-bearing assets on an accrual basis. Interest income and financing income include the amortisation of premium or accretion of discount. Income from the Islamic banking business is recognised on an accrual basis in accordance with the Shariah principles.

For impaired loans/financing where the value has been reduced as a result of impairment loss, interest/financing income continues to be accrued using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment.

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (r) Revenue Recognition (cont'd)

##### (ii) Recognition of Fees and Other Income

Fee and commission income of the Group and the Bank is from a wide range of products and services provided to the customers. The income is recognised based on the contractual rates or amount, netted off against fee and commission expense directly attributable to the income. When the performance obligation is fulfilled, where the products and services are delivered to the customer, fee and commission income will be recognised in statements of income.

For transaction-based fee and commission income, it is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory fees, brokerage income, loan arrangement fees and commissions, management and participation fees, underwriting commissions, service charges on credit cards and sale of unit trust funds. These fees constitute a single performance obligation.

For services that are provided over a period of time, fee and commission income is recognised on equal proportion basis over the period during which the related service is provided. This basis of recognition will reflect the nature of these services to the customers over time. Fees for these services can be billed periodically over time. Such fees include commitment, guarantee and portfolio management fees and bancassurance agreements.

Net gain or loss from disposal of financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised in statements of income upon disposal of securities, as the difference between net disposal proceeds and carrying amount of the securities.

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividends that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity investment measured at financial investments at fair value through other comprehensive income.

#### (s) Recognition of Interest and Financing Expenses

Interest expense and attributable profit (on activities relating to Islamic banking business) on deposits and borrowings of the Group and of the Bank are recognised on an accrual basis.

#### (t) Foreign Currencies

##### (i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

## Notes to the Financial Statements

As at 31 March 2025

**2. MATERIAL ACCOUNTING POLICIES (CONT'D)****(t) Foreign Currencies (cont'd)****(ii) Transactions and Balances (cont'd)**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statements of income.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in statements of income, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statements of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVOCI, are included in other comprehensive income.

**(u) Current and Deferred Income Tax**

Income tax on the statements of income for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of the reporting date. In the event of uncertain tax position, the tax is measured using the single best estimate of the most likely outcome.

Tax is recognised in the statements of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided in full, using the liability method, on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.



## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (u) Current and Deferred Income Tax (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised as income or an expense in the statements of comprehensive income for the period, except when it arises from a transaction which is recognised directly in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited to other comprehensive income or to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (v) Foreclosed Properties

Foreclosed properties are stated at the lower of the carrying amount and fair value less costs to sell.

#### (w) Cash and Cash Equivalents

Cash and cash equivalents as stated in the statements of cash flows comprise cash and bank balances and short-term deposits with original maturity of three months or less that are readily convertible into cash with insignificant risk of changes in value.

#### (x) Employee Benefits

##### (i) Short-Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligations to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statements of comprehensive income as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF").

## Notes to the Financial Statements

As at 31 March 2025

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (y) Contingent Assets and Contingent Liabilities

The Group and the Bank do not recognise contingent assets and liabilities other than those from business combination, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

#### (z) Financial Guarantee Contract

Financial guarantee contracts are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial Instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

#### (aa) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments. The Management Committee of the Group is identified as the chief operating decision-maker.

## Notes to the Financial Statements

As at 31 March 2025

### 3. CASH AND SHORT-TERM FUNDS

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Cash and balances with banks and other financial institutions  | 808,092        | 836,021        | 773,865        | 794,592        |
| Money at call and deposit placements maturing within one month | 3,780,903      | 3,760,779      | 2,571,092      | 2,486,077      |
|  | 4,588,995      | 4,596,800      | 3,344,957      | 3,280,669      |
| Less: Allowance for expected credit losses                     | (64)           | (147)          | (64)           | (147)          |
|  | 4,588,931      | 4,596,653      | 3,344,893      | 3,280,522      |

Movements in allowance for expected credit losses are as follows:

| GROUP/BANK   | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Total<br>RM'000 |
|--|--|-----------------|
| At 1 April 2024                                    | 147                                    | 147             |
| New financial assets originated or purchased       | 629                                    | 629             |
| Financial assets derecognised other than write-off | (707)                                  | (707)           |
| Changes due to change in credit risk               | (1)                                    | (1)             |
| Other adjustments                                  | (4)                                    | (4)             |
| Total write-back from statements of income         | (83)                                   | (83)            |
| At 31 March 2025                                   | 64                                     | 64              |
| At 1 April 2023                                    | 111                                    | 111             |
| New financial assets originated or purchased       | 1,074                                  | 1,074           |
| Financial assets derecognised other than write-off | (1,057)                                | (1,057)         |
| Changes due to change in credit risk               | 10                                     | 10              |
| Other adjustments                                  | 9                                      | 9               |
| Total charge to statements of income               | 36                                     | 36              |
| At 31 March 2024                                   | 147                                    | 147             |

## Notes to the Financial Statements

As at 31 March 2025

## 4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Licensed banks                             | 612,005        | -              | 257,146        | -              |
| Less: Allowance for expected credit losses | (16)           | -              | (16)           | -              |
|  | 611,989        | -              | 257,130        | -              |

| GROUP/BANK   | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Total<br>RM'000 |
|--|--|-----------------|
|  |  |                 |
| At 1 April 2024                                    | -                                      | -               |
| New financial assets originated or purchased       | 124                                    | 124             |
| Financial assets derecognised other than write-off | (108)                                  | (108)           |
| Total charge to statements of income               | 16                                     | 16              |
| At 31 March 2025                                   | 16                                     | 16              |
| At 1 April 2023/31 March 2024                      | -                                      | -               |

## 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

|  | GROUP/BANK     |                |
|--|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>At fair value</b>                   |                |                |
| <u>Money market instrument:</u>        |                |                |
| Malaysian Government securities        | 253            | 50,567         |
| Malaysian Government investment issues | 591            | 5,271          |
|  | 844            | 55,838         |
| <u>Unquoted securities:</u>            |                |                |
| Shares                                 | 303,798        | 277,973        |
| Corporate bonds and sukuk              | 1,357          | 1,427          |
|  | 305,155        | 279,400        |
| Total financial assets at FVTPL        | 305,999        | 335,238        |

# Notes to the Financial Statements

As at 31 March 2025

## 6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

|   | GROUP             |                   | BANK             |                  |
|---|-------------------|-------------------|------------------|------------------|
|   | 2025<br>RM'000    | 2024<br>RM'000    | 2025<br>RM'000   | 2024<br>RM'000   |
| <b>At fair value – debt instruments</b>     |                   |                   |                  |                  |
| <u>Money market instruments:</u>            |                   |                   |                  |                  |
| Malaysian Government securities             | 3,212,493         | 3,073,753         | 3,212,493        | 3,073,753        |
| Malaysian Government investment issues      | 2,957,580         | 2,488,031         | 2,055,323        | 1,786,955        |
| Commercial papers                           | 113,912           | -                 | 113,912          | -                |
|   | 6,283,985         | 5,561,784         | 5,381,728        | 4,860,708        |
| <u>Quoted securities:</u>                   |                   |                   |                  |                  |
| Shares                                      | 14                | 16                | 14               | 16               |
| <u>Unquoted securities:</u>                 |                   |                   |                  |                  |
| Corporate bonds and sukuk                   | 4,915,630         | 4,485,511         | 3,976,139        | 3,367,678        |
| <b>Total financial investments at FVOCI</b> | <b>11,199,629</b> | <b>10,047,311</b> | <b>9,357,881</b> | <b>8,228,402</b> |

Movements in allowance for expected credit losses are as follows:

| GROUP   | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>not-credit<br>impaired<br>(Stage 2)<br>RM'000 | Total<br>RM'000 |
|---|--|---|-----------------|
| At 1 April 2024   | 971                                    | 65  | 1,036           |
| New financial investments originated or purchased       | 445                                    | 34  | 479             |
| Financial investments derecognised other than write-off | (142)                                  | (31)  | (173)           |
| Changes due to change in credit risk                    | (201)                                  | (6)   | (207)           |
| Total charge to/(write-back from) statements of income  | 102                                    | (3)   | 99              |
| At 31 March 2025  | 1,073                                  | 62  | 1,135           |
| At 1 April 2023   | 598                                    | -   | 598             |
| Transfer to Stage 2                                     | (6)                                    | 65  | 59              |
| New financial investments originated or purchased       | 576                                    | -   | 576             |
| Financial investments derecognised other than write-off | (50)                                   | -   | (50)            |
| Changes due to change in credit risk                    | (147)                                  | -   | (147)           |
| Total charge to statements of income                    | 373                                    | 65  | 438             |
| At 31 March 2024  | 971                                    | 65  | 1,036           |

## Notes to the Financial Statements

As at 31 March 2025

## 6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D)

Movements in allowance for expected credit losses are as follows: (cont'd)

| BANK  | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>not-credit<br>impaired<br>(Stage 2)<br>RM'000 | Total<br>RM'000 |
|---|--|---|-----------------|
| At 1 April 2024   | 765                                    | 61  | 826             |
| New financial investments originated or purchased       | 872                                    | 34  | 906             |
| Financial investments derecognised other than write-off | (104)                                  | (31)  | (135)           |
| Changes due to change in credit risk                    | (172)                                  | (3)   | (175)           |
| Total charge to statements of income                    | 596                                    | -   | 596             |
| At 31 March 2025  | 1,361                                  | 61  | 1,422           |
| At 1 April 2023   | 407                                    | -   | 407             |
| Effect of business transfer                             | 54                                     | -   | 54              |
| Transfer to Stage 2                                     | (4)                                    | 61  | 57              |
| New financial investments originated or purchased       | 502                                    | -   | 502             |
| Financial investments derecognised other than write-off | (33)                                   | -   | (33)            |
| Changes due to change in credit risk                    | (161)                                  | -   | (161)           |
| Total charge to statements of income                    | 304                                    | 61  | 365             |
| At 31 March 2024  | 765                                    | 61  | 826             |

Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
- (b) There were no credit impaired exposure of financial investments at FVOCI.



## Notes to the Financial Statements

As at 31 March 2025

### 7. FINANCIAL INVESTMENTS AT AMORTISED COST

|  | GROUP            |                | BANK             |                |
|--|------------------|----------------|------------------|----------------|
|  | 2025<br>RM'000   | 2024<br>RM'000 | 2025<br>RM'000   | 2024<br>RM'000 |
| <b>At amortised cost</b>                             |                  |                |                  |                |
| <u>Money market instruments:</u>                     |                  |                |                  |                |
| Malaysian Government securities                      | 770,667          | 893,129        | 770,667          | 893,129        |
| Malaysian Government investment issues               | 2,059,671        | 2,269,415      | 1,372,750        | 1,612,531      |
| Negotiable instruments of deposits                   | -                | -              | 220,705          | 211,862        |
|  | <b>2,830,338</b> | 3,162,544      | <b>2,364,122</b> | 2,717,522      |
| <u>Unquoted securities:</u>                          |                  |                |                  |                |
| Corporate bonds and sukuk                            | 1,236,034        | 708,734        | 1,035,680        | 684,624        |
| Allowance for expected credit losses                 | (1,349)          | (833)          | (1,838)          | (1,437)        |
|  | <b>1,234,685</b> | 707,901        | <b>1,033,842</b> | 683,187        |
| <b>Total financial investments at amortised cost</b> | <b>4,065,023</b> | 3,870,445      | <b>3,397,964</b> | 3,400,709      |

Included in the financial investments at amortised cost of the Group and the Bank as at 31 March 2025 is securities set aside as Deferred Net Settlement ("DNS") collateral for Retail Payment Settlement in RENTAS amounting to RM160,000,000 (2024: RM120,000,000). Withdrawal and substitution of DNS Collateral is subject to approval by Bank Negara Malaysia ("BNM") and Payments Network Malaysia Sdn Bhd ("PayNet").

Movements in allowance for expected credit losses are as follows:

| GROUP   | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>not-credit<br>impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit<br>impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|---|--|---|---|-----------------|
| At 1 April 2024   | 299                                    | -   | 534   | 833             |
| Transfer to Stage 2                                     | (96)                                   | 459   | -   | 363             |
| New financial investments originated or purchased       | 1,264                                  | -   | -   | 1,264           |
| Financial investments derecognised other than write-off | -                                      | (499)   | -   | (499)           |
| Changes due to change in credit risk                    | (652)                                  | 40  | -   | (612)           |
| Total charge to statements of income                    | 516                                    | -   | -   | 516             |
| At 31 March 2025  | 815                                    | -   | 534   | 1,349           |
| At 1 April 2023   | 47                                     | -   | 649   | 696             |
| New financial investments originated or purchased       | 143                                    | -   | -   | 143             |
| Financial investments derecognised other than write-off | -                                      | -   | (39)  | (39)            |
| Changes due to change in credit risk                    | 109                                    | -   | (76)  | 33              |
| Total charge to/(write-back from) statements of income  | 252                                    | -   | (115)   | 137             |
| At 31 March 2024  | 299                                    | -   | 534   | 833             |

## Notes to the Financial Statements

As at 31 March 2025

## 7. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D)

Movements in allowance for expected credit losses are as follows: (cont'd)

| BANK  | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>not-credit<br>impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit<br>impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|---|--|---|---|-----------------|
| At 1 April 2024   | 903                                    | -   | 534   | 1,437           |
| Transfer to Stage 2                                     | (96)                                   | 459   | -   | 363             |
| New financial investments originated or purchased       | 1,160                                  | -   | -   | 1,160           |
| Financial investments derecognised other than write-off | -                                      | (499)   | -   | (499)           |
| Changes due to change in credit risk                    | (663)                                  | 40  | -   | (623)           |
| Total charge to statements of income                    | 401                                    | -   | -   | 401             |
| At 31 March 2025  | 1,304                                  | -   | 534   | 1,838           |
| At 1 April 2023   | 676                                    | -   | 426   | 1,102           |
| Effect of business transfer                             | -                                      | -   | 223   | 223             |
| New financial investments originated or purchased       | 143                                    | -   | -   | 143             |
| Financial investments derecognised other than write-off | -                                      | -   | (39)  | (39)            |
| Changes due to change in credit risk                    | 84                                     | -   | (76)  | 8               |
| Total charge to/(write-back from) statements of income  | 227                                    | -   | (115)   | 112             |
| At 31 March 2024  | 903                                    | -   | 534   | 1,437           |

Note:

The transfers between stages are inclusive of net remeasurement of allowances.

The Group's and the Bank's movement on gross exposure of financial investments at amortised cost that are credit impaired are as follows:

|                                      | GROUP          |                | BANK           |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| At 1 April                           | 534            | 649            | 534            | 426            |
| Effect of business transfer          | -              | -              | -              | 223            |
| Write-back during the financial year | -              | (115)          | -              | (115)          |
| At 31 March                          | 534            | 534            | 534            | 534            |

## Notes to the Financial Statements

As at 31 March 2025

### 8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and equity prices) of the underlying instruments. These instruments allow the Group and the Bank and the banking customers to transfer, modify or reduce their foreign exchange and interest rate risk via hedge relationships. The Group and the Bank also transact in these instruments for proprietary trading purposes. The risks associated with the use of derivative financial instruments, as well as the Management's policy for controlling these risks are set out in Note 41.

The table below shows the Group's and the Bank's derivative financial instruments as at the end of the financial year. The contractual or underlying notional amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values as at the end of the financial year are analysed below.

| GROUP/BANK                                   | 2025                                      |                  |                       | 2024                                      |                  |                       |
|--|---|------------------|-----------------------|---|------------------|-----------------------|
|  | Contract/<br>notional<br>amount<br>RM'000 | Fair value       |                       | Contract/<br>notional<br>amount<br>RM'000 | Fair value       |                       |
|  |   | Assets<br>RM'000 | Liabilities<br>RM'000 |   | Assets<br>RM'000 | Liabilities<br>RM'000 |
| <b>Trading derivatives</b>                   |   |                  |                       |   |                  |                       |
| <b>Foreign exchange contracts:</b>           |   |                  |                       |   |                  |                       |
| - Currency forwards                          | 4,028,657                                 | 30,514           | (27,372)              | 4,932,844                                 | 70,605           | (11,415)              |
| - Currency swaps                             | 10,335,193                                | 41,377           | (49,295)              | 11,466,692                                | 40,603           | (117,437)             |
| - Currency spots                             | 230,687                                   | 75               | (99)                  | 291,108                                   | 320              | (284)                 |
| - Currency options                           | 796,796                                   | 885              | (32)                  | 722,091                                   | 1,397            | (519)                 |
| <b>Interest rate related contracts:</b>      |   |                  |                       |   |                  |                       |
| - Interest rate swaps                        | 27,017,843                                | 78,319           | (105,236)             | 18,127,653                                | 69,121           | (120,690)             |
| <b>Equity related contracts:</b>             |   |                  |                       |   |                  |                       |
| - Options                                    | 414,960                                   | 91               | (65,591)              | 453,389                                   | 989              | (36,722)              |
| <b>Total derivative assets/(liabilities)</b> | <b>42,824,136</b>                         | <b>151,261</b>   | <b>(247,625)</b>      | <b>35,993,777</b>                         | <b>183,035</b>   | <b>(287,067)</b>      |

## Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>At amortised cost</b>  |                |                |                |                |
| Overdrafts  | 2,904,097      | 3,051,545      | 1,676,300      | 1,752,814      |
| Term loans/financing  |                |                |                |                |
| - Housing loans/financing   | 18,843,138     | 16,251,542     | 15,097,444     | 12,702,773     |
| - Syndicated term loans/financing   | 541,091        | 492,012        | 541,091        | 492,012        |
| - Hire purchase receivables   | 362,809        | 372,128        | 328,867        | 321,237        |
| - Other term loans/financing  | 28,630,257     | 25,996,109     | 20,860,631     | 18,689,252     |
| Bills receivables   | 957,332        | 661,649        | 912,043        | 624,816        |
| Trust receipts  | 252,456        | 241,794        | 217,221        | 198,477        |
| Claims on customers under acceptance credits                                | 4,041,520      | 3,758,156      | 2,855,588      | 2,692,155      |
| Staff loans (Loans to Directors: RM Nil)                                    | 14,446         | 14,660         | 2,132          | 2,428          |
| Credit/charge card receivables  | 813,671        | 711,270        | 813,671        | 711,270        |
| Revolving credits   | 2,530,297      | 1,993,170      | 1,947,707      | 1,521,180      |
| Share margin financing  | 2,554,238      | 2,196,038      | 2,554,238      | 2,196,038      |
| Gross loans, advances and financing   | 62,445,352     | 55,740,073     | 47,806,933     | 41,904,452     |
| Add: Sales commissions and handling fees                                    | 193,914        | 165,402        | 167,443        | 144,571        |
| Less: Allowance for expected credit losses on loans, advances and financing | (1,220,718)    | (1,184,725)    | (836,810)      | (812,547)      |
| Total net loans, advances and financing                                     | 61,418,548     | 54,720,750     | 47,137,566     | 41,236,476     |

(i) By maturity structure:

|                                     | GROUP          |                | BANK           |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Within one year                     | 14,529,709     | 12,929,813     | 11,394,415     | 9,972,566      |
| One year to three years             | 2,133,988      | 2,868,806      | 1,665,335      | 2,339,720      |
| Three years to five years           | 4,439,433      | 4,008,867      | 3,748,080      | 3,236,278      |
| Over five years                     | 41,342,222     | 35,932,587     | 30,999,103     | 26,355,888     |
| Gross loans, advances and financing | 62,445,352     | 55,740,073     | 47,806,933     | 41,904,452     |

# Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING (CONT'D)

(ii) By type of customer:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Domestic banking institutions            | 50             | 31             | 50             | 31             |
| Domestic non-bank financial institutions | 1,458,088      | 1,204,534      | 1,068,226      | 917,382        |
| Domestic business enterprises            |                |                |                |                |
| - Small and medium enterprises           | 21,475,574     | 19,227,995     | 15,535,464     | 13,863,981     |
| - Others                                 | 9,044,723      | 8,214,826      | 7,697,726      | 6,828,906      |
| Government and statutory bodies          | 1              | 39,102         | 1              | 39,102         |
| Individuals                              | 29,616,082     | 26,348,375     | 22,733,044     | 19,630,418     |
| Other domestic entities                  | 2,899          | 13,062         | 2,663          | 3,616          |
| Foreign entities                         | 847,935        | 692,148        | 769,759        | 621,016        |
| Gross loans, advances and financing      | 62,445,352     | 55,740,073     | 47,806,933     | 41,904,452     |

(iii) By interest/profit rate sensitivity:

|                                     | GROUP          |                | BANK           |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Fixed rate                          |                |                |                |                |
| - Housing loans/financing           | 16,000         | 17,461         | 3,004          | 3,334          |
| - Hire purchase receivables         | 362,380        | 370,746        | 328,438        | 319,856        |
| - Other fixed rate loans/financing  | 9,336,972      | 8,918,659      | 6,052,458      | 5,861,484      |
| Variable rate                       |                |                |                |                |
| - Base lending rate plus            | 26,610,724     | 25,660,627     | 20,061,380     | 19,447,961     |
| - Base rate plus                    | 18,930,684     | 14,624,343     | 15,071,821     | 10,992,926     |
| - Cost plus                         | 7,188,592      | 6,148,237      | 6,289,832      | 5,278,891      |
| Gross loans, advances and financing | 62,445,352     | 55,740,073     | 47,806,933     | 41,904,452     |

## Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING (CONTD)

(iv) By economic purposes:

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Purchase of securities                                | 2,637,781      | 2,312,204      | 2,637,781      | 2,312,204      |
| Purchase of transport vehicles                        | 193,801        | 231,061        | 144,814        | 166,486        |
| Purchase of landed property                           | 31,115,143     | 26,834,144     | 24,507,782     | 20,800,537     |
| of which: - Residential                               | 19,475,903     | 16,866,335     | 15,671,174     | 13,258,012     |
| - Non-residential                                     | 11,639,240     | 9,967,809      | 8,836,608      | 7,542,525      |
| Purchase of fixed assets excluding land and buildings | 465,111        | 379,009        | 419,627        | 322,084        |
| Personal use  | 6,577,596      | 6,438,217      | 3,394,786      | 3,237,243      |
| Credit card   | 813,671        | 711,270        | 813,671        | 711,270        |
| Construction  | 1,875,779      | 1,503,479      | 1,539,012      | 1,280,232      |
| Working capital                                       | 14,279,303     | 13,141,260     | 10,769,972     | 9,834,392      |
| Others  | 4,487,167      | 4,189,429      | 3,579,488      | 3,240,004      |
| Gross loans, advances and financing                   | 62,445,352     | 55,740,073     | 47,806,933     | 41,904,452     |

(v) By economic sectors:

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Primary agriculture                                     | 1,297,693      | 1,158,922      | 853,328        | 706,104        |
| Mining and quarrying                                    | 162,707        | 311,375        | 149,968        | 293,974        |
| Manufacturing   | 5,788,979      | 5,312,583      | 4,222,481      | 3,791,231      |
| Electricity, gas and water                              | 178,392        | 145,420        | 142,199        | 128,314        |
| Construction  | 2,599,616      | 2,085,754      | 1,994,815      | 1,551,404      |
| Wholesale, retail trade, restaurants and hotels         | 11,579,898     | 10,146,645     | 8,639,045      | 7,557,328      |
| Transport, storage and communication                    | 936,141        | 964,128        | 680,764        | 733,402        |
| Financing, insurance, real estate and business services | 8,864,375      | 7,905,111      | 7,162,180      | 6,362,556      |
| Community, social and personal services                 | 573,483        | 669,049        | 459,300        | 528,142        |
| Household   | 30,464,017     | 27,040,523     | 23,502,802     | 20,251,434     |
| Others  | 51             | 563            | 51             | 563            |
| Gross loans, advances and financing                     | 62,445,352     | 55,740,073     | 47,806,933     | 41,904,452     |



# Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING (CONT'D)

(vi) By geographical distribution:

|                                     | GROUP          |                | BANK           |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Northern region                     | 5,750,764      | 4,746,609      | 3,800,041      | 2,991,942      |
| Central region                      | 43,967,424     | 39,821,126     | 34,404,901     | 30,658,017     |
| Southern region                     | 7,009,623      | 6,128,907      | 5,650,970      | 4,755,553      |
| Sabah region                        | 4,095,873      | 3,636,286      | 2,690,974      | 2,409,822      |
| Sarawak region                      | 1,621,668      | 1,407,145      | 1,260,047      | 1,089,118      |
| Gross loans, advances and financing | 62,445,352     | 55,740,073     | 47,806,933     | 41,904,452     |

(vii) Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| At 1 April   | 1,178,027      | 1,232,773      | 862,570        | 879,717        |
| Impaired during the financial year   | 1,355,972      | 1,369,715      | 864,960        | 894,772        |
| Recovered during the financial year  | (105,252)      | (147,837)      | (78,338)       | (121,593)      |
| Reclassified as unimpaired during the financial year                         | (883,062)      | (844,482)      | (564,285)      | (515,008)      |
| Financial assets derecognised other than write-off during the financial year | (104,922)      | (134,710)      | (45,483)       | (85,663)       |
| Amount written-off   | (295,733)      | (297,432)      | (181,796)      | (189,655)      |
| At 31 March  | 1,145,030      | 1,178,027      | 857,628        | 862,570        |
| Gross impaired loans ratio   | 1.83%          | 2.11%          | 1.79%          | 2.06%          |
| Net impaired loans ratio   | 1.02%          | 1.16%          | 0.94%          | 1.07%          |

The credit impaired loans, advances and financing of RM1,145,030,000 for the Group and RM857,628,000 for the Bank are offset by the claim proceeds received from Credit Guarantee Corporation Malaysia Berhad ("CGC"), amounting to RM4,768,000 for the Group and RM3,957,000 for the Bank.

The Group and the Bank may write-off financial assets when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. The outstanding contractual amounts of such assets written off during the year amounted to RM295,733,000 and RM181,796,000 (2024: RM297,432,000 and RM189,655,000) for the Group and the Bank respectively. The Group and the Bank still seek to recover amounts that are legally owed in full, but which have been partially or fully written off and are still subject to enforcement activity.

## Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING (CONTD)

(viii) Credit impaired loans analysed by economic purposes:

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Purchase of securities                                | 2,007          | -              | 2,007          | -              |
| Purchase of transport vehicles                        | 8,402          | 10,218         | 7,591          | 8,557          |
| Purchase of landed property                           | 406,657        | 478,773        | 271,303        | 325,158        |
| of which: - Residential                               | 304,190        | 368,533        | 189,839        | 240,593        |
| - Non-residential                                     | 102,467        | 110,240        | 81,464         | 84,565         |
| Purchase of fixed assets excluding land and buildings | 8,788          | 8,747          | 8,637          | 8,589          |
| Personal use  | 202,114        | 239,158        | 89,681         | 116,619        |
| Credit card   | 7,393          | 10,202         | 7,393          | 10,202         |
| Construction  | 2,126          | 3,438          | 2,126          | 3,438          |
| Working capital                                       | 356,917        | 289,128        | 328,150        | 262,618        |
| Others  | 150,626        | 138,363        | 140,740        | 127,389        |
| Gross impaired loans                                  | 1,145,030      | 1,178,027      | 857,628        | 862,570        |

(ix) Credit impaired loans analysed by economic sectors:

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Primary agriculture                                     | 1,308          | 1,745          | 9              | 9              |
| Mining and quarrying                                    | 556            | 816            | 556            | 816            |
| Manufacturing   | 82,897         | 74,255         | 64,411         | 52,469         |
| Electricity, gas and water                              | 469            | 95             | 469            | 95             |
| Construction  | 257,900        | 207,535        | 245,996        | 196,471        |
| Wholesale, retail trade, restaurants and hotels         | 187,486        | 182,659        | 168,889        | 162,708        |
| Transport, storage and communication                    | 9,158          | 8,016          | 8,231          | 7,039          |
| Financing, insurance, real estate and business services | 52,824         | 53,938         | 50,899         | 52,235         |
| Community, social and personal services                 | 18,172         | 16,494         | 13,080         | 11,607         |
| Household   | 534,260        | 632,474        | 305,088        | 379,121        |
| Gross impaired loans                                    | 1,145,030      | 1,178,027      | 857,628        | 862,570        |

# Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING (CONT'D)

(x) Credit impaired loans by geographical distribution:

|                      | GROUP          |                | BANK           |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Northern region      | 107,547        | 103,907        | 69,133         | 63,187         |
| Central region       | 903,382        | 907,287        | 689,628        | 682,833        |
| Southern region      | 88,426         | 113,765        | 72,143         | 83,492         |
| Sabah region         | 34,792         | 43,833         | 17,004         | 25,060         |
| Sarawak region       | 10,883         | 9,235          | 9,720          | 7,998          |
| Gross impaired loans | 1,145,030      | 1,178,027      | 857,628        | 862,570        |

(xi) Movements in the allowance for expected credit losses on loans, advances and financing are as follows:

| GROUP  | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>not-credit<br>impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit<br>impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|--|--|---|---|-----------------|
| At 1 April 2024                                    | 223,351                                | 426,406   | 534,968   | 1,184,725       |
| Transfer to Stage 1                                | 138,821                                | (364,749)   | (2,268)   | (228,196)       |
| Transfer to Stage 2                                | (140,015)                              | 663,390   | (193,859)   | 329,516         |
| Transfer to Stage 3                                | (226)                                  | (311,159)   | 382,537   | 71,152          |
| New financial assets originated or purchased       | 133,337                                | 100,806   | 4,463   | 238,606         |
| Financial assets derecognised other than write-off | (79,211)                               | (112,061)   | (21,868)  | (213,140)       |
| Changes due to change in credit risk               | (21,415)                               | 54,403  | 2,963   | 35,951          |
| Other adjustments                                  | 112                                    | (45)  | -   | 67              |
|  | 31,403                                 | 30,585  | 171,968   | 233,956         |
| Unwinding of discount                              | -                                      | -   | 48,142  | 48,142          |
| Total charge to statements of income               | 31,403                                 | 30,585  | 220,110   | 282,098         |
| Write-off  | (14)                                   | (4,104)   | (241,987)   | (246,105)       |
| At 31 March 2025                                   | 254,740                                | 452,887   | 513,091   | 1,220,718       |

## Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING (CONT'D)

(xi) Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (cont'd)

| GROUP  | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>not-credit<br>impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit<br>impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|--|--|---|---|-----------------|
| At 1 April 2023  | 171,832                                | 523,852   | 571,790   | 1,267,474       |
| Transfer to Stage 1                                    | 137,220                                | (331,584)   | (1,926)   | (196,290)       |
| Transfer to Stage 2                                    | (118,337)                              | 542,981   | (194,146)   | 230,498         |
| Transfer to Stage 3                                    | (933)                                  | (275,270)   | 362,341   | 86,138          |
| New financial assets originated or purchased           | 112,549                                | 104,043   | 8,394   | 224,986         |
| Financial assets derecognised other than write-off     | (40,643)                               | (131,613)   | (29,954)  | (202,210)       |
| Changes due to change in credit risk                   | (38,351)                               | (2,063)   | 20,158  | (20,256)        |
| Other adjustments                                      | 14                                     | 49  | -   | 63              |
|  | 51,519                                 | (93,457)  | 164,867   | 122,929         |
| Unwinding of discount                                  | -                                      | 29  | 29,136  | 29,165          |
| Total charge to/(write-back from) statements of income | 51,519                                 | (93,428)  | 194,003   | 152,094         |
| Write-off  | -                                      | (4,018)   | (230,825)   | (234,843)       |
| At 31 March 2024                                       | 223,351                                | 426,406   | 534,968   | 1,184,725       |

# Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING (CONT'D)

(xi) Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (cont'd)

| <b>BANK</b>  | <b>12-Month<br/>ECL<br/>(Stage 1)<br/>RM'000</b> | <b>Lifetime ECL<br/>not-credit<br/>impaired<br/>(Stage 2)<br/>RM'000</b> | <b>Lifetime ECL<br/>credit<br/>impaired<br/>(Stage 3)<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|--|--|--|-------------------------|
| At 1 April 2024  | 133,745  | 260,560  | 418,242  | 812,547                 |
| Transfer to Stage 1                                    | 75,037   | (212,218)  | (1,352)  | (138,533)               |
| Transfer to Stage 2                                    | (78,332)   | 384,365  | (120,503)  | 185,530                 |
| Transfer to Stage 3                                    | (208)  | (190,632)  | 234,299  | 43,459                  |
| New financial assets originated or purchased           | 88,001   | 71,981   | 1,346  | 161,328                 |
| Financial assets derecognised other than write-off     | (53,439)   | (77,504)   | (9,650)  | (140,593)               |
| Changes due to change in credit risk                   | (5,874)  | 31,952   | 253  | 26,331                  |
| Other adjustments                                      | 111  | (45)   | -  | 66                      |
|  | 25,296   | 7,899  | 104,393  | 137,588                 |
| Unwinding of discount                                  | -  | -  | 36,427   | 36,427                  |
| Total charge to statements of income                   | 25,296   | 7,899  | 140,820  | 174,015                 |
| Write-off  | (4)  | (2,326)  | (147,422)  | (149,752)               |
| At 31 March 2025                                       | 159,037  | 266,133  | 411,640  | 836,810                 |
| At 1 April 2023  | 105,782  | 302,859  | 440,987  | 849,628                 |
| Effect of business transfer                            | 5  | 1,373  | 57   | 1,435                   |
| Transfer to Stage 1                                    | 81,383   | (202,069)  | (1,905)  | (122,591)               |
| Transfer to Stage 2                                    | (69,675)   | 329,596  | (113,567)  | 146,354                 |
| Transfer to Stage 3                                    | (104)  | (155,493)  | 225,551  | 69,954                  |
| New financial assets originated or purchased           | 70,950   | 78,108   | 4,453  | 153,511                 |
| Financial assets derecognised other than write-off     | (27,214)   | (90,134)   | (18,807)   | (136,155)               |
| Changes due to change in credit risk                   | (27,396)   | (1,409)  | 11,385   | (17,420)                |
| Other adjustments                                      | 14   | 49   | -  | 63                      |
|  | 27,958   | (41,352)   | 107,110  | 93,716                  |
| Unwinding of discount                                  | -  | 29   | 20,810   | 20,839                  |
| Total charge to/(write-back from) statements of income | 27,958   | (41,323)   | 127,920  | 114,555                 |
| Write-off  | -  | (2,349)  | (150,722)  | (153,071)               |
| At 31 March 2024                                       | 133,745  | 260,560  | 418,242  | 812,547                 |

Note:

The transfers between stages are inclusive of net remeasurement of allowances.

## Notes to the Financial Statements

As at 31 March 2025

## 9. LOANS, ADVANCES AND FINANCING (CONTD)

- (xi)
- Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (cont'd)

Impact of movements in gross carrying amount on expected credit losses

GROUP2025

Stage 1 ECL for the Group increased by RM31.4 million as a result of newly originated loans, advances and financing, partially offset by repayment of loans, advances and financing.

Stage 2 ECL increased by RM26.5 million as a result of newly originated loans, advances and financing, combined with movement in Stage 2 accounts and accounts migrated from Stage 1 and Stage 3 into Stage 2 due to changes in credit risk. The increase was offset by repayment of loans, advances and financing, and accounts migrated to Stage 3 due to deterioration in credit quality and migrated to Stage 1 as a result of improved credit quality.

Stage 3 ECL for the Group decreased by RM21.9 million as a result of accounts written off mainly from personal loans/financing segment and repayment of loans, advances and financing mainly observed in mortgages, offset by loans, advances and financing migrated to Stage 3 from Stage 1 and Stage 2 due to deterioration in credit quality.

Total ECL movements in 2025 is also affected by the changes in forward-looking economic inputs and pre-emptive provisions have been applied to determine a sufficient overall level of ECL. These pre-emptive provisions were taken to reflect the potential impact to delinquencies and defaults arising from escalation of credit risk.

2024

Stage 1 ECL for the Group increased by RM51.5 million as a result of newly originated loans, advances and financing, and the migration to Stage 1 from Stage 2 or Stage 3 due to the improvement in credit quality, partially offset by repayment of loans, advances and financing.

Stage 2 ECL decreased by RM97.4 million as a result of loans, advances and financing repayment, combined with accounts migrated to Stage 3 due to deterioration in credit quality, and migrated to Stage 1 as a result of improved credit quality. The decrease was relatively offset by newly originated loans, advances and financing, and accounts migrated from Stage 1 and Stage 3 into Stage 2 due to changes in credit risk, mainly observed on certain segments such as personal loans/financing and mortgages.

Stage 3 ECL for the Group decreased by RM36.8 million as a result of accounts written off mainly from personal loans/financing segment, offset by loans, advances and financing migrated to Stage 3 from Stage 1 and Stage 2 due to deterioration in credit quality.

Total ECL movements in 2024 is also affected by the changes in forward-looking economic inputs and the reversal of the pre-emptive overlay provisions from the estimated impacts of the COVID-19 pandemic. The overlays have been applied to determine a sufficient overall level of ECL. These overlays were taken to reflect the potential impact to delinquencies and defaults arising from escalation of credit risk.



## Notes to the Financial Statements

As at 31 March 2025

### 10. OTHER ASSETS

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Other receivables  | 112,917        | 85,586         | 128,280        | 98,690         |
| Collateral pledged for derivative transactions                       | 104,225        | 154,394        | 104,225        | 154,394        |
| Settlement account   | 28,113         | 767,126        | 28,113         | 767,126        |
| Deposits   | 8,823          | 8,633          | 8,588          | 8,400          |
| Prepayment   | 44,295         | 50,344         | 40,184         | 44,629         |
| Amounts due from subsidiaries [Note (a)]                             | -              | -              | 5,046          | 91,874         |
| Amount due from joint venture [Note (a)]                             | -              | 95             | -              | 95             |
|  | 298,373        | 1,066,178      | 314,436        | 1,165,208      |
| Allowance for expected credit losses on other receivables [Note (b)] | (50,239)       | (45,363)       | (46,938)       | (41,681)       |
|  | 248,134        | 1,020,815      | 267,498        | 1,123,527      |

Note:

(a) Amounts due from subsidiaries and joint venture

|                      | GROUP          |                | BANK           |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Non-interest bearing | -              | 95             | 5,046          | 91,969         |

The amounts due from subsidiaries and joint venture are unsecured, interest-free and repayable upon demand.

(b) Movements for allowance for expected credit losses on other receivables are as follows:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>Lifetime ECL</b>                                |                |                |                |                |
| At 1 April   | 45,363         | 43,467         | 41,681         | 38,725         |
| Effect of business transfer                        | -              | -              | -              | 1,305          |
| New financial assets originated or purchased       | 2,343          | 1,155          | 175            | 151            |
| Financial assets derecognised other than write-off | (3,982)        | (3,106)        | (285)          | (1,766)        |
| Changes due to change in credit risk               | 6,525          | 3,944          | 5,379          | 3,314          |
| Total charge to statements of income               | 4,886          | 1,993          | 5,269          | 1,699          |
| Write-off  | (10)           | (97)           | (12)           | (48)           |
| At 31 March  | 50,239         | 45,363         | 46,938         | 41,681         |

As at 31 March 2025, the Group's and the Bank's gross exposure of other receivables that are under lifetime expected credit losses were at RM50,239,000 and RM46,938,000 (2024: RM45,363,000 and RM41,681,000) respectively.

## Notes to the Financial Statements

As at 31 March 2025

## 11. STATUTORY DEPOSITS

Non-interest bearing statutory deposits for the Group and the Bank of RM1,276,202,000 and RM972,419,000 (2024: RM1,125,413,000 and RM851,813,000) respectively are maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

## 12. INVESTMENTS IN SUBSIDIARIES

|  | BANK           |                |
|--|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 |
| Unquoted shares, at cost                                 |                |                |
| At 1 April   | 646,656        | 883,013        |
| Subscription of ordinary shares in subsidiary [Note (a)] | 89,566         | 37,500         |
| Capital reduction of ordinary shares in subsidiaries     | -              | (211,000)      |
| Disposal of subsidiary                                   | -              | (230)          |
| Effect of business transfer                              | -              | (47,112)       |
| Return of capital  | (5,000)        | (15,515)       |
| At 31 March  | 731,222        | 646,656        |

The Bank's subsidiaries, all of which incorporated in Malaysia, are:

| Name   | Principal activities  | Effective equity interest |           |
|--|---|---------------------------|-----------|
|  |   | 2025<br>%                 | 2024<br>% |
| Alliance Islamic Bank Berhad ("AIBB")  | Islamic banking, finance business and the provision of related financial services | 100                       | 100       |
| Alliance Direct Marketing Sdn. Bhd.  | Dealing in sales and distribution of consumer and commercial banking products     | 100                       | 100       |
| AllianceGroup Nominees (Asing) Sdn. Bhd.   | Nominee services  | 100                       | 100       |
| AllianceGroup Nominees (Tempatan) Sdn. Bhd.  | Nominee services  | 100                       | 100       |
| AIBB Berhad ("AIBB") (formerly known as Alliance Investment Bank Berhad) (under members' voluntary winding up) | Dormant   | 100                       | 100       |
| Alliance Financial Group Berhad (under members' voluntary winding up)  | Dormant   | 100                       | 100       |
| <i>Subsidiary of Alliance Financial Group Berhad</i>   |   |                           |           |
| Kota Indrapura Development Bhd. (under members' voluntary winding up)  | Dormant   | 100                       | 100       |

## Notes to the Financial Statements

As at 31 March 2025

### 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Note:

- (a) The Bank had on 18 June 2024 subscribed for 40,012,707 ordinary shares at an issue price of RM1.4484 per share amounting to RM57,954,000 via rights issue in its wholly owned subsidiary Alliance Islamic Bank Berhad.

The Bank had on 13 December 2024 subscribed for 21,825,113 ordinary shares at an issue price of RM1.4484 per share amounting to RM31,612,000 via rights issue in its wholly owned subsidiary Alliance Islamic Bank Berhad.

### 13. INVESTMENT IN JOINT VENTURE

|                              | GROUP          |                |
|------------------------------|----------------|----------------|
|                              | 2025<br>RM'000 | 2024<br>RM'000 |
| Unquoted shares              |                |                |
| At 1 April                   | 1,135          | 1,094          |
| Share of results             | 47             | 41             |
| At 31 March                  | 1,182          | 1,135          |
| Represented by:              |                |                |
| Share of net tangible assets | 1,182          | 1,135          |

|                          | BANK           |                |
|--------------------------|----------------|----------------|
|                          | 2025<br>RM'000 | 2024<br>RM'000 |
| Unquoted shares, at cost | 1,094          | 1,094          |

Details of the joint venture, which is incorporated in Malaysia, are as follows:

| Name                           | Principal activities        | Effective equity interest |           |
|--------------------------------|-----------------------------|---------------------------|-----------|
|                                |                             | 2025<br>%                 | 2024<br>% |
| AllianceDBS Research Sdn. Bhd. | Research and stock analysis | 51                        | 51        |

Investment in ADBS is accounted for as an investment in joint venture in accordance with MFRS 128 "Investment in Associates and Joint Ventures" because both the Bank and the other joint venturer have joint control over the decision making of ADBS and rights to net assets of ADBS.

## Notes to the Financial Statements

As at 31 March 2025

## 13. INVESTMENT IN JOINT VENTURE (CONT'D)

The summarised financial information of the joint venture is as follows:

|                                  | GROUP          |                |
|----------------------------------|----------------|----------------|
|                                  | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>Assets and liabilities</b>    |                |                |
| <b>Current assets</b>            |                |                |
| Cash and short-term funds        | 2,468          | 2,474          |
| Other current assets             | 179            | 70             |
| <b>Total current assets</b>      | <b>2,647</b>   | 2,544          |
| Non-current assets               | 179            | 276            |
| <b>Total assets</b>              | <b>2,826</b>   | 2,820          |
| <b>Current liabilities</b>       |                |                |
| Other liabilities (non-trade)    | 475            | 479            |
| <b>Total current liabilities</b> | <b>475</b>     | 479            |
| Non-current liabilities          | 33             | 116            |
| <b>Total liabilities</b>         | <b>508</b>     | 595            |
| <b>Net assets</b>                | <b>2,318</b>   | 2,225          |

The summarised statement of comprehensive income is as follows:

|   | GROUP          |                |
|---|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 |
| Revenue   | 2,395          | 2,173          |
| Profit before tax for the financial year                              | 128            | 119            |
| Profit after tax for the financial year                               | 93             | 80             |
| The above profit includes the following:                              |                |                |
| Depreciation and amortisation   | (1)            | (2)            |
| Taxation  | (35)           | (39)           |
| Reconciliation of summarised financial information:                   |                |                |
| <u>Net assets</u>   |                |                |
| At 1 April  | 2,225          | 2,145          |
| Profit for the financial year   | 93             | 80             |
| At 31 March   | <b>2,318</b>   | 2,225          |
| Carrying value at 51% share of the equity interest of a joint venture | <b>1,182</b>   | 1,135          |

# Notes to the Financial Statements

As at 31 March 2025

## 14. RIGHT-OF-USE ASSETS

| GROUP<br>2025                        | Premises<br>RM'000 | Leasehold<br>land<br>RM'000 | Office<br>equipment<br>and<br>furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|--------------------|-----------------------------|---|---------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                          |                    |                             |   |                                 |                             |                 |
| At 1 April 2024                      | 268,955            | 13,523                      | 5,995   | 15,542                          | 912                         | 304,927         |
| Additions                            | 4,950              | -                           | -   | 22,154                          | -                           | 27,104          |
| Remeasurement                        | (89)               | -                           | -   | 131                             | 199                         | 241             |
| At 31 March 2025                     | 273,816            | 13,523                      | 5,995   | 37,827                          | 1,111                       | 332,272         |
| <b>Accumulated depreciation</b>      |                    |                             |   |                                 |                             |                 |
| At 1 April 2024                      | 166,084            | 4,922                       | 5,101   | 6,953                           | 860                         | 183,920         |
| Charge for the financial year        | 25,301             | 137                         | 894   | 4,925                           | 129                         | 31,386          |
| At 31 March 2025                     | 191,385            | 5,059                       | 5,995   | 11,878                          | 989                         | 215,306         |
| <b>Accumulated impairment losses</b> |                    |                             |   |                                 |                             |                 |
| At 1 April 2024/31 March 2025        | -                  | 37                          | -   | -                               | -                           | 37              |
| <b>Net carrying amount</b>           | <b>82,431</b>      | <b>8,427</b>                | <b>-</b>  | <b>25,949</b>                   | <b>122</b>                  | <b>116,929</b>  |

| GROUP<br>2024                        | Premises<br>RM'000 | Leasehold<br>land<br>RM'000 | Office<br>equipment<br>and<br>furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|--------------------|-----------------------------|---|---------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                          |                    |                             |   |                                 |                             |                 |
| At 1 April 2023                      | 238,208            | 13,523                      | 7,008   | 6,617                           | 796                         | 266,152         |
| Additions                            | 6,524              | -                           | -   | 8,925                           | -                           | 15,449          |
| Remeasurement                        | 27,068             | -                           | (1,013)   | -                               | 116                         | 26,171          |
| Termination                          | (2,845)            | -                           | -   | -                               | -                           | (2,845)         |
| At 31 March 2024                     | 268,955            | 13,523                      | 5,995   | 15,542                          | 912                         | 304,927         |
| <b>Accumulated depreciation</b>      |                    |                             |   |                                 |                             |                 |
| At 1 April 2023                      | 142,005            | 4,786                       | 4,063   | 5,566                           | 715                         | 157,135         |
| Charge for the financial year        | 24,954             | 136                         | 1,038   | 1,387                           | 145                         | 27,660          |
| Termination                          | (875)              | -                           | -   | -                               | -                           | (875)           |
| At 31 March 2024                     | 166,084            | 4,922                       | 5,101   | 6,953                           | 860                         | 183,920         |
| <b>Accumulated impairment losses</b> |                    |                             |   |                                 |                             |                 |
| At 1 April 2023/31 March 2024        | -                  | 37                          | -   | -                               | -                           | 37              |
| <b>Net carrying amount</b>           | <b>102,871</b>     | <b>8,564</b>                | <b>894</b>  | <b>8,589</b>                    | <b>52</b>                   | <b>120,970</b>  |

## Notes to the Financial Statements

As at 31 March 2025

## 14. RIGHT-OF-USE ASSETS (CONT'D)

| BANK<br>2025                         | Premises<br>RM'000 | Leasehold<br>land<br>RM'000 | Office<br>equipment<br>and<br>furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|--------------------|-----------------------------|---|---------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                          |                    |                             |   |                                 |                             |                 |
| At 1 April 2024                      | 268,955            | 13,523                      | 5,995   | 15,542                          | 912                         | 304,927         |
| Additions                            | 4,950              | -                           | -   | 22,154                          | -                           | 27,104          |
| Remeasurement                        | (89)               | -                           | -   | 131                             | 199                         | 241             |
| At 31 March 2025                     | 273,816            | 13,523                      | 5,995   | 37,827                          | 1,111                       | 332,272         |
| <b>Accumulated depreciation</b>      |                    |                             |   |                                 |                             |                 |
| At 1 April 2024                      | 166,084            | 4,922                       | 5,101   | 6,953                           | 860                         | 183,920         |
| Charge for the financial year        | 25,301             | 137                         | 894   | 4,925                           | 129                         | 31,386          |
| At 31 March 2025                     | 191,385            | 5,059                       | 5,995   | 11,878                          | 989                         | 215,306         |
| <b>Accumulated impairment losses</b> |                    |                             |   |                                 |                             |                 |
| At 1 April 2024/31 March 2025        | -                  | 37                          | -   | -                               | -                           | 37              |
| <b>Net carrying amount</b>           | <b>82,431</b>      | <b>8,427</b>                | <b>-</b>  | <b>25,949</b>                   | <b>122</b>                  | <b>116,929</b>  |

| BANK<br>2024                         | Premises<br>RM'000 | Leasehold<br>land<br>RM'000 | Office<br>equipment<br>and<br>furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|--------------------|-----------------------------|---|---------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                          |                    |                             |   |                                 |                             |                 |
| At 1 April 2023                      | 238,208            | 13,523                      | 7,008   | 6,617                           | 796                         | 266,152         |
| Additions                            | 6,524              | -                           | -   | 8,925                           | -                           | 15,449          |
| Remeasurement                        | 27,068             | -                           | (1,013)   | -                               | 116                         | 26,171          |
| Termination                          | (2,845)            | -                           | -   | -                               | -                           | (2,845)         |
| At 31 March 2024                     | 268,955            | 13,523                      | 5,995   | 15,542                          | 912                         | 304,927         |
| <b>Accumulated depreciation</b>      |                    |                             |   |                                 |                             |                 |
| At 1 April 2023                      | 142,005            | 4,786                       | 4,063   | 5,566                           | 715                         | 157,135         |
| Charge for the financial year        | 24,954             | 136                         | 1,038   | 1,387                           | 145                         | 27,660          |
| Termination                          | (875)              | -                           | -   | -                               | -                           | (875)           |
| At 31 March 2024                     | 166,084            | 4,922                       | 5,101   | 6,953                           | 860                         | 183,920         |
| <b>Accumulated impairment losses</b> |                    |                             |   |                                 |                             |                 |
| At 1 April 2023/31 March 2024        | -                  | 37                          | -   | -                               | -                           | 37              |
| <b>Net carrying amount</b>           | <b>102,871</b>     | <b>8,564</b>                | <b>894</b>  | <b>8,589</b>                    | <b>52</b>                   | <b>120,970</b>  |



## Notes to the Financial Statements

As at 31 March 2025

### 15. PROPERTY, PLANT AND EQUIPMENT

| GROUP<br>2025                        | Freehold<br>land<br>RM'000 | Buildings<br>RM'000 | Renovations<br>RM'000 | Office<br>equipment<br>and furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|----------------------------|---------------------|-----------------------|--|---------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                          |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2024                      | 1,953                      | 194,887             | 116,013               | 59,060   | 83,613                          | 812                         | 456,338         |
| Additions                            | -                          | 260,502             | 6,494                 | 2,336  | 10,711                          | -                           | 280,043         |
| Written-off                          | -                          | -                   | (3,736)               | (96)   | (235)                           | -                           | (4,067)         |
| At 31 March 2025                     | 1,953                      | 455,389             | 118,771               | 61,300   | 94,089                          | 812                         | 732,314         |
| <b>Accumulated depreciation</b>      |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2024                      | -                          | 14,022              | 95,576                | 50,530   | 61,899                          | 193                         | 222,220         |
| Charge for the financial year        | -                          | 595                 | 6,181                 | 2,976  | 12,611                          | 200                         | 22,563          |
| Written-off                          | -                          | -                   | (3,736)               | (95)   | (235)                           | -                           | (4,066)         |
| At 31 March 2025                     | -                          | 14,617              | 98,021                | 53,411   | 74,275                          | 393                         | 240,717         |
| <b>Accumulated impairment losses</b> |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2024/31 March 2025        | -                          | 25                  | -                     | -  | -                               | -                           | 25              |
| <b>Net carrying amount</b>           | 1,953                      | 440,747             | 20,750                | 7,889  | 19,814                          | 419                         | 491,572         |

Note:

- The addition on the buildings costs for the financial year has included the progressive payment for Menara Alliance Bank of RM260,502,000.
- Property, plant and equipment (Buildings and Renovations) of the Group include construction in progress of RM428,892,000 which are not depreciated until ready for use.

## Notes to the Financial Statements

As at 31 March 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| GROUP<br>2024                        | Freehold |           | Office      |                            |                       |        | Motor<br>vehicles | Total  |
|--------------------------------------|----------|-----------|-------------|----------------------------|-----------------------|--------|-------------------|--------|
|                                      | land     | Buildings | Renovations | equipment<br>and furniture | Computer<br>equipment |        |                   |        |
|                                      | RM'000   | RM'000    | RM'000      | RM'000                     | RM'000                | RM'000 | RM'000            | RM'000 |
| <b>Cost</b>                          |          |           |             |                            |                       |        |                   |        |
| At 1 April 2023                      | 1,953    | 27,826    | 111,427     | 59,647                     | 68,136                | 821    | 269,810           |        |
| Additions                            | -        | 167,061   | 8,134       | 3,649                      | 20,031                | -      | 198,875           |        |
| Disposals                            | -        | -         | -           | -                          | (10)                  | -      | (10)              |        |
| Written-off                          | -        | -         | (3,548)     | (4,236)                    | (4,544)               | (9)    | (12,337)          |        |
| At 31 March 2024                     | 1,953    | 194,887   | 116,013     | 59,060                     | 83,613                | 812    | 456,338           |        |
| <b>Accumulated depreciation</b>      |          |           |             |                            |                       |        |                   |        |
| At 1 April 2023                      | -        | 13,427    | 93,249      | 51,391                     | 54,063                | 2      | 212,132           |        |
| Charge for the financial year        | -        | 595       | 5,845       | 3,373                      | 12,373                | 200    | 22,386            |        |
| Disposals                            | -        | -         | -           | -                          | (1)                   | -      | (1)               |        |
| Written-off                          | -        | -         | (3,518)     | (4,234)                    | (4,536)               | (9)    | (12,297)          |        |
| At 31 March 2024                     | -        | 14,022    | 95,576      | 50,530                     | 61,899                | 193    | 222,220           |        |
| <b>Accumulated impairment losses</b> |          |           |             |                            |                       |        |                   |        |
| At 1 April 2023/31 March 2024        | -        | 25        | -           | -                          | -                     | -      | 25                |        |
| <b>Net carrying amount</b>           | 1,953    | 180,840   | 20,437      | 8,530                      | 21,714                | 619    | 234,093           |        |

Note:

- The addition on the buildings costs for the financial year has included the progressive payment for Menara Alliance Bank of RM167,061,000.
- Property, plant and equipment (Buildings and Renovations) of the Group include construction in progress of RM168,551,000 which are not depreciated until ready for use.

# Notes to the Financial Statements

As at 31 March 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| BANK<br>2025                         | Freehold<br>land<br>RM'000 | Buildings<br>RM'000 | Renovations<br>RM'000 | Office<br>equipment<br>and furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|----------------------------|---------------------|-----------------------|--|---------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                          |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2024                      | 1,953                      | 194,887             | 116,140               | 62,636   | 92,173                          | 891                         | 468,680         |
| Additions                            | -                          | 260,502             | 6,494                 | 2,336  | 10,596                          | -                           | 279,928         |
| Written-off                          | -                          | -                   | (3,736)               | (96)   | (235)                           | -                           | (4,067)         |
| At 31 March 2025                     | 1,953                      | 455,389             | 118,898               | 64,876   | 102,534                         | 891                         | 744,541         |
| <b>Accumulated depreciation</b>      |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2024                      | -                          | 14,022              | 95,700                | 54,305   | 70,487                          | 233                         | 234,747         |
| Charge for the financial year        | -                          | 595                 | 6,170                 | 2,966  | 12,535                          | 200                         | 22,466          |
| Written-off                          | -                          | -                   | (3,736)               | (95)   | (235)                           | -                           | (4,066)         |
| At 31 March 2025                     | -                          | 14,617              | 98,134                | 57,176   | 82,787                          | 433                         | 253,147         |
| <b>Accumulated impairment losses</b> |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2024/31 March 2025        | -                          | 25                  | -                     | -  | -                               | -                           | 25              |
| <b>Net carrying amount</b>           | 1,953                      | 440,747             | 20,764                | 7,700  | 19,747                          | 458                         | 491,369         |

Note:

- The addition on the buildings costs for the financial year has included the progressive payment for Menara Alliance Bank of RM260,502,000.
- Property, plant and equipment (Buildings and Renovations) of the Bank include construction in progress of RM428,892,000 which are not depreciated until ready for use.

Notes to the Financial Statements  
As at 31 March 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| BANK<br>2024                         | Freehold<br>land<br>RM'000 | Buildings<br>RM'000 | Renovations<br>RM'000 | Office<br>equipment<br>and furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|----------------------------|---------------------|-----------------------|--|---------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                          |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2023                      | 1,953                      | 27,826              | 111,436               | 63,122   | 74,736                          | 900                         | 279,973         |
| Additions                            | -                          | 167,061             | 8,132                 | 3,639  | 19,920                          | -                           | 198,752         |
| Effect of business transfer          | -                          | -                   | 57                    | 111  | 2,047                           | -                           | 2,215           |
| Disposals                            | -                          | -                   | -                     | -  | (4)                             | -                           | (4)             |
| Written-off                          | -                          | -                   | (3,485)               | (4,236)  | (4,526)                         | (9)                         | (12,256)        |
| At 31 March 2024                     | 1,953                      | 194,887             | 116,140               | 62,636   | 92,173                          | 891                         | 468,680         |
| <b>Accumulated depreciation</b>      |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2023                      | -                          | 13,427              | 93,367                | 55,080   | 60,688                          | 42                          | 222,604         |
| Charge for the financial year        | -                          | 595                 | 5,757                 | 3,358  | 12,289                          | 200                         | 22,199          |
| Effect of business transfer          | -                          | -                   | 31                    | 101  | 2,028                           | -                           | 2,160           |
| Disposals                            | -                          | -                   | -                     | -  | -                               | -                           | -               |
| Written-off                          | -                          | -                   | (3,455)               | (4,234)  | (4,518)                         | (9)                         | (12,216)        |
| At 31 March 2024                     | -                          | 14,022              | 95,700                | 54,305   | 70,487                          | 233                         | 234,747         |
| <b>Accumulated impairment losses</b> |                            |                     |                       |  |                                 |                             |                 |
| At 1 April 2023/31 March 2024        | -                          | 25                  | -                     | -  | -                               | -                           | 25              |
| <b>Net carrying amount</b>           | 1,953                      | 180,840             | 20,440                | 8,331  | 21,686                          | 658                         | 233,908         |

Note:

- The addition on the buildings costs for the financial year has included the progressive payment for Menara Alliance Bank of RM167,061,000.
- Property, plant and equipment (Buildings and Renovations) of the Bank include construction in progress of RM168,551,000 which are not depreciated until ready for use.

## Notes to the Financial Statements

As at 31 March 2025

### 16. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net deferred tax assets and liabilities shown in the statements of financial position after appropriate offsetting are as follows:

|                          | GROUP          |                | BANK           |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Deferred tax assets, net | 219,086        | 217,253        | 152,643        | 153,468        |

Movements on deferred tax:

|                                    | GROUP          |                | BANK           |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| At 1 April                         | 217,253        | 198,920        | 153,468        | 141,327        |
| Recognised in statements of income | 22,934         | 37,389         | 18,789         | 28,628         |
| Recognised in equity               | (21,101)       | (19,056)       | (19,614)       | (16,487)       |
| At 31 March                        | 219,086        | 217,253        | 152,643        | 153,468        |

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

|                          | GROUP          |                | BANK           |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Deferred tax assets      | 241,118        | 233,585        | 174,238        | 169,389        |
| Deferred tax liabilities | (22,032)       | (16,332)       | (21,595)       | (15,921)       |
|                          | 219,086        | 217,253        | 152,643        | 153,468        |

Notes to the Financial Statements  
As at 31 March 2025

## 16. DEFERRED TAX (CONT'D)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

| Deferred tax assets/(liabilities)  | Unabsorbed<br>tax losses<br>and capital<br>allowances<br>RM'000 | Allowance<br>for expected<br>credit losses<br>RM'000 | Other<br>liabilities<br>RM'000 | Leases<br>RM'000 | Financial<br>investments<br>at fair value<br>through other<br>comprehensive<br>income<br>RM'000 | Property,<br>plant and<br>equipment<br>and<br>intangible<br>assets<br>RM'000 | Total<br>RM'000 |
|------------------------------------|---|--|--------------------------------|------------------|---|--|-----------------|
| <b>GROUP</b>                       |   |  |                                |                  |   |  |                 |
| At 1 April 2024                    | 31  | 106,258  | 95,844                         | 3,370            | 28,082  | (16,332)   | 217,253         |
| Recognised in statements of income | -   | 10,120   | 19,444                         | (930)            | -   | (5,700)  | 22,934          |
| Recognised in equity               | -   | -  | -                              | -                | (21,101)  | -  | (21,101)        |
| At 31 March 2025                   | 31  | 116,378  | 115,288                        | 2,440            | 6,981   | (22,032)   | 219,086         |
| At 1 April 2023                    | 148   | 90,905   | 71,658                         | 3,536            | 47,138  | (14,465)   | 198,920         |
| Recognised in statements of income | (117)   | 15,353   | 24,186                         | (166)            | -   | (1,867)  | 37,389          |
| Recognised in equity               | -   | -  | -                              | -                | (19,056)  | -  | (19,056)        |
| At 31 March 2024                   | 31  | 106,258  | 95,844                         | 3,370            | 28,082  | (16,332)   | 217,253         |
| <b>BANK</b>                        |   |  |                                |                  |   |  |                 |
| At 1 April 2024                    | -   | 64,587   | 74,967                         | 3,357            | 26,478  | (15,921)   | 153,468         |
| Recognised in statements of income | -   | 6,062  | 19,285                         | (884)            | -   | (5,674)  | 18,789          |
| Recognised in equity               | -   | -  | -                              | -                | (19,614)  | -  | (19,614)        |
| At 31 March 2025                   | -   | 70,649   | 94,252                         | 2,473            | 6,864   | (21,595)   | 152,643         |
| At 1 April 2023                    | -   | 55,582   | 53,330                         | 3,489            | 42,965  | (14,039)   | 141,327         |
| Recognised in statements of income | -   | 9,005  | 21,637                         | (132)            | -   | (1,882)  | 28,628          |
| Recognised in equity               | -   | -  | -                              | -                | (16,487)  | -  | (16,487)        |
| At 31 March 2024                   | -   | 64,587   | 74,967                         | 3,357            | 26,478  | (15,921)   | 153,468         |

Note:

Other liabilities include provisions and deferred income.



# Notes to the Financial Statements

As at 31 March 2025

## 17. INTANGIBLE ASSETS

|                                  | GROUP          |                | BANK           |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <u>Goodwill</u>                  |                |                |                |                |
| <b>Cost:</b>                     |                |                |                |                |
| At 1 April                       | 301,997        | 301,997        | 285,999        | 186,272        |
| Effect of business transfer      | -              | -              | -              | 99,727         |
| At 31 March                      | 301,997        | 301,997        | 285,999        | 285,999        |
| <b>Impairment:</b>               |                |                |                |                |
| At 1 April/31 March              | 16,349         | 16,349         | 351            | 351            |
| <b>Net carrying amount</b>       | <b>285,648</b> | <b>285,648</b> | <b>285,648</b> | <b>285,648</b> |
| <u>Computer software</u>         |                |                |                |                |
| <b>Cost:</b>                     |                |                |                |                |
| At 1 April                       | 519,556        | 472,189        | 516,095        | 463,672        |
| Additions                        | 101,804        | 69,562         | 101,693        | 68,879         |
| Effect of business transfer      | -              | -              | -              | 5,567          |
| Written-off                      | (288)          | (22,195)       | (288)          | (22,023)       |
| At 31 March                      | 621,072        | 519,556        | 617,500        | 516,095        |
| <b>Accumulated amortisation:</b> |                |                |                |                |
| At 1 April                       | 342,832        | 317,399        | 341,524        | 311,272        |
| Charge for the financial year    | 47,056         | 47,626         | 46,445         | 47,051         |
| Effect of business transfer      | -              | -              | -              | 5,222          |
| Written-off                      | (206)          | (22,193)       | (206)          | (22,021)       |
| At 31 March                      | 389,682        | 342,832        | 387,763        | 341,524        |
| <b>Net carrying amount</b>       | <b>231,390</b> | <b>176,724</b> | <b>229,737</b> | <b>174,571</b> |
| <b>Total carrying amount</b>     | <b>517,038</b> | <b>462,372</b> | <b>515,385</b> | <b>460,219</b> |

### Note:

Computer software of the Group and the Bank include work in progress of RM116,873,000 and RM116,609,000 (2024: RM49,415,000 and RM49,214,000) respectively which are not amortised until ready for use.

## Notes to the Financial Statements

As at 31 March 2025

## 17. INTANGIBLE ASSETS (CONT'D)

## (a) Impairment test on goodwill

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill has been allocated to the Group's cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisitions, identified according to the business segments as follows:

|                   | GROUP          |                | BANK           |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Consumer banking  | 101,565        | 101,565        | 101,565        | 101,565        |
| Business banking  | 100,822        | 100,822        | 100,822        | 100,822        |
| Financial markets | 83,261         | 83,261         | 83,261         | 83,261         |
|                   | 285,648        | 285,648        | 285,648        | 285,648        |

For annual impairment testing purposes, the recoverable amounts of the CGUs, which are reportable business segments, are determined based on their value-in-use. The value-in-use calculation uses pre-tax cash flow projections based on financial budget and business plans approved by the Board of Directors. The key assumptions for the computation of value-in-use include the discount rates, cash flow projection and growth rates applied are as follows:

## (i) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the CGUs. The discount rates used in determining the recoverable amount are as follows:

|                   | GROUP     |           |
|-------------------|-----------|-----------|
|                   | 2025<br>% | 2024<br>% |
| Consumer banking  | 8.20      | 8.60      |
| Business banking  | 8.22      | 8.61      |
| Financial markets | 8.21      | 8.62      |

## (ii) Cash flow projections and growth rate

Cash flow projections are based on four-year financial budget and business plans approved by the Board of Directors. The cash flow projections are derived based on multiple probability weighted scenarios considering a number of key factors including past performance and the Management's expectation of market developments.

Cash flows beyond the fourth year are extrapolated in perpetuity using terminal growth rate at 3.9% (2024: 4.2%), representing the forecasted Gross Domestic Product ("GDP") growth rate of the country for the CGUs.

The Management is of the view that only reasonable possible changes in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGUs.

# Notes to the Financial Statements

As at 31 March 2025

## 18. DEPOSITS FROM CUSTOMERS

|                                    | GROUP          |                | BANK           |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Demand deposits                    | 25,073,745     | 21,935,407     | 20,085,712     | 17,343,745     |
| Savings deposits                   | 1,907,022      | 1,928,980      | 1,526,824      | 1,551,648      |
| Fixed/investment deposits          | 36,027,072     | 30,037,326     | 26,094,424     | 21,225,496     |
| Money market deposits              | 2,586,772      | 3,473,714      | 1,829,285      | 2,383,512      |
| Negotiable instruments of deposits | 240,343        | 22,068         | 240,343        | 22,068         |
|                                    | 65,834,954     | 57,397,495     | 49,776,588     | 42,526,469     |

- (i) The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposits are as follows:

|                           | GROUP          |                | BANK           |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Due within six months     | 29,101,409     | 28,093,836     | 20,592,810     | 19,711,889     |
| Six months to one year    | 9,730,390      | 5,152,363      | 7,550,728      | 3,891,044      |
| One year to three years   | 19,734         | 283,962        | 18,080         | 25,196         |
| Three years to five years | 2,654          | 2,947          | 2,434          | 2,947          |
|                           | 38,854,187     | 33,533,108     | 28,164,052     | 23,631,076     |

- (ii) The deposits are sourced from the following types of customers:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Domestic financial institutions          | 250,491        | 22,159         | 251,866        | 24,164         |
| Domestic non-bank financial institutions | 4,296,458      | 5,375,559      | 3,165,629      | 3,690,375      |
| Government and statutory bodies          | 7,431,767      | 4,907,717      | 4,996,976      | 3,352,213      |
| Business enterprises                     | 21,631,908     | 19,876,183     | 16,097,154     | 15,078,413     |
| Individuals                              | 27,780,773     | 23,627,846     | 21,581,156     | 17,527,626     |
| Foreign entities                         | 1,151,065      | 1,020,122      | 1,001,110      | 873,248        |
| Others                                   | 3,292,492      | 2,567,909      | 2,682,697      | 1,980,430      |
|  | 65,834,954     | 57,397,495     | 49,776,588     | 42,526,469     |

## Notes to the Financial Statements

As at 31 March 2025

## 19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

|                         | GROUP          |                | BANK           |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Licensed banks          | 508,197        | 279,189        | 508,197        | 279,189        |
| Licensed merchant banks | -              | 60,143         | -              | 60,143         |
| Bank Negara Malaysia    | 1,546,712      | 1,715,725      | 1,336,224      | 1,526,662      |
|                         | 2,054,909      | 2,055,057      | 1,844,421      | 1,865,994      |

Note:

Included in deposit and placement by BNM is the government financing scheme received by the Group and the Bank as part of the government support measures in response to the COVID-19 pandemic for the purpose of SME lending at a below market rate.

## 20. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Structured investments designated at fair value for the Group and the Bank include investments with embedded equity linked options, interest rate index linked options and foreign currency options.

The Group and the Bank designated certain structured investments at fair value through profit or loss. The structured investments are recorded at fair value.

The fair value changes of the structured investments that are attributable to the changes in own credit risk are not significant.

|  | GROUP/BANK     |                |
|--|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 |
| Structured investments   | 1,966,126      | 2,011,228      |
| Fair value changes arising from designation at fair value through profit or loss | (82,666)       | (83,117)       |
|  | 1,883,460      | 1,928,111      |

The carrying amount of financial liabilities designated at fair value of the Group and the Bank as at 31 March 2025 was lower than the contractual amount at maturity for the structured investments by RM82,666,000 (2024: RM83,117,000).

## 21. RECOURSE OBLIGATIONS ON LOANS AND FINANCING SOLD TO CAGAMAS

This relates to proceeds received from housing loans/financing and hire purchase loans/financing sold directly to Cagamas Berhad with recourse to the Group and the Bank. Under the agreement, the Group and the Bank undertake to administer the loans/financing on behalf of Cagamas Berhad and to buy back any loans/financing which are regarded as defective based on pre-determined and agreed upon prudential criteria set by Cagamas Berhad.

## Notes to the Financial Statements

As at 31 March 2025

### 22. LEASE LIABILITIES

|                          | GROUP          |                | BANK           |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| At 1 April               | 124,712        | 113,251        | 124,712        | 113,251        |
| Additions                | 27,104         | 15,335         | 27,104         | 15,335         |
| Termination of contracts | –              | (1,970)        | –              | (1,970)        |
| Interest expense         | 5,131          | 5,520          | 5,131          | 5,520          |
| Lease payment            | (40,064)       | (33,595)       | (40,064)       | (33,595)       |
| Remeasurement            | 241            | 26,171         | 241            | 26,171         |
| At 31 March              | 117,124        | 124,712        | 117,124        | 124,712        |

#### Note:

Short-term lease expenses and low value lease expenses that are not included in lease liabilities for the Group and the Bank are as follows:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Short-term lease expenses<br>(included in establishment expense) | 36             | –              | 36             | –              |
| Low-value lease expenses<br>(included in establishment expense)  | 506            | –              | 506            | –              |
| Income from subleasing ROU assets                                | 86             | 86             | 1,031          | 1,025          |

The Group and the Bank lease premises, office equipment and furniture, computer equipment and motor vehicles. Rental contracts are typically made for the periods ranging from three to five years but may have extension options.

Extension and termination options are included in a number of leases across the Group and the Bank. The Group and the Bank manage the leases and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension and termination options are included, when possible, to provide a greater flexibility after the end of the agreement. The individual terms and conditions used vary across the Group and the Bank. The majority of extension and termination options held are exercisable only by the Group and the Bank and not by the respective lessors.

In cases in which the Group and the Bank are not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities. There are no such instances for both financial years ended 2025 and 2024.

## Notes to the Financial Statements

As at 31 March 2025

## 23. OTHER LIABILITIES

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Other payables   | 1,240,077      | 1,776,754      | 1,127,080      | 1,667,901      |
| Bills payable  | 267,298        | 355,840        | 153,854        | 338,981        |
| Collateral pledged for derivative transactions                                   | 21,056         | 7,042          | 21,056         | 7,042          |
| Settlement account   | 77,850         | 119,813        | 77,850         | 119,813        |
| Clearing account   | 162,583        | 200,823        | 129,720        | 166,475        |
| Sundry deposits  | 72,716         | 60,507         | 60,555         | 53,441         |
| Provision and accruals   | 247,508        | 176,489        | 237,261        | 163,694        |
| Structured investments   | 256,278        | 390,098        | 256,278        | 390,098        |
| Amounts due to subsidiaries  | -              | -              | 72,493         | -              |
| Amount due to joint venture  | 79             | 17             | 79             | -              |
| Allowance for expected credit losses on commitments and contingencies [Note (a)] | 36,001         | 47,002         | 30,047         | 39,910         |
|  | 2,381,446      | 3,134,385      | 2,166,273      | 2,947,355      |

Note:

(a) Movements for allowance for expected credit losses on commitments and contingencies are as follows:

| GROUP  | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>not-credit<br>impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit<br>impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|--|--|---|---|-----------------|
| At 1 April 2024  | 10,710                                 | 34,305  | 1,987   | 47,002          |
| Transfer to Stage 1                                    | 3,184                                  | (22,385)  | -   | (19,201)        |
| Transfer to Stage 2                                    | (2,240)                                | 13,406  | (2,533)   | 8,633           |
| Transfer to Stage 3                                    | (118)                                  | (11,294)  | 16,831  | 5,419           |
| New financial assets originated or purchased           | 7,531                                  | 6,041   | 529   | 14,101          |
| Financial assets derecognised other than write-off     | (5,242)                                | (9,319)   | (5,837)   | (20,398)        |
| Changes due to change in credit risk                   | (1,305)                                | 2,147   | (356)   | 486             |
| Other adjustments                                      | (11)                                   | 1   | -   | (10)            |
|  | 1,799                                  | (21,403)  | 8,634   | (10,970)        |
| Unwinding of discount                                  | -                                      | -   | (31)  | (31)            |
| Total charge to/(write-back from) statements of income | 1,799                                  | (21,403)  | 8,603   | (11,001)        |
| At 31 March 2025                                       | 12,509                                 | 12,902  | 10,590  | 36,001          |



# Notes to the Financial Statements

As at 31 March 2025

## 23. OTHER LIABILITIES (CONT'D)

- (a) Movements for allowance for expected credit losses on commitments and contingencies are as follows: (cont'd)

| GROUP  | 12-Month<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>not-credit<br>impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit<br>impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|--|--|---|---|-----------------|
| At 1 April 2023  | 5,005                                  | 22,447  | 1,849   | 29,301          |
| Transfer to Stage 1                                    | 1,069                                  | (11,421)  | -   | (10,352)        |
| Transfer to Stage 2                                    | (736)                                  | 12,654  | (1,241)   | 10,677          |
| Transfer to Stage 3                                    | -                                      | (454)   | 2,732   | 2,278           |
| New financial assets originated or purchased           | 5,867                                  | 16,287  | 26  | 22,180          |
| Financial assets derecognised other than write-off     | (2,705)                                | (14,977)  | (3,354)   | (21,036)        |
| Changes due to change in credit risk                   | 2,207                                  | 9,760   | 1,980   | 13,947          |
| Other adjustments                                      | 3                                      | 9   | -   | 12              |
|  | 5,705                                  | 11,858  | 143   | 17,706          |
| Unwinding of discount                                  | -                                      | -   | (5)   | (5)             |
| Total charge to statements of income                   | 5,705                                  | 11,858  | 138   | 17,701          |
| At 31 March 2024                                       | 10,710                                 | 34,305  | 1,987   | 47,002          |
| <b>BANK</b>  |  |   |   |                 |
| At 1 April 2024  | 8,478                                  | 29,734  | 1,698   | 39,910          |
| Transfer to Stage 1                                    | 2,221                                  | (18,310)  | -   | (16,089)        |
| Transfer to Stage 2                                    | (1,699)                                | 10,490  | (2,283)   | 6,508           |
| Transfer to Stage 3                                    | (118)                                  | (11,195)  | 16,184  | 4,871           |
| New financial assets originated or purchased           | 5,727                                  | 5,442   | 3   | 11,172          |
| Financial assets derecognised other than write-off     | (4,489)                                | (8,807)   | (5,173)   | (18,469)        |
| Changes due to change in credit risk                   | (265)                                  | 3,068   | (642)   | 2,161           |
| Other adjustments                                      | (8)                                    | 1   | -   | (7)             |
|  | 1,369                                  | (19,311)  | 8,089   | (9,853)         |
| Unwinding of discount                                  | -                                      | -   | (10)  | (10)            |
| Total charge to/(write-back from) statements of income | 1,369                                  | (19,311)  | 8,079   | (9,863)         |
| At 31 March 2025                                       | 9,847                                  | 10,423  | 9,777   | 30,047          |
| At 1 April 2023  | 4,296                                  | 20,290  | 1,629   | 26,215          |
| Transfer to Stage 1                                    | 892                                    | (9,622)   | -   | (8,730)         |
| Transfer to Stage 2                                    | (581)                                  | 10,457  | (1,134)   | 8,742           |
| Transfer to Stage 3                                    | -                                      | (304)   | 1,856   | 1,552           |
| New financial assets originated or purchased           | 4,327                                  | 15,465  | 26  | 19,818          |
| Financial assets derecognised other than write-off     | (2,118)                                | (10,350)  | (2,881)   | (15,349)        |
| Changes due to change in credit risk                   | 1,660                                  | 3,789   | 2,208   | 7,657           |
| Other adjustments                                      | 2                                      | 9   | -   | 11              |
|  | 4,182                                  | 9,444   | 75  | 13,701          |
| Unwinding of discount                                  | -                                      | -   | (6)   | (6)             |
| Total charge to statements of income                   | 4,182                                  | 9,444   | 69  | 13,695          |
| At 31 March 2024                                       | 8,478                                  | 29,734  | 1,698   | 39,910          |

### Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
- (b) As at 31 March 2025, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired were at RM20,854,000 and RM15,997,000 (2024: RM6,406,000 and RM4,983,000) respectively.

## Notes to the Financial Statements

As at 31 March 2025

## 24. OTHER BORROWINGS

|  | Note | GROUP          |                | BANK           |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <b><u>Senior Medium Term Notes</u></b>       |      |                |                |                |                |
| <b><u>(“Senior MTN”)/ Senior Islamic</u></b> |      |                |                |                |                |
| <b><u>Medium Term Notes</u></b>              |      |                |                |                |                |
| <b><u>(“Senior Islamic MTN”)</u></b>         |      |                |                |                |                |
| RM150 million Senior MTN                     | (a)  | 150,809        | -              | 150,809        | -              |
| RM150 million Senior MTN                     | (b)  | 150,801        | -              | 150,801        | -              |
| RM200 million Senior Islamic MTN             | (c)  | 201,034        | -              | -              | -              |
|  |      | 502,644        | -              | 301,610        | -              |

Note:

**RM1.5 billion Senior MTN Programme**

|     | Issuance Date  | Nominal Amount | Maturity Date  | Tenure          | Discount Rate      | Distribution<br>Payment Period |
|-----|----------------|----------------|----------------|-----------------|--------------------|--------------------------------|
| (a) | 12 August 2024 | RM150 million  | 12 August 2031 | Seven (7) years | 4.06%<br>per annum | Payable<br>semi-annually.      |
| (b) | 12 August 2024 | RM150 million  | 11 August 2034 | Ten (10) years  | 4.10%<br>per annum | Payable<br>semi-annually.      |

The Group had on 12 August 2024 issued two (2) RM150.0 million Senior MTNs in nominal value with tenure of 7 years and 10 years respectively.

The Senior MTNs have been assigned a long term rating of A1 by RAM Rating Services Berhad.

**RM2.5 billion Perpetual Sukuk Programme (“Sukuk Programme”)**

|     | Issuance Date  | Nominal Amount | Maturity Date  | Tenure         | Discount Rate      | Distribution<br>Payment Period |
|-----|----------------|----------------|----------------|----------------|--------------------|--------------------------------|
| (c) | 12 August 2024 | RM200 million  | 10 August 2029 | Five (5) years | 3.93%<br>per annum | Payable<br>semi-annually.      |

AISB, a wholly-owned subsidiary of the Bank had on 12 August 2024 issued RM200.0 million Senior Islamic MTN in nominal value with tenure of 5 years.

The Senior Islamic MTN has been assigned a long term rating of A1 by RAM Rating Services Berhad.

# Notes to the Financial Statements

As at 31 March 2025

## 25. SUBORDINATED OBLIGATIONS

|   |      | GROUP          |                | BANK           |                |
|---|------|----------------|----------------|----------------|----------------|
|   | Note | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <u>Subordinated Medium Term Notes</u><br><u>("Sub-MTNs")/ Additional Tier</u><br><u>1 ("AT1") Capital Securities/ AT1</u><br><u>Sukuk Wakalah</u> |      |                |                |                |                |
| RM400 million Sub-MTNs  | (a)  | 405,987        | 405,856        | 405,915        | 405,664        |
| RM350 million Sub-MTNs  | (b)  | 355,648        | 355,721        | 355,648        | 355,721        |
| RM450 million Sub-MTNs  | (c)  | 457,739        | 457,839        | 457,739        | 457,839        |
| RM150 million AT1 Capital Securities  | (d)  | 152,057        | 152,125        | 152,057        | 152,125        |
| RM100 million AT1 Capital Securities  | (e)  | 100,349        | 100,335        | 100,349        | 100,335        |
| RM150 million AT1 Capital Securities  | (f)  | 150,229        | -              | 150,229        | -              |
| RM150 million AT1 Capital Securities  | (g)  | 150,239        | -              | 150,239        | -              |
| RM100 million AT1 Sukuk Wakalah   | (h)  | 100,056        | 100,042        | -              | -              |
|   |      | 1,872,304      | 1,571,918      | 1,772,176      | 1,471,684      |

Note:

### RM2.0 billion Sub-MTN Programme

|     | Issuance Date   | Principal     | Maturity Date   | Call Date       | Interest Rate      | Interest Payment                                   |
|-----|-----------------|---------------|-----------------|-----------------|--------------------|--|
| (a) | 27 October 2020 | RM400 million | 25 October 2030 | 27 October 2025 | 3.60%<br>per annum | Accrued and payable<br>semi-annually<br>in arrears |
| (b) | 27 October 2020 | RM350 million | 27 October 2032 | 27 October 2027 | 3.80%<br>per annum | Accrued and payable<br>semi-annually<br>in arrears |
| (c) | 27 October 2020 | RM450 million | 26 October 2035 | 28 October 2030 | 4.05%<br>per annum | Accrued and payable<br>semi-annually<br>in arrears |

## Notes to the Financial Statements

As at 31 March 2025

## 25. SUBORDINATED OBLIGATIONS (CONT'D)

## RM1.0 billion AT1 Capital Securities Programme ("AT1 Capital Securities Programme")

|     | Issuance Date     | Principal     | Tenure                                 | Call Date         | Interest Rate   | Interest Payment                             |
|-----|-------------------|---------------|--|-------------------|-----------------|--|
| (d) | 30 June 2022      | RM150 million | Perpetual non-callable five (5) years  | 30 June 2027      | 5.50% per annum | Accrued and payable semi-annually in arrears |
| (e) | 8 March 2024      | RM100 million | Perpetual non-callable five (5) years  | 8 March 2029      | 5.10% per annum | Accrued and payable semi-annually in arrears |
| (f) | 20 September 2024 | RM150 million | Perpetual non-callable five (5) years  | 20 September 2029 | 4.65% per annum | Accrued and payable semi-annually in arrears |
| (g) | 20 September 2024 | RM150 million | Perpetual non-callable seven (7) years | 19 September 2031 | 4.85% per annum | Accrued and payable semi-annually in arrears |

The Group had on 20 September 2024 issued RM300.0 million AT1 Capital Securities in nominal value pursuant to the existing AT1 Capital Securities Programme.

## Sukuk Programme

|     | Issuance Date | Principal     | Tenure                                | Call Date     | Interest Rate   | Interest Payment                             |
|-----|---------------|---------------|---------------------------------------|---------------|-----------------|--|
| (h) | 29 March 2024 | RM100 million | Perpetual non-callable five (5) years | 29 March 2029 | 5.10% per annum | Accrued and payable semi-annually in arrears |

## 26. SHARE CAPITAL

| GROUP/BANK  | 2025                           |           | 2024                           |           |
|---|--------------------------------|-----------|--------------------------------|-----------|
|   | Number of ordinary shares '000 | RM'000    | Number of ordinary shares '000 | RM'000    |
| Ordinary shares issued and fully paid:<br>At 1 April/31 March | 1,548,106                      | 1,548,106 | 1,548,106                      | 1,548,106 |

## Notes to the Financial Statements

As at 31 March 2025

### 27. RESERVES

|                           |      | GROUP          |                | BANK           |                |
|---------------------------|------|----------------|----------------|----------------|----------------|
|                           | Note | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <u>Non-distributable:</u> |      |                |                |                |                |
| Regulatory reserves       | (a)  | 117,173        | 155,485        | 117,173        | 155,485        |
| Capital reserves          | (b)  | 10,018         | 10,018         | -              | -              |
| FVOCI reserves            | (c)  | (20,967)       | (87,888)       | (20,316)       | (83,022)       |
|                           |      | 106,224        | 77,615         | 96,857         | 72,463         |
| <u>Distributable:</u>     |      |                |                |                |                |
| Retained profits          |      | 6,014,117      | 5,549,407      | 5,092,252      | 4,724,987      |
|                           |      | 6,120,341      | 5,627,022      | 5,189,109      | 4,797,450      |

Note:

- (a) Regulatory reserves represent the Group's and the Bank's compliance with BNM Revised Policy Documents in Financial Reporting and Financial Reporting for Islamic Banking Institutions effective 1 April 2018 whereby the Bank and its banking subsidiaries must maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.
- (b) Capital reserves are in respect of retained profits capitalised for a bonus issue by a subsidiary.
- (c) FVOCI reserves are the cumulative gains and losses arising on the revaluation of debt instruments measured at FVOCI, net off cumulative gains and losses transferred to statements of income upon disposal and the cumulative allowance for expected credit losses on these investments.

### 28. INTEREST INCOME

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Loans, advances and financing  | 2,231,737      | 1,920,710      | 2,213,286      | 1,905,011      |
| Money at call and deposit placements with financial institutions       | 117,803        | 91,684         | 117,815        | 91,735         |
| Financial investments at fair value through other comprehensive income | 340,209        | 290,086        | 342,408        | 290,086        |
| Financial investments at amortised cost                                | 118,041        | 115,334        | 123,826        | 121,135        |
| Others   | 4,178          | 6,466          | 4,178          | 6,466          |
|  | 2,811,968      | 2,424,280      | 2,801,513      | 2,414,433      |
| Accretion of discount less amortisation of premium (net)               | 53,176         | 41,557         | 53,176         | 41,557         |
|  | 2,865,144      | 2,465,837      | 2,854,689      | 2,455,990      |

Note:

Included in interest income on loans, advances and financing is interest/profit on impaired loans/financing of the Group and the Bank of RM5,829,000 (2024: RM5,511,000).

## Notes to the Financial Statements

As at 31 March 2025

## 29. INTEREST EXPENSE

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Deposits and placements of banks and other financial institutions | 27,448         | 22,505         | 27,448         | 22,614         |
| Deposits from customers   | 1,160,345      | 967,337        | 1,160,717      | 967,950        |
| Recourse obligations on loans and financing sold to Cagamas       | 20,531         | 25,340         | 20,531         | 25,340         |
| Subordinated obligations  | 67,039         | 60,436         | 67,158         | 60,551         |
| Lease liabilities   | 5,131          | 5,520          | 5,131          | 5,520          |
| Obligations on securities sold under repurchase agreements        | 98,073         | 48,860         | 98,073         | 48,860         |
| Others  | 35,450         | 26,267         | 35,450         | 26,267         |
|   | 1,414,017      | 1,156,265      | 1,414,508      | 1,157,102      |

## 30. NET INCOME FROM ISLAMIC BANKING BUSINESS

|  | GROUP          |                |
|--|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 |
| Income derived from investment of depositors' funds and others   | 945,947        | 808,999        |
| Income derived from investment of Islamic Banking funds          | 83,358         | 79,425         |
| Income attributable to the depositors and financial institutions | (482,227)      | (448,313)      |
|  | 547,078        | 440,111        |

Note:

Net income from Islamic banking business comprises income generated from AISB, a wholly-owned subsidiary of the Bank.



# Notes to the Financial Statements

As at 31 March 2025

## 31. OTHER OPERATING INCOME

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| (a) <u>Fee and commission income:</u>                                    |                |                |                |                |
| Commissions  | 122,801        | 105,439        | 122,801        | 105,439        |
| Service charges and fees   | 28,057         | 30,392         | 27,841         | 30,197         |
| Guarantee fees   | 16,302         | 14,397         | 16,302         | 14,397         |
| Processing fees  | 13,991         | 24,276         | 13,991         | 24,276         |
| Commitment fees  | 16,936         | 16,994         | 16,936         | 16,994         |
| Cards related income   | 63,537         | 63,662         | 63,537         | 63,662         |
| Other fee income   | 9,214          | 21,583         | 9,214          | 21,583         |
|  | 270,838        | 276,743        | 270,622        | 276,548        |
| (b) <u>Fee and commission expense:</u>                                   |                |                |                |                |
| Commissions expense  | (19,578)       | (2,156)        | (19,578)       | (2,156)        |
| Service charges and fees expense   | (2,826)        | (2,422)        | (2,826)        | (2,422)        |
| Brokerage fees expense   | (185)          | (132)          | (185)          | (132)          |
| Guarantee fees expense   | (20,634)       | (17,941)       | (20,634)       | (17,941)       |
| Cards related expense  | (114,319)      | (106,795)      | (114,319)      | (106,795)      |
|  | (157,542)      | (129,446)      | (157,542)      | (129,446)      |
| (c) <u>Investment income:</u>  |                |                |                |                |
| Realised gain/(loss) arising from sale/redemption of:                    |                |                |                |                |
| - Financial assets at fair value through profit or loss                  | 19,817         | 8,828          | 19,817         | 8,828          |
| - Financial investments at fair value through other comprehensive income | (13,770)       | 2,016          | (13,770)       | 2,016          |
| - Derivative instruments   | 100,449        | 145,543        | 100,449        | 145,543        |
| Marked-to-market revaluation gain/(loss):                                |                |                |                |                |
| - Financial assets at fair value through profit or loss                  | 31,188         | 25,562         | 31,188         | 25,562         |
| - Derivative instruments   | (70,774)       | (4,886)        | (70,774)       | (7,239)        |
| - Financial liabilities designated at fair value through profit or loss  | (451)          | (36,021)       | (451)          | (36,021)       |
| Gross dividend income from:  |                |                |                |                |
| - Financial assets at fair value through profit or loss                  | 1,357          | 1,356          | 1,357          | 1,356          |
| - Subsidiaries   | -              | -              | 93,582         | 64,330         |
|  | 67,816         | 142,398        | 161,398        | 204,375        |
| (d) <u>Other income/(expense):</u>                                       |                |                |                |                |
| Foreign exchange gain/(loss)   | 67,315         | (43,736)       | 67,315         | (43,736)       |
| Rental income  | 86             | 86             | 1,031          | 1,025          |
| Gain on disposal of property, plant and equipment                        | 34             | -              | 34             | -              |
| Others   | 23,187         | 24,722         | 27,141         | 29,842         |
|  | 90,622         | (18,928)       | 95,521         | (12,869)       |
| Total other operating income   | 271,734        | 270,767        | 369,999        | 338,608        |

## Notes to the Financial Statements

As at 31 March 2025

## 32. OTHER OPERATING EXPENSES

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <u>Personnel costs</u>                          |                |                |                |                |
| - Salaries, allowances and bonuses              | 541,590        | 497,534        | 421,003        | 384,683        |
| - Contribution to EPF                           | 86,270         | 80,714         | 67,619         | 62,769         |
| - Others  | 56,635         | 51,568         | 45,630         | 40,125         |
|   | 684,495        | 629,816        | 534,252        | 487,577        |
| <u>Establishment costs</u>                      |                |                |                |                |
| - Depreciation of property, plant and equipment | 22,563         | 22,386         | 22,466         | 22,199         |
| - Depreciation of right-of-use assets           | 31,386         | 27,660         | 31,386         | 27,660         |
| - Amortisation of computer software             | 47,056         | 47,626         | 46,445         | 47,051         |
| - Rental of premises                            | 660            | 1,233          | 562            | 1,125          |
| - Water and electricity                         | 6,993          | 7,166          | 5,516          | 5,623          |
| - Repairs and maintenance                       | 10,668         | 9,713          | 8,736          | 7,861          |
| - Information technology expenses               | 123,638        | 89,133         | 88,721         | 60,458         |
| - Others  | 14,348         | 10,807         | 11,681         | 8,905          |
|   | 257,312        | 215,724        | 215,513        | 180,882        |
| <u>Marketing expenses</u>                       |                |                |                |                |
| - Promotion and advertisement                   | 39,073         | 27,698         | 35,889         | 26,713         |
| - Branding and publicity                        | 10,757         | 7,798          | 6,531          | 3,353          |
| - Others  | 12,251         | 11,576         | 11,083         | 10,319         |
|   | 62,081         | 47,072         | 53,503         | 40,385         |
| <u>Administration and general expenses</u>      |                |                |                |                |
| - Communication expenses                        | 11,932         | 11,648         | 10,107         | 9,460          |
| - Printing and stationery                       | 1,818          | 2,104          | 1,374          | 1,591          |
| - Insurance                                     | 13,245         | 14,489         | 10,759         | 10,536         |
| - Professional fees                             | 31,982         | 30,437         | 20,498         | 23,304         |
| - Others  | 25,634         | 22,439         | 16,656         | 24,199         |
|   | 84,611         | 81,117         | 59,394         | 69,090         |
| Total other operating expenses                  | 1,088,499      | 973,729        | 862,662        | 777,934        |

Included in the other operating expenses are the following:

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Auditors' remuneration:                   |                |                |                |                |
| - Statutory audit fees                    | 1,758          | 1,836          | 1,498          | 1,578          |
| - Audit related fees                      | 487            | 472            | 393            | 383            |
| - Tax compliance fees                     | 75             | 84             | 61             | 58             |
| - Tax related services                    | 73             | 264            | 37             | 256            |
| - Non-audit related services              | -              | 65             | -              | 65             |
| Hire of equipment                         | 1,947          | 1,731          | 1,947          | 1,731          |
| Property, plant and equipment written-off | 1              | 40             | 1              | 40             |
| Computer software written-off             | 82             | 2              | 82             | 2              |

## Notes to the Financial Statements

As at 31 March 2025

### 33. ALLOWANCE FOR EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING AND OTHER FINANCIAL ASSETS

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Allowance for/(write-back of) expected credit losses:                   |                |                |                |                |
| (a) Loans, advances and financing                                       | 233,956        | 122,929        | 137,588        | 93,716         |
| (b) Commitments and contingencies on loans, advances and financing      | (10,970)       | 17,706         | (9,853)        | 13,701         |
| (c) Other assets  | 4,886          | 1,993          | 5,269          | 1,699          |
| (d) Cash and short-term funds   | (83)           | 36             | (83)           | 36             |
| (e) Deposits and placements with banks and other financial institutions | 16             | -              | 16             | -              |
|   | 227,805        | 142,664        | 132,937        | 109,152        |
| (f) Credit impaired loans, advances and financing                       |                |                |                |                |
| - Recovered during the financial year                                   | (99,516)       | (75,804)       | (65,866)       | (52,075)       |
| - Written-off during the financial year                                 | 59,658         | 68,035         | 38,193         | 39,554         |
|   | 187,947        | 134,895        | 105,264        | 96,631         |

### 34. ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL INVESTMENTS

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Allowance for expected credit losses:                                      |                |                |                |                |
| (a) Financial investments at fair value through other comprehensive income | 99             | 438            | 596            | 365            |
| (b) Financial investments at amortised cost                                | 516            | 137            | 401            | 112            |
| Bad debt recovered   | -              | (30)           | -              | (30)           |
|  | 615            | 545            | 997            | 447            |

## Notes to the Financial Statements

As at 31 March 2025

## 35. TAXATION AND ZAKAT

|                                       | GROUP          |                | BANK           |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Income tax:                           | 264,387        | 257,956        | 206,765        | 192,169        |
| Current financial year                | 270,857        | 261,436        | 203,908        | 195,880        |
| (Over)/under provision in prior years | (6,470)        | (3,480)        | 2,857          | (3,711)        |
| Deferred tax (Note 16):               | (22,934)       | (37,389)       | (18,789)       | (28,628)       |
| Current financial year                | (26,529)       | (36,686)       | (22,337)       | (28,282)       |
| Under/(over) provision in prior years | 3,595          | (703)          | 3,548          | (346)          |
| Tax expense for the financial year    | 241,453        | 220,567        | 187,976        | 163,541        |
| Zakat                                 | 746            | 280            | -              | -              |
|                                       | 242,199        | 220,847        | 187,976        | 163,541        |

Income tax for the current financial year is calculated at the Malaysian statutory tax rate of 24% on the estimated assessable profit for the financial year. For Year of Assessment ("YA") 2025, income tax rate is at 24% (2024: 24%).

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Profit before taxation   | 992,925        | 911,322        | 841,257        | 762,484        |
| Taxation at Malaysian Statutory<br>Tax Rate of 24% (2024: 24%) | 238,302        | 218,717        | 201,902        | 182,996        |
| Income not subject to tax                                      | (7,302)        | (7,424)        | (30,659)       | (22,151)       |
| Expenses not deductible for tax purposes                       | 13,328         | 11,777         | 10,328         | 6,753          |
| (Over)/under provision of tax expense<br>in prior years        | (2,875)        | (4,183)        | 6,405          | (4,057)        |
| Expenses for which no deferred tax asset<br>is recognised      | -              | 1,680          | -              | -              |
| Tax expense for the financial year                             | 241,453        | 220,567        | 187,976        | 163,541        |

## Notes to the Financial Statements

As at 31 March 2025

### 36. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

|   | GROUP            |           | BANK             |           |
|---|------------------|-----------|------------------|-----------|
|   | 2025             | 2024      | 2025             | 2024      |
| Profit for the year attributable to equity holders of the Bank (RM'000) | <b>750,726</b>   | 690,475   | <b>653,281</b>   | 598,943   |
| Weighted average numbers of ordinary shares in issue ('000)             | <b>1,548,106</b> | 1,548,106 | <b>1,548,106</b> | 1,548,106 |
| Basic earnings per share (sen)  | <b>48.5</b>      | 44.6      | <b>42.2</b>      | 38.7      |

#### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to equity holders of the Bank and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares (non- cumulative).

There were no dilutive potential ordinary shares outstanding as at 31 March 2025 and 31 March 2024 respectively. As a result, the dilutive earnings per share was equal to basic earnings per share for the financial year ended 31 March 2025 and 31 March 2024.

## Notes to the Financial Statements

As at 31 March 2025

## 37. DIVIDENDS

|   | Dividend recognised during the financial year |                |                |                |
|---|---|----------------|----------------|----------------|
|   | GROUP   |                | BANK           |                |
|   | 2025<br>RM'000                                | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>First interim dividend</b>   |   |                |                |                |
| 10.85 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2024, was paid on 28 December 2023 to the shareholders | -   | 167,970        | -              | 167,970        |
| 9.50 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2025, was paid on 30 December 2024 to the shareholders  | 147,070                                       | -              | 147,070        | -              |
| <b>Second interim dividend</b>  |   |                |                |                |
| 10.00 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2023, was paid on 28 June 2023 to the shareholders     | -   | 154,811        | -              | 154,811        |
| 11.45 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2024, was paid on 28 June 2024 to the shareholders     | 177,258                                       | -              | 177,258        | -              |
|   | <b>324,328</b>                                | 322,781        | <b>324,328</b> | 322,781        |

Subsequent to the financial year end, the Directors declared a single tier second interim dividend of 9.90 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM153,262,000 in respect of the current financial year. The accompanying financial statements do not reflect this dividend. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2026.



## Notes to the Financial Statements

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### 38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the Group's and the Bank's other significant related party transactions and balances:

The related parties of, and their relationship with, the Group and the Bank are as follows:

| Relationship               | Related parties  |
|----------------------------|--|
| - Key management personnel | Key management personnel refer to those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank, directly or indirectly, including Executive Directors and Non-Executive Directors of the Group and the Bank (including close members of their families). Other members of key management personnel of the Group and the Bank are the Business Support Heads who report directly to Group Chief Executive Officer or to the Board Committees (including close members of their families). |
| - Substantial shareholders | Substantial shareholders refer to those entities or persons having significant voting power in the Group and/or the Bank, directly or indirectly. It resides with certain Directors of the Group and/or the Bank.  |
| - Subsidiaries             | Subsidiaries of the Bank as disclosed in Note 12.  |
| - Joint venture            | Joint venture of the Bank as disclosed in Note 13.   |

Significant related party transactions and balances as follows:

|                                  | GROUP          |                | BANK           |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| (a) <u>Transactions</u>          |                |                |                |                |
| Interest income                  |                |                |                |                |
| - subsidiaries                   | -              | -              | 7,996          | 5,852          |
| - key management personnel       | 55             | 58             | 55             | 58             |
| Dividend income                  |                |                |                |                |
| - subsidiaries                   | -              | -              | 93,583         | 64,330         |
| Management fees                  |                |                |                |                |
| - subsidiaries                   | -              | -              | 217            | 195            |
| Rental income                    |                |                |                |                |
| - subsidiaries                   | -              | -              | 1,114          | 1,057          |
| - joint venture                  | 86             | 86             | 86             | 86             |
| Other income                     |                |                |                |                |
| - subsidiaries                   | -              | -              | 3,800          | 5,229          |
| - joint venture                  | 33             | -              | 33             | -              |
| Other operating income recharged |                |                |                |                |
| - subsidiaries                   | -              | -              | 174,969        | 147,567        |
| - joint venture                  | 108            | 110            | 108            | 110            |

## Notes to the Financial Statements

As at 31 March 2025

## 38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| (a) <u>Transactions (cont'd)</u>  |                |                |                |                |
| Interest expenses   |                |                |                |                |
| - subsidiaries  | -              | -              | (372)          | (672)          |
| - joint venture   | (61)           | (56)           | (61)           | (56)           |
| - key management personnel  | (491)          | (597)          | (339)          | (396)          |
| - substantial shareholders  | (2)            | (4)            | (2)            | (4)            |
| Other operating expenses  |                |                |                |                |
| - subsidiaries  | -              | -              | -              | (73)           |
| - joint venture/other related company                                     | (2,222)        | (2,026)        | (2,222)        | (2,026)        |
| Commission paid   |                |                |                |                |
| - subsidiaries  | -              | -              | (29,182)       | (41,419)       |
| (b) <u>Balances</u>   |                |                |                |                |
| Financial investments at fair value<br>through other comprehensive income |                |                |                |                |
| - subsidiaries  | -              | -              | 99,424         | -              |
| Financial investments at amortised cost                                   |                |                |                |                |
| - subsidiaries  | -              | -              | 352,552        | 343,699        |
| Loans, advances and financing   |                |                |                |                |
| - key management personnel  | 3,286          | 3,378          | 1,751          | 1,918          |
| Other assets  |                |                |                |                |
| - subsidiaries  | -              | -              | 1,750          | 91,874         |
| - joint venture   | -              | 95             | -              | 95             |
| Deposits from customers   |                |                |                |                |
| - subsidiaries  | -              | -              | (19,531)       | (18,501)       |
| - joint venture   | (2,468)        | (2,473)        | (3,649)        | (3,655)        |
| - key management personnel  | (12,077)       | (18,174)       | (8,594)        | (12,098)       |
| - substantial shareholders  | (599)          | (804)          | (599)          | (804)          |
| Financial liabilities designated at fair<br>value through profit or loss  |                |                |                |                |
| - key management personnel  | (710)          | (1,000)        | (710)          | (1,000)        |

# Notes to the Financial Statements

As at 31 March 2025

## 38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| (b) <u>Balances (cont'd)</u>   |                |                |                |                |
| Other liabilities  |                |                |                |                |
| - subsidiaries   | -              | -              | (68,213)       | -              |
| - joint venture  | (79)           | (17)           | (79)           | -              |
| (c) <u>Compensation of key management personnel</u>  |                |                |                |                |
| Remuneration of Chief Executive Officers ("CEOs"), Non-Executive Directors and other members of key management excluding past CEO and Non-Executive Directors for the financial year are as follows: |                |                |                |                |
| CEOs and other Key Management Personnel:   |                |                |                |                |
| - Salary and other remuneration  | 28,657         | 27,537         | 27,044         | 26,184         |
| - Contribution to EPF  | 3,874          | 3,993          | 3,648          | 3,798          |
| - Benefits-in-kind   | 47             | 48             | 46             | 48             |
|  | 32,578         | 31,578         | 30,738         | 30,030         |
| Non-Executive Directors:   |                |                |                |                |
| - Fees payable   | 2,810          | 3,084          | 2,110          | 2,339          |
| - Allowances   | 1,152          | 1,036          | 875            | 839            |
| - Benefits-in-kind   | 37             | 31             | 37             | 31             |
|  | 3,999          | 4,151          | 3,022          | 3,209          |
| Included in the total key management personnel compensation are:   |                |                |                |                |
| CEOs and Non-Executive Directors' remuneration, excluding past CEO and Non-Executive Directors (Note 40)   | 14,112         | 13,159         | 11,295         | 10,669         |

## Notes to the Financial Statements

As at 31 March 2025

## 38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

(c) Compensation of key management personnel (cont'd)

Total value of remuneration and number of officers with variable remuneration for the financial year are as follow:

| Group                        | 2025   |                        |        |                    | 2024   |                        |        |                    |
|------------------------------|--------|------------------------|--------|--------------------|--------|------------------------|--------|--------------------|
|                              | Number | Unrestricted<br>RM'000 | Number | Deferred<br>RM'000 | Number | Unrestricted<br>RM'000 | Number | Deferred<br>RM'000 |
| <u>Fixed remuneration</u>    |        |                        |        |                    |        |                        |        |                    |
| Cash                         |        | 23,086                 |        | -                  |        | 24,086                 |        | -                  |
| <u>Variable remuneration</u> |        |                        |        |                    |        |                        |        |                    |
| Cash                         | 16     | 10,699                 | 13     | 2,792              | 15     | 8,643                  | 14     | 3,000              |
|                              |        | 33,785                 |        | 2,792              |        | 32,729                 |        | 3,000              |

| Bank                         | 2025   |                        |        |                    | 2024   |                        |        |                    |
|------------------------------|--------|------------------------|--------|--------------------|--------|------------------------|--------|--------------------|
|                              | Number | Unrestricted<br>RM'000 | Number | Deferred<br>RM'000 | Number | Unrestricted<br>RM'000 | Number | Deferred<br>RM'000 |
| <u>Fixed remuneration</u>    |        |                        |        |                    |        |                        |        |                    |
| Cash                         |        | 20,992                 |        | -                  |        | 22,071                 |        | -                  |
| <u>Variable remuneration</u> |        |                        |        |                    |        |                        |        |                    |
| Cash                         | 15     | 10,157                 | 12     | 2,611              | 14     | 8,350                  | 13     | 2,818              |
|                              |        | 31,149                 |        | 2,611              |        | 30,421                 |        | 2,818              |

## 39. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

|   | BANK           |                |
|---|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 |
| Outstanding credit exposures with connected parties             | 417,225        | 386,896        |
| of which:   |                |                |
| Total credit exposure which is impaired or in default           | -              | -              |
| Total credit exposures  | 72,706,206     | 65,570,062     |
| Percentage of outstanding credit exposures to connected parties |                |                |
| - as a proportion of total credit exposures                     | 0.57%          | 0.59%          |
| - which is impaired or in default                               | 0.00%          | 0.00%          |

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of BNM's Guidelines on Credit Transactions and Exposures with Connected Parties, which became effective on 1 January 2008.

## Notes to the Financial Statements

As at 31 March 2025

### 39. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONT'D)

Based on these guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder and his or her close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his or her close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

## Notes to the Financial Statements

As at 31 March 2025

## 40. CEOs AND DIRECTORS' REMUNERATION

Remuneration in aggregate for CEOs/Directors charged to the statements of income for the year are as follows:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Chief Executive Officers:  |                |                |                |                |
| - Salary and other remuneration                                      | 4,938          | 4,327          | 3,867          | 3,267          |
| - Bonuses  | 3,922          | 3,493          | 3,380          | 3,200          |
| - Contribution to EPF  | 1,217          | 1,152          | 991            | 957            |
| - Benefits-in-kind   | 36             | 36             | 35             | 36             |
|  | 10,113         | 9,008          | 8,273          | 7,460          |
| Non-Executive Directors:   |                |                |                |                |
| - Fees payable   | 2,810          | 3,084          | 2,110          | 2,339          |
| - Allowances   | 1,152          | 1,036          | 875            | 839            |
| - Benefits-in-kind   | 37             | 31             | 37             | 31             |
|  | 3,999          | 4,151          | 3,022          | 3,209          |
|  | 14,112         | 13,159         | 11,295         | 10,669         |
| Past Chief Executive Officer:  |                |                |                |                |
| - Salary and other remuneration                                      | -              | 1,321          | -              | -              |
| - Bonuses  | -              | 174            | -              | -              |
| - Contribution to EPF  | -              | 118            | -              | -              |
| - Benefits-in-kind   | -              | 3              | -              | -              |
|  | -              | 1,616          | -              | -              |
| Past Non-Executive Directors:  |                |                |                |                |
| - Fees payable   | 324            | 326            | 328            | 159            |
| - Allowances   | 118            | 107            | 136            | 100            |
| - Benefits-in-kind   | 115            | -              | 115            | -              |
|  | 557            | 433            | 579            | 259            |
|  | 557            | 2,049          | 579            | 259            |
|  | 14,669         | 15,208         | 11,874         | 10,928         |
| Total CEOs and Directors' remuneration<br>excluding benefits-in-kind | 14,481         | 15,138         | 11,687         | 10,861         |

Note:

- (a) Other than Directors' fees and allowances, there were no amount paid or payable for services rendered by any Directors of the Group and the Bank during the financial year.
- (b) The Directors of the Group and the Bank are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as Directors of the Group and the Bank, provided that such Director has not acted negligently, fraudulently or dishonestly, or is in breach of his or her duty of trust. The total apportioned amounts of insurance effected for the Group and the Bank were at RM118,000 and RM116,000 (2024: RM118,000 and RM116,000) respectively.



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As at 31 March 2025

### 40. CEOs AND DIRECTORS' REMUNERATION (CONT'D)

The total remuneration (including benefits-in-kind) of the CEOs and Directors of the Group and the Bank are as follows:

| GROUP<br>2025                          | Salary<br>and other<br>remuneration<br>RM'000 | Bonuses<br>RM'000 | Contribution<br>to EPF<br>RM'000 | Fees<br>payable<br>RM'000 | Allowances<br>RM'000 | Benefits-<br>in-kind<br>RM'000 | Total<br>RM'000 |
|--|---|-------------------|----------------------------------|---------------------------|----------------------|--------------------------------|-----------------|
| <u>Chief Executive Officers:</u>       |   |                   |                                  |                           |                      |                                |                 |
| Kellee Kam Chee Khiong                 | 3,867   | 3,380             | 991                              | -                         | -                    | 35                             | 8,273           |
| Rizal IL-Ehzan Bin Fadil Azim          | 1,071   | 542               | 226                              | -                         | -                    | 1                              | 1,840           |
|  | 4,938   | 3,922             | 1,217                            | -                         | -                    | 36                             | 10,113          |
| <u>Non-Executive Directors:</u>        |   |                   |                                  |                           |                      |                                |                 |
| Tan Sri Amirsham Bin A Aziz            | -   | -                 | -                                | 173                       | 28                   | 37                             | 238             |
| Wong Yuen Weng Ernest                  | -   | -                 | -                                | 235                       | 105                  | -                              | 340             |
| Tan Chian Khong                        | -   | -                 | -                                | 235                       | 97                   | -                              | 332             |
| Susan Yuen Su Min                      | -   | -                 | -                                | 250                       | 92                   | -                              | 342             |
| Lum Piew                               | -   | -                 | -                                | 235                       | 110                  | -                              | 345             |
| Cheryl Khor Hui Peng                   | -   | -                 | -                                | 255                       | 120                  | -                              | 375             |
| Chia Yew Hock Wilson                   | -   | -                 | -                                | 290                       | 152                  | -                              | 442             |
| Dr. John Lee Hin Hock                  | -   | -                 | -                                | 335                       | 125                  | -                              | 460             |
| Oong Kee Leong                         | -   | -                 | -                                | 137                       | 47                   | -                              | 184             |
| Lily Rozita Binti Mohamad Khairi       | -   | -                 | -                                | 74                        | 25                   | -                              | 99              |
| Datuk Wan Azhar Bin Wan Ahmad          | -   | -                 | -                                | 204                       | 58                   | -                              | 262             |
| Ibrahim Bin Hassan                     | -   | -                 | -                                | 135                       | 80                   | -                              | 215             |
| Dato' Ahmad Hisham Bin Kamaruddin      | -   | -                 | -                                | 135                       | 60                   | -                              | 195             |
| Rustam Bin Mohd Idris                  | -   | -                 | -                                | 100                       | 45                   | -                              | 145             |
| Mia Idora Binti Ismail                 | -   | -                 | -                                | 17                        | 8                    | -                              | 25              |
|  | -   | -                 | -                                | 2,810                     | 1,152                | 37                             | 3,999           |
| <u>Past Non-Executive Directors:</u>   |   |                   |                                  |                           |                      |                                |                 |
| Lee Boon Huat                          | -   | -                 | -                                | -                         | 13                   | -                              | 13              |
| Tan Sri Dato' Ahmad Bin Mohd Don       | -   | -                 | -                                | 149                       | 15                   | 115                            | 279             |
| Mazidah Binti Abdul Malik              | -   | -                 | -                                | 175                       | 90                   | -                              | 265             |
|  | -   | -                 | -                                | 324                       | 118                  | 115                            | 557             |
| Total CEOs and Directors' remuneration | 4,938   | 3,922             | 1,217                            | 3,134                     | 1,270                | 188                            | 14,669          |

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## 40. CEOs AND DIRECTORS' REMUNERATION (CONT'D)

The total remuneration (including benefits-in-kind) of the CEO and Directors of the Group and the Bank are as follows: (cont'd)

| GROUP<br>2024                          | Salary<br>and other<br>remuneration<br>RM'000 | Bonuses<br>RM'000 | Contribution<br>to EPF<br>RM'000 | Fees<br>payable<br>RM'000 | Allowances<br>RM'000 | Benefits-<br>in-kind<br>RM'000 | Total<br>RM'000 |
|--|---|-------------------|----------------------------------|---------------------------|----------------------|--------------------------------|-----------------|
| <u>Chief Executive Officers:</u>       |   |                   |                                  |                           |                      |                                |                 |
| Kellee Kam Chee Khiong                 | 3,267   | 3,200             | 957                              | -                         | -                    | 36                             | 7,460           |
| Rizal IL-Ehzan Bin Fadil Azim          | 1,060   | 293               | 195                              | -                         | -                    | -                              | 1,548           |
|  | 4,327   | 3,493             | 1,152                            | -                         | -                    | 36                             | 9,008           |
| <u>Non-Executive Directors:</u>        |   |                   |                                  |                           |                      |                                |                 |
| Tan Sri Dato' Ahmad Bin Mohd Don       | -   | -                 | -                                | 355                       | 53                   | 31                             | 439             |
| Wong Yuen Weng Ernest                  | -   | -                 | -                                | 235                       | 100                  | -                              | 335             |
| Tan Chian Khong                        | -   | -                 | -                                | 235                       | 95                   | -                              | 330             |
| Susan Yuen Su Min                      | -   | -                 | -                                | 250                       | 78                   | -                              | 328             |
| Lum Piew                               | -   | -                 | -                                | 226                       | 90                   | -                              | 316             |
| Cheryl Khor Hui Peng                   | -   | -                 | -                                | 255                       | 105                  | -                              | 360             |
| Mazidah Binti Abdul Malik              | -   | -                 | -                                | 267                       | 75                   | -                              | 342             |
| Chia Yew Hock Wilson                   | -   | -                 | -                                | 114                       | 30                   | -                              | 144             |
| Lee Boon Huat                          | -   | -                 | -                                | 239                       | 100                  | -                              | 339             |
| Datuk Wan Azhar Bin Wan Ahmad          | -   | -                 | -                                | 455                       | 160                  | -                              | 615             |
| Ibrahim Bin Hassan                     | -   | -                 | -                                | 135                       | 65                   | -                              | 200             |
| Dato' Ahmad Hisham Bin Kamaruddin      | -   | -                 | -                                | 135                       | 45                   | -                              | 180             |
| Rustam bin Mohd Idris                  | -   | -                 | -                                | 183                       | 40                   | -                              | 223             |
|  | -   | -                 | -                                | 3,084                     | 1,036                | 31                             | 4,151           |
| <u>Past Chief Executive Director:</u>  |   |                   |                                  |                           |                      |                                |                 |
| Ng Chow Hon                            | 1,321   | 174               | 118                              | -                         | -                    | 3                              | 1,616           |
|  | 1,321   | 174               | 118                              | -                         | -                    | 3                              | 1,616           |
| <u>Past Non-Executive Director:</u>    |   |                   |                                  |                           |                      |                                |                 |
| Lee Ah Boon                            | -   | -                 | -                                | 326                       | 107                  | -                              | 433             |
|  | -   | -                 | -                                | 326                       | 107                  | -                              | 433             |
| Total CEOs and Directors' remuneration | 5,648   | 3,667             | 1,270                            | 3,410                     | 1,143                | 70                             | 15,208          |

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### 40. CEOs AND DIRECTORS' REMUNERATION (CONT'D)

The total remuneration (including benefits-in-kind) of the CEO and Directors of the Group and the Bank are as follows: (cont'd)

| BANK<br>2025                           | Salary<br>and other<br>remuneration<br>RM'000 | Bonuses<br>RM'000 | Contribution<br>to EPF<br>RM'000 | Fees<br>payable<br>RM'000 | Allowances<br>RM'000 | Benefits-<br>in-kind<br>RM'000 | Total<br>RM'000 |
|--|---|-------------------|----------------------------------|---------------------------|----------------------|--------------------------------|-----------------|
| <u>Chief Executive Officers:</u>       |   |                   |                                  |                           |                      |                                |                 |
| Kellee Kam Chee Khiong                 | 3,867   | 3,380             | 991                              | -                         | -                    | 35                             | 8,273           |
|  | 3,867   | 3,380             | 991                              | -                         | -                    | 35                             | 8,273           |
| <u>Non-Executive Directors:</u>        |   |                   |                                  |                           |                      |                                |                 |
| Tan Sri Amirsham Bin A Aziz            | -   | -                 | -                                | 173                       | 28                   | 37                             | 238             |
| Wong Yuen Weng Ernest                  | -   | -                 | -                                | 235                       | 105                  | -                              | 340             |
| Tan Chian Khong                        | -   | -                 | -                                | 235                       | 97                   | -                              | 332             |
| Susan Yuen Su Min                      | -   | -                 | -                                | 250                       | 92                   | -                              | 342             |
| Lum Piew                               | -   | -                 | -                                | 235                       | 110                  | -                              | 345             |
| Cheryl Khor Hui Peng                   | -   | -                 | -                                | 255                       | 120                  | -                              | 375             |
| Chia Yew Hock Wilson                   | -   | -                 | -                                | 290                       | 152                  | -                              | 442             |
| Dr. John Lee Hin Hock                  | -   | -                 | -                                | 235                       | 98                   | -                              | 333             |
| Oong Kee Leong                         | -   | -                 | -                                | 128                       | 48                   | -                              | 176             |
| Lily Rozita Binti Mohamad Khairi       | -   | -                 | -                                | 74                        | 25                   | -                              | 99              |
|  | -   | -                 | -                                | 2,110                     | 875                  | 37                             | 3,022           |
| <u>Past Non-Executive Directors:</u>   |   |                   |                                  |                           |                      |                                |                 |
| Datuk Wan Azhar Bin Wan Ahmad          | -   | -                 | -                                | 4                         | 18                   | -                              | 22              |
| Lee Boon Huat                          | -   | -                 | -                                | -                         | 13                   | -                              | 13              |
| Tan Sri Dato' Ahmad Bin Mohd Don       | -   | -                 | -                                | 149                       | 15                   | 115                            | 279             |
| Mazidah Binti Abdul Malik              | -   | -                 | -                                | 175                       | 90                   | -                              | 265             |
|  | -   | -                 | -                                | 328                       | 136                  | 115                            | 579             |
| Total CEOs and Directors' remuneration | 3,867   | 3,380             | 991                              | 2,438                     | 1,011                | 187                            | 11,874          |

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## 40. CEOs AND DIRECTORS' REMUNERATION (CONT'D)

The total remuneration (including benefits-in-kind) of the CEO and Directors of the Group and the Bank are as follows: (cont'd)

| BANK<br>2024                           | Salary<br>and other<br>remuneration<br>RM'000 | Bonuses<br>RM'000 | Contribution<br>to EPF<br>RM'000 | Fees<br>payable<br>RM'000 | Allowances<br>RM'000 | Benefits-<br>in-kind<br>RM'000 | Total<br>RM'000 |
|--|---|-------------------|----------------------------------|---------------------------|----------------------|--------------------------------|-----------------|
| <u>Chief Executive Officers:</u>       |   |                   |                                  |                           |                      |                                |                 |
| Kellee Kam Chee Khiong                 | 3,267   | 3,200             | 957                              | -                         | -                    | 36                             | 7,460           |
|  | 3,267   | 3,200             | 957                              | -                         | -                    | 36                             | 7,460           |
| <u>Non-Executive Directors:</u>        |   |                   |                                  |                           |                      |                                |                 |
| Tan Sri Dato' Ahmad Bin Mohd Don       | -   | -                 | -                                | 355                       | 53                   | 31                             | 439             |
| Wong Yuen Weng Ernest                  | -   | -                 | -                                | 235                       | 100                  | -                              | 335             |
| Tan Chian Khong                        | -   | -                 | -                                | 235                       | 95                   | -                              | 330             |
| Susan Yuen Su Min                      | -   | -                 | -                                | 250                       | 78                   | -                              | 328             |
| Lum Piew                               | -   | -                 | -                                | 226                       | 90                   | -                              | 316             |
| Cheryl Khor Hui Peng                   | -   | -                 | -                                | 255                       | 105                  | -                              | 360             |
| Mazidah Binti Abdul Malik              | -   | -                 | -                                | 175                       | 58                   | -                              | 233             |
| Chia Yew Hock Wilson                   | -   | -                 | -                                | 114                       | 30                   | -                              | 144             |
| Lee Boon Huat                          | -   | -                 | -                                | 239                       | 100                  | -                              | 339             |
| Datuk Wan Azhar Bin Wan Ahmad          | -   | -                 | -                                | 255                       | 130                  | -                              | 385             |
|  | -   | -                 | -                                | 2,339                     | 839                  | 31                             | 3,209           |
| <u>Past Non-Executive Director:</u>    |   |                   |                                  |                           |                      |                                |                 |
| Lee Ah Boon                            | -   | -                 | -                                | 159                       | 100                  | -                              | 259             |
|  | -   | -                 | -                                | 159                       | 100                  | -                              | 259             |
| Total CEOs and Directors' remuneration | 3,267   | 3,200             | 957                              | 2,498                     | 939                  | 67                             | 10,928          |

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### 41. FINANCIAL RISK MANAGEMENT POLICIES

The Group engages in business activities which entail risk taking and the major types of risk involved includes credit risk, sustainability risk, liquidity risk, market risk, operational risk, technology risk and Shariah non-compliance risk.

The Group's risk management is governed by the various risk management frameworks which cover governance, appetite, strategy, policies and processes to manage risks. The objective of risk management is to ensure that the Group conducts business in a responsible manner and to achieve sustainable growth for the Group's balance sheet and capital.

The Group manages risk within clearly defined frameworks and policies that are approved by the Board of Directors. In addition, the Board of Directors of the Group provides independent oversight to ensure that risks are adequately managed through a framework of established controls and reporting processes.

The guidelines and policies adopted by the Group to manage the main risks that arise in the conduct of its business activities are as follows:

#### (a) Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the Group's borrowers or counterparties to fulfil their contractual obligations to repay their loans or settle commitments.

This arises from loans/financing, advances, investment in securities, amongst others. The amount of credit exposure is represented by the carrying amount of loans/financing, advances and investment securities in the statements of financial position. The lending/financing activities in the Group are guided by the Group's Credit Risk Management Framework, which is aligned with regulatory guidelines and best practices.

Also, credit risk arises from financial transactions with counterparties (including interbank money market activities, derivative instruments used for hedging and debt instruments), of which the amount of credit exposure in respect of these instruments is equal to the carrying amount of these assets in the statements of financial position. This exposure is monitored on an ongoing basis against predetermined counterparty limits.

The credit exposure arising from off-balance sheet activities, i.e. commitments and contingencies is set out in Note 43 to the financial statements.

#### (i) Maximum exposure to credit risk

The following table presents the Group's and the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held or other credit enhancements and after allowance for expected credit losses, where appropriate.

For on-balance sheet financial assets, the maximum exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts granted, the maximum exposure to credit risk is the maximum amount that would have to be paid if the guarantees were to be called upon. For credit-related commitments and contingencies that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the credit facilities granted to customers.

## Notes to the Financial Statements

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## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (i) Maximum exposure to credit risk (cont'd)

|  | GROUP              |                   | BANK              |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | 2025<br>RM'000     | 2024<br>RM'000    | 2025<br>RM'000    | 2024<br>RM'000    |
| <b>Credit risk exposure: on-balance sheet</b>  |                    |                   |                   |                   |
| Cash and short-term funds (exclude cash in hand)   | 4,319,752          | 4,299,130         | 3,075,714         | 2,982,999         |
| Deposits and placements with banks and other financial institutions                                | 611,989            | -                 | 257,130           | -                 |
| Financial assets at fair value through profit or loss (exclude equity securities)                  | 2,201              | 57,265            | 2,201             | 57,265            |
| Financial investments at fair value through other comprehensive income (exclude equity securities) | 11,199,615         | 10,047,295        | 9,357,867         | 8,228,386         |
| Financial investments at amortised cost  | 4,065,023          | 3,870,445         | 3,397,964         | 3,400,709         |
| Derivative financial assets  | 151,261            | 183,035           | 151,261           | 183,035           |
| Loans, advances and financing (exclude sales commissions and handling fees)                        | 61,224,634         | 54,555,348        | 46,970,123        | 41,091,905        |
| Statutory deposits   | 1,276,202          | 1,125,413         | 972,419           | 851,813           |
| Other assets (exclude prepayment)  | 203,839            | 970,471           | 227,314           | 1,078,898         |
|  | 83,054,516         | 75,108,402        | 64,411,993        | 57,875,010        |
| <b>Credit risk exposure: off-balance sheet</b>   |                    |                   |                   |                   |
| Financial guarantees   | 543,482            | 504,104           | 455,488           | 415,427           |
| Credit related commitments and contingencies   | 22,612,471         | 21,861,888        | 18,977,897        | 18,317,205        |
|  | 23,155,953         | 22,365,992        | 19,433,385        | 18,732,632        |
| <b>Total maximum exposure</b>  | <b>106,210,469</b> | <b>97,474,394</b> | <b>83,845,378</b> | <b>76,607,642</b> |



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### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (ii) Credit risk concentrations

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged.

| GROUP<br>2025  | Government<br>and Central<br>Bank<br>RM'000 | Financial,<br>Insurance,<br>Business<br>Services and<br>Real Estate<br>RM'000 | Transport,<br>Storage and<br>Communication<br>Services<br>RM'000 | Agriculture,<br>Manufacturing,<br>Wholesale and<br>Retail Trade<br>RM'000 | Construction<br>RM'000 | Household<br>RM'000 | Others<br>RM'000 | Total<br>RM'000    |
|--|---|---|--|---|------------------------|---------------------|------------------|--------------------|
| Cash and short-term funds (exclude cash in hand)   | 1,700,468                                   | 2,619,284   | -  | -   | -                      | -                   | -                | 4,319,752          |
| Deposits and placements with banks and other financial institutions                                | -   | 611,989   | -  | -   | -                      | -                   | -                | 611,989            |
| Financial assets at fair value through profit or loss (exclude equity securities)                  | 844   | 1,051   | -  | 306   | -                      | -                   | -                | 2,201              |
| Financial investments at fair value through other comprehensive income (exclude equity securities) | 8,325,761                                   | 2,060,331   | 490,602  | 267,090   | 55,831                 | -                   | -                | 11,199,615         |
| Financial investments at amortised cost  | 3,266,363                                   | 645,700   | 152,960  | -   | -                      | -                   | -                | 4,065,023          |
| Derivative financial assets  | 1,045                                       | 148,753   | -  | -   | -                      | -                   | 1,463            | 151,261            |
| Loans, advances and financing (exclude sales commissions and handling fees)                        | -   | 8,798,005   | 923,719  | 18,690,007  | 2,416,120              | 29,832,500          | 564,283          | 61,224,634         |
| Statutory deposits   | 1,276,202                                   | -   | -  | -   | -                      | -                   | -                | 1,276,202          |
| Other assets (exclude prepayment)  | -   | -   | -  | -   | -                      | -                   | 203,839          | 203,839            |
|  | 14,570,683                                  | 14,885,113  | 1,567,281  | 18,957,403  | 2,471,951              | 29,832,500          | 769,585          | 83,054,516         |
| Financial guarantees   | -   | 124,315   | 18,104   | 323,123   | 63,440                 | 4,818               | 9,682            | 543,482            |
| Credit related commitments and contingencies   | 1,689,046                                   | 2,507,898   | 301,302  | 7,338,541   | 1,817,037              | 8,662,452           | 296,195          | 22,612,471         |
|  | 1,689,046                                   | 2,632,213   | 319,406  | 7,661,664   | 1,880,477              | 8,667,270           | 305,877          | 23,155,953         |
| <b>Total credit risk</b>   | <b>16,259,729</b>                           | <b>17,517,326</b>   | <b>1,886,687</b>   | <b>26,619,067</b>   | <b>4,352,428</b>       | <b>38,499,770</b>   | <b>1,075,462</b> | <b>106,210,469</b> |

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (ii) Credit risk concentrations (cont'd)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (cont'd)

| GROUP<br>2024  | Government<br>and Central<br>Bank<br>RM'000 | Financial,<br>Insurance,<br>Business<br>Services and<br>Real Estate<br>RM'000 | Transport,<br>Storage and<br>Communication<br>Services<br>RM'000 | Agriculture,<br>Manufacturing,<br>Wholesale and<br>Retail Trade<br>RM'000 | Construction<br>RM'000 | Household<br>RM'000 | Others<br>RM'000 | Total<br>RM'000   |
|--|---|---|--|---|------------------------|---------------------|------------------|-------------------|
|  |   |   |  |   |                        |                     |                  |                   |
| Cash and short-term funds (exclude cash in hand)   | 927,535                                     | 3,371,595   | -  | -   | -                      | -                   | -                | 4,299,130         |
| Financial assets at fair value through profit or loss (exclude equity securities)                  | 55,838                                      | 1,121   | -  | 306   | -                      | -                   | -                | 57,265            |
| Financial investments at fair value through other comprehensive income (exclude equity securities) | 5,561,784                                   | 3,241,461   | 909,987  | 212,160   | 121,903                | -                   | -                | 10,047,295        |
| Financial investments at amortised cost  | 3,162,544                                   | 541,858   | 166,043  | -   | -                      | -                   | -                | 3,870,445         |
| Derivative financial assets  | 15,261                                      | 165,834   | -  | -   | -                      | -                   | 1,940            | 183,035           |
| Loans, advances and financing (exclude sales commissions and handling fees)                        | -   | 7,837,570   | 950,570  | 16,791,995  | 1,927,727              | 26,387,739          | 659,747          | 54,555,348        |
| Statutory deposits   | 1,125,413                                   | -   | -  | -   | -                      | -                   | -                | 1,125,413         |
| Other assets (exclude prepayment)  | -   | 95  | -  | -   | -                      | -                   | 970,376          | 970,471           |
|  | 10,848,375                                  | 15,159,534  | 2,026,600  | 17,004,461  | 2,049,630              | 26,387,739          | 1,632,063        | 75,108,402        |
| Financial guarantees   | -   | 86,807  | 16,592   | 324,368   | 63,203                 | 3,993               | 9,141            | 504,104           |
| Credit related commitments and contingencies   | 2,117,331                                   | 2,817,500   | 287,183  | 7,039,322   | 1,684,021              | 7,601,224           | 315,307          | 21,861,888        |
|  | 2,117,331                                   | 2,904,307   | 303,775  | 7,363,690   | 1,747,224              | 7,605,217           | 324,448          | 22,365,992        |
| <b>Total credit risk</b>   | <b>12,965,706</b>                           | <b>18,063,841</b>   | <b>2,330,375</b>   | <b>24,368,151</b>   | <b>3,796,854</b>       | <b>33,992,956</b>   | <b>1,956,511</b> | <b>97,474,394</b> |

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (ii) Credit risk concentrations (cont'd)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (cont'd)

| BANK<br>2025   | Government<br>and Central<br>Bank<br>RM'000 | Financial,<br>Insurance,<br>Business<br>Services and<br>Real Estate<br>RM'000 | Transport,<br>Storage and<br>Communication<br>Services<br>RM'000 | Agriculture,<br>Manufacturing,<br>Wholesale and<br>Retail Trade<br>RM'000 | Construction<br>RM'000 | Household<br>RM'000 | Others<br>RM'000 | Total<br>RM'000   |
|--|---|---|--|---|------------------------|---------------------|------------------|-------------------|
| Cash and short-term funds (exclude cash in hand)   | 1,029,047                                   | 2,046,667   | -  | -   | -                      | -                   | -                | 3,075,714         |
| Deposits and placements with banks and other financial institutions                                | -   | 257,130   | -  | -   | -                      | -                   | -                | 257,130           |
| Financial assets at fair value through profit or loss (exclude equity securities)                  | 844   | 1,051   | -  | 306   | -                      | -                   | -                | 2,201             |
| Financial investments at fair value through other comprehensive income (exclude equity securities) | 7,017,003                                   | 1,762,276   | 362,384  | 160,373   | 55,831                 | -                   | -                | 9,357,867         |
| Financial investments at amortised cost  | 2,469,040                                   | 897,268   | 31,656   | -   | -                      | -                   | -                | 3,397,964         |
| Derivative financial assets  | 1,045                                       | 148,753   | -  | -   | -                      | -                   | 1,463            | 151,261           |
| Loans, advances and financing (exclude sales commissions and handling fees)                        | -   | 7,106,619   | 670,539  | 13,748,768  | 1,828,421              | 23,162,123          | 453,653          | 46,970,123        |
| Statutory deposits   | 972,419                                     | -   | -  | -   | -                      | -                   | -                | 972,419           |
| Other assets (exclude prepayment)  | -   | 5,046   | -  | -   | -                      | -                   | 222,268          | 227,314           |
|  | 11,489,398                                  | 12,224,810  | 1,064,579  | 13,909,447  | 1,884,252              | 23,162,123          | 677,384          | 64,411,993        |
| Financial guarantees   | -   | 116,693   | 8,398  | 254,892   | 61,007                 | 4,816               | 9,682            | 455,488           |
| Credit related commitments and contingencies   | 1,689,046                                   | 2,059,605   | 213,055  | 5,100,224   | 1,418,212              | 8,232,226           | 265,529          | 18,977,897        |
|  | 1,689,046                                   | 2,176,298   | 221,453  | 5,355,116   | 1,479,219              | 8,237,042           | 275,211          | 19,433,385        |
| <b>Total credit risk</b>   | <b>13,178,444</b>                           | <b>14,401,108</b>   | <b>1,286,032</b>   | <b>19,264,563</b>   | <b>3,363,471</b>       | <b>31,399,165</b>   | <b>952,595</b>   | <b>83,845,378</b> |

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (ii) Credit risk concentrations (cont'd)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (cont'd)

| BANK<br>2024   | Government<br>and Central<br>Bank<br>RM'000 | Financial,<br>Insurance,<br>Business<br>Services and<br>Real Estate<br>RM'000 | Transport,<br>Storage and<br>Communication<br>Services<br>RM'000 | Agriculture,<br>Manufacturing,<br>Wholesale and<br>Retail Trade<br>RM'000 | Construction<br>RM'000 | Household<br>RM'000 | Others<br>RM'000 | Total<br>RM'000   |
|--|---|---|--|---|------------------------|---------------------|------------------|-------------------|
|  |   |   |  |   |                        |                     |                  |                   |
| Cash and short-term funds (exclude cash in hand)   | 329,578                                     | 2,653,421   | -  | -   | -                      | -                   | -                | 2,982,999         |
| Financial assets at fair value through profit or loss (exclude equity securities)                  | 55,838                                      | 1,121   | -  | 306   | -                      | -                   | -                | 57,265            |
| Financial investments at fair value through other comprehensive income (exclude equity securities) | 4,860,708                                   | 2,521,059   | 633,513  | 136,688   | 76,418                 | -                   | -                | 8,228,386         |
| Financial investments at amortised cost  | 2,505,660                                   | 784,198   | 110,851  | -   | -                      | -                   | -                | 3,400,709         |
| Derivative financial assets  | 15,261                                      | 165,834   | -  | -   | -                      | -                   | 1,940            | 183,035           |
| Loans, advances and financing (exclude sales commissions and handling fees)                        | -   | 6,302,643   | 721,500  | 12,243,854  | 1,411,922              | 19,889,187          | 522,799          | 41,091,905        |
| Statutory deposits   | 851,813                                     | -   | -  | -   | -                      | -                   | -                | 851,813           |
| Other assets (exclude prepayment)  | -   | 91,969  | -  | -   | -                      | -                   | 986,929          | 1,078,898         |
| Financial guarantees   | 8,618,858                                   | 12,520,245  | 1,465,864  | 12,380,848  | 1,488,340              | 19,889,187          | 1,511,668        | 57,875,010        |
| Credit related commitments and contingencies   | -   | 78,723  | 11,218   | 260,374   | 52,311                 | 3,991               | 8,810            | 415,427           |
|  | 2,117,331                                   | 2,315,224   | 208,374  | 4,889,435   | 1,392,385              | 7,108,769           | 285,687          | 18,317,205        |
|  | 2,117,331                                   | 2,393,947   | 219,592  | 5,149,809   | 1,444,696              | 7,112,760           | 294,497          | 18,732,632        |
| <b>Total credit risk</b>   | <b>10,736,189</b>                           | <b>14,914,192</b>   | <b>1,685,456</b>   | <b>17,530,657</b>   | <b>2,933,036</b>       | <b>27,001,947</b>   | <b>1,806,165</b> | <b>76,607,642</b> |

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (iii) Collateral

The main types of collateral obtained by the Group and the Bank are as follows:

- Where property is provided as collateral, legal charged over the title;
- For hire purchase, ownership rights over the vehicles or equipment financed; and
- For other loans/financing, charges over business assets such as premises, financial/trade receivables, quoted shares, other financial instruments, or deposits.

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Gross loans, advances and financing                             | 62,445,352     | 55,740,073     | 47,806,933     | 41,904,452     |
| Less: Allowance for expected credit losses                      | (1,220,718)    | (1,184,725)    | (836,810)      | (812,547)      |
| Loans, advances and financing, net of ECL                       | 61,224,634     | 54,555,348     | 46,970,123     | 41,091,905     |
| Percentage of collateral held for loans, advances and financing | 73.5%          | 73.5%          | 75.4%          | 75.2%          |

##### (iv) Credit risk measurement

The Group and the Bank adopt the following judgements and assumptions on measurement of ECL:

##### (a) Definition of significant increase in credit risk

The Group and the Bank consider the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Bank consider reasonable and supportable forward-looking information that is available.

The following events are taken into consideration during the assessment:

- Contractual payment is in arrears for 30 days or more;
- Significant downgrade of credit rating or internal rating;
- Modified exposure placed under Agensi Kaunseling dan Pengurusan Kredit ("AKPK") status;
- Exposure being monitored under watchlist; or
- Restructured and rescheduled exposure with increase in credit risk.

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (iv) Credit risk measurement (cont'd)

## (b) Definition of credit impaired financial assets

An exposure is classified as credit impaired when one or more events that have a detrimental impact to the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

Quantitative criteria:

A financial asset is classified as credit impaired when the counterparty fails to make a contractual payment more than 90 days when they fall due.

Qualitative criteria:

- Significant financial difficulty of the issuer or the borrower;
- Breach of contract, such as a default of past due event;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- Indications that the borrower will enter into bankruptcy/winding up or other financial restructuring;
- Disappearance of an active market for that financial asset; or
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

## (c) Measurement of ECL

ECL is measured by three components, i.e. exposure at default, probability of default and loss given default.

**Exposure at default ("EAD")**

EAD for non-retail portfolio is calculated based upon the contractual amortisation amount up to the point prior to the default event. Repayments are then assumed to cease, with only interest accrued on the outstanding balance from this point. Since the non-retail portfolio contains a variety of products with different interest accrual methods, amortisation types and repayment methods, the approaches employed to calculate EAD vary accordingly.

EAD for retail portfolio is calculated based upon either:

- (i) Simple equation based calculation approach - where the outstanding balance follows a predictable trend across the amount and tenure;
- (ii) Utilisation curve model - these curves provide a view of percent drawn down at the point of default, expressed as a percentage of the customer credit limit at observation; or
- (iii) Mechanical equation based approach - which is utilised to forecast monthly default balances as per an amortisation profile and adjusted for different paths to default using an adjustment factor.

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (iv) Credit risk measurement (cont'd)

##### (c) Measurement of ECL (cont'd)

##### Probability at default ("PD")

A PD is assigned to each risk measure and represents a percentage of the likelihood of default.

For non-retail portfolio, the PD is measured from the internal or external rating of the borrower or issuer to determine the level of default risk.

For retail portfolio, a signature curve approach forecasted the lifetime PD and PD at any given time within the lifetime horizon. This is based upon historic default data using a chain ladder methodology to construct a lifetime default emergence curve.

##### Loss given default ("LGD")

This is on a time series of probability weighted loss rate relative to the monthly exposure at default where the probabilities and loss rates are estimated by key risk driver segments such as exposure migration status (e.g. loss given cure and loss given charge off), collateral type, and defaulted exposure relative to original exposure amount and months in default.

##### (d) Forward-looking information

Three economic scenarios using different probability weightage are applied to the ECL:

- Base Case - based upon current economic outlook or forecast;
- Positive Case - based upon a projected optimistic or positive economic outlook or forecast; and
- Negative Case - based upon a projected pessimistic or negative economic outlook or forecast.

The negative case has been assigned with a higher weightage for the ECL as compared to the positive case.

Projection of economic scenario and the probability of each scenario happening in future shall be carried out and shall contain all macroeconomic variables ("MEV") which are applied in the ECL models as they are found to have significant correlation to increase of credit risk via the modelling exercise.

For forward-looking estimates, analysis was carried out to determine how the estimates were affected by macroeconomic trends. Factors such as unemployment rate, consumer price index, house price index, consumption credit, producer price index and GDP growth rate were analysed to identify the level of correlation with the observed trends. Given the statistically strong correlation, the estimates were adjusted to reflect the macroeconomic trends.



## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (iv) Credit risk measurement (cont'd)

## (d) Forward-looking information (cont'd)

The forward-looking estimates were adjusted as below:

| MEV<br>(% Year on Year)     | Weighted Average Forecast |           |           |
|-----------------------------|---------------------------|-----------|-----------|
|                             | 2027<br>%                 | 2026<br>% | 2025<br>% |
| GDP Growth Rate             | 4.1                       | 4.1       | 4.7       |
| Producer Price Index        | 3.2                       | 1.8       | 2.9       |
| Consumer Price Index        | 2.6                       | 2.5       | 2.7       |
| Unemployment Rate           | 3.3                       | 3.2       | 3.2       |
| Consumption Credit          | 2.7                       | 4.0       | 6.1       |
| House Price Index           | 1.9                       | 2.6       | 1.7       |
| Industrial Production Index | 3.5                       | 4.2       | 4.3       |
| Debt to GDP                 | 123.3                     | 123.6     | 123.9     |

## (e) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The appropriateness of groupings is monitored and reviewed on a periodic basis.

## (f) Modification of financial assets

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans/financing to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms.

When the modification is not substantial and so does not result in derecognition of the original loans, the Group and the Bank recalculate the gross carrying amount based on the revised cash flow of the financial asset and recognise a modification gain or loss in the statements of income. The new gross carrying amount is recalculated by discounting the modified cash flow at the original effective interest/profit rate. The Group and the Bank monitor the subsequent performance of modified assets. The risk of default of such loans after modification is assessed and compared with the risk under the original terms at initial recognition.

The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (iv) Credit risk measurement (cont'd)

##### (f) Modification of financial assets (cont'd)

If the terms are substantially different from the original terms, the Group and the Bank derecognise the original financial asset, recognise a new asset and recalculate a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are recognised in statements of income as gain or loss on derecognition.

##### (v) Credit quality

The Group and the Bank assess the credit quality for loans, advances and financing and credit related commitment and contingencies according to the categories below.

| Credit quality  | Credit grading    |                           | Definition  |
|-----------------|-------------------|---------------------------|---|
|                 | Scorecard         | Customer rating           |   |
| Low             | Low risk score    | 1 - 12<br>(AAA to BB)     | Borrower with good capacity to meet financial commitments.  |
| Medium          | Medium risk score | 13 - 16<br>(BB- to B-)    | Borrower which is in a fairly acceptable capacity to meet financial commitments.                    |
| High            | High risk score   | 17 - 19<br>(CCC+ to CCC-) | Borrower which is in an uncertain capacity to meet financial commitments but has not been impaired. |
| Unrated         | Unrated           | Unrated                   | Borrower which is unrated.  |
| Credit Impaired | Credit Impaired   | Credit Impaired           | Defaulted, or judgmentally impaired due to lack of capacity to fulfil financial commitments.        |

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (v) Credit quality (cont'd)

Other financial assets are categorised in the following manner:

| Credit quality              | Credit rating   | Definition   |
|-----------------------------|-----------------|--|
| Investment graded           | AAA to BBB-     | Issuer with low risk of defaulting principal or interest payment.            |
| Non-investment graded       | Lower than BBB- | Issuer with medium or high risk of defaulting principal or interest payment. |
| Sovereign/Government-backed | -               | Issued or guaranteed by Malaysian government.                                |
| Unrated                     | Unrated         | Issuer where rating is unavailable.  |
| Credit impaired             | Credit impaired | Defaulted.   |

Other assets are classified based on days-past-due ("DPD") under the simplified model approach.

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets:

| GROUP<br>2025  | Stage 1<br>RM'000 | Stage 2<br>RM'000 | Stage 3<br>RM'000 | Total<br>RM'000 |
|--|-------------------|-------------------|-------------------|-----------------|
| <u>Cash and short-term funds</u><br><u>(exclude cash in hand)</u>                              |                   |                   |                   |                 |
| Investment graded  | 2,619,322         | -                 | -                 | 2,619,322       |
| Non-investment graded  | 11                | -                 | -                 | 11              |
| Sovereign/Government-backed  | 1,700,468         | -                 | -                 | 1,700,468       |
| Unrated  | 15                | -                 | -                 | 15              |
| Gross carrying amount  | 4,319,816         | -                 | -                 | 4,319,816       |
| Expected credit losses   | (64)              | -                 | -                 | (64)            |
| Net carrying amount  | 4,319,752         | -                 | -                 | 4,319,752       |
| <u>Deposits and placements with</u><br><u>banks and other financial</u><br><u>institutions</u> |                   |                   |                   |                 |
| Investment graded  | 612,005           | -                 | -                 | 612,005         |
| Gross carrying amount  | 612,005           | -                 | -                 | 612,005         |
| Expected credit losses   | (16)              | -                 | -                 | (16)            |
| Net carrying amount  | 611,989           | -                 | -                 | 611,989         |

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (v) Credit quality (cont'd)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (cont'd)

| GROUP<br>2025   | Stage 1<br>RM'000 | Stage 2<br>RM'000 | Stage 3<br>RM'000 | Total<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <u>Financial investments at fair value through other comprehensive income (exclude equity securities)</u> |                   |                   |                   |                 |
| Investment graded   | 3,553,670         | 15,592            | -                 | 3,569,262       |
| Sovereign/Government-backed   | 7,630,353         | -                 | -                 | 7,630,353       |
| Gross carrying amount   | 11,184,023        | 15,592            | -                 | 11,199,615      |
| Expected credit losses [Note]   | (1,073)           | (62)              | -                 | (1,135)         |
| <u>Financial investments at amortised cost</u>  |                   |                   |                   |                 |
| Sovereign/Government-backed   | 3,512,519         | -                 | -                 | 3,512,519       |
| Unrated   | 553,319           | -                 | -                 | 553,319         |
| Credit impaired   | -                 | -                 | 534               | 534             |
| Gross carrying amount   | 4,065,838         | -                 | 534               | 4,066,372       |
| Expected credit losses  | (815)             | -                 | (534)             | (1,349)         |
| Net carrying amount   | 4,065,023         | -                 | -                 | 4,065,023       |
| <u>Loans, advances and financing</u>  |                   |                   |                   |                 |
| Low   | 41,313,345        | 667,494           | -                 | 41,980,839      |
| Medium  | 12,065,884        | 1,216,752         | -                 | 13,282,636      |
| High  | 3,250,211         | 1,199,558         | -                 | 4,449,769       |
| Unrated   | 1,067,218         | 515,092           | -                 | 1,582,310       |
| Credit impaired   | -                 | -                 | 1,149,798         | 1,149,798       |
| Gross carrying amount   | 57,696,658        | 3,598,896         | 1,149,798         | 62,445,352      |
| Expected credit losses  | (254,740)         | (452,887)         | (513,091)         | (1,220,718)     |
| Net carrying amount   | 57,441,918        | 3,146,009         | 636,707           | 61,224,634      |

#### Note:

The ECL is recognised in reserves in other comprehensive income instead of in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to fair value.

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (v) Credit quality (cont'd)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (cont'd)

| GROUP<br>2025                                       | Stage 1<br>RM'000 | Stage 2<br>RM'000 | Stage 3<br>RM'000                          | Total<br>RM'000 |
|---|-------------------|-------------------|--|-----------------|
| <u>Statutory deposits</u>                           |                   |                   |  |                 |
| Sovereign/Government-backed                         | 1,276,202         | -                 | -  | 1,276,202       |
| Gross carrying amount                               | 1,276,202         | -                 | -  | 1,276,202       |
| Expected credit losses                              | -                 | -                 | -  | -               |
| Net carrying amount                                 | 1,276,202         | -                 | -  | 1,276,202       |
| <u>Credit related commitments and contingencies</u> |                   |                   |  |                 |
| Low   | 18,111,669        | 167,274           | -  | 18,278,943      |
| Medium  | 3,119,436         | 388,299           | -  | 3,507,735       |
| High  | 584,960           | 38,510            | -  | 623,470         |
| Unrated   | 720,934           | 4,017             | -  | 724,951         |
| Credit impaired                                     | -                 | -                 | 20,854                                     | 20,854          |
| Gross carrying amount                               | 22,536,999        | 598,100           | 20,854                                     | 23,155,953      |
| Expected credit losses                              | (12,509)          | (12,902)          | (10,590)                                   | (36,001)        |
|   |                   |                   |  |                 |
| <u>Simplified Approach</u>                          |                   | Current<br>RM'000 | More than<br>90 days<br>past due<br>RM'000 | Total<br>RM'000 |
| <u>Other assets (exclude prepayment)</u>            |                   |                   |  |                 |
| Gross carrying amount                               |                   | 203,839           | 50,239                                     | 254,078         |
| Expected credit losses                              |                   | -                 | (50,239)                                   | (50,239)        |
| Net carrying amount                                 |                   | 203,839           | -  | 203,839         |

# Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (a) Credit Risk (cont'd)

#### (v) Credit quality (cont'd)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (cont'd)

| GROUP<br>2024   | Stage 1<br>RM'000 | Stage 2<br>RM'000 | Stage 3<br>RM'000 | Total<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <u>Cash and short-term funds</u><br><u>(exclude cash in hand)</u>   |                   |                   |                   |                 |
| Investment graded   | 3,371,120         | -                 | -                 | 3,371,120       |
| Non-investment graded   | 13                | -                 | -                 | 13              |
| Sovereign/Government-backed   | 927,535           | -                 | -                 | 927,535         |
| Unrated   | 609               | -                 | -                 | 609             |
| Gross carrying amount   | 4,299,277         | -                 | -                 | 4,299,277       |
| Expected credit losses  | (147)             | -                 | -                 | (147)           |
| Net carrying amount   | 4,299,130         | -                 | -                 | 4,299,130       |
| <u>Financial investments at fair value</u><br><u>through other comprehensive</u><br><u>income (exclude equity securities)</u> |                   |                   |                   |                 |
| Investment graded   | 3,209,230         | 15,663            | -                 | 3,224,893       |
| Sovereign/Government-backed   | 6,822,402         | -                 | -                 | 6,822,402       |
| Gross carrying amount   | 10,031,632        | 15,663            | -                 | 10,047,295      |
| Expected credit losses [Note]   | (971)             | (65)              | -                 | (1,036)         |
| <u>Financial investments at</u><br><u>amortised cost</u>  |                   |                   |                   |                 |
| Sovereign/Government-backed   | 3,646,664         | -                 | -                 | 3,646,664       |
| Unrated   | 224,080           | -                 | -                 | 224,080         |
| Credit impaired   | -                 | -                 | 534               | 534             |
| Gross carrying amount   | 3,870,744         | -                 | 534               | 3,871,278       |
| Expected credit losses  | (299)             | -                 | (534)             | (833)           |
| Net carrying amount   | 3,870,445         | -                 | -                 | 3,870,445       |

#### Note:

The ECL is recognised in reserves in other comprehensive income instead of in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to fair value.

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (v) Credit quality (cont'd)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (cont'd)

| GROUP<br>2024                                       | Stage 1<br>RM'000 | Stage 2<br>RM'000                          | Stage 3<br>RM'000 | Total<br>RM'000 |
|---|-------------------|--|-------------------|-----------------|
| <u>Loans, advances and financing</u>                |                   |  |                   |                 |
| Low   | 35,662,132        | 1,033,095                                  | -                 | 36,695,227      |
| Medium  | 11,771,555        | 1,527,261                                  | -                 | 13,298,816      |
| High  | 2,396,601         | 997,792                                    | -                 | 3,394,393       |
| Unrated   | 518,976           | 654,634                                    | -                 | 1,173,610       |
| Credit impaired                                     | -                 | -  | 1,178,027         | 1,178,027       |
| Gross carrying amount                               | 50,349,264        | 4,212,782                                  | 1,178,027         | 55,740,073      |
| Expected credit losses                              | (223,351)         | (426,406)                                  | (534,968)         | (1,184,725)     |
| Net carrying amount                                 | 50,125,913        | 3,786,376                                  | 643,059           | 54,555,348      |
| <u>Statutory deposits</u>                           |                   |  |                   |                 |
| Sovereign/Government-backed                         | 1,125,413         | -  | -                 | 1,125,413       |
| Gross carrying amount                               | 1,125,413         | -  | -                 | 1,125,413       |
| Expected credit losses                              | -                 | -  | -                 | -               |
| Net carrying amount                                 | 1,125,413         | -  | -                 | 1,125,413       |
| <u>Credit related commitments and contingencies</u> |                   |  |                   |                 |
| Low   | 17,000,346        | 365,847                                    | -                 | 17,366,193      |
| Medium  | 3,265,458         | 587,528                                    | -                 | 3,852,986       |
| High  | 371,737           | 35,205                                     | -                 | 406,942         |
| Unrated   | 730,645           | 2,820                                      | -                 | 733,465         |
| Credit impaired                                     | -                 | -  | 6,406             | 6,406           |
| Gross carrying amount                               | 21,368,186        | 991,400                                    | 6,406             | 22,365,992      |
| Expected credit losses                              | (10,710)          | (34,305)                                   | (1,987)           | (47,002)        |
| <u>Simplified Approach</u>                          |                   |  |                   |                 |
|   | Current<br>RM'000 | More than<br>90 days<br>past due<br>RM'000 | Total<br>RM'000   |                 |
| <u>Other assets (exclude prepayment)</u>            |                   |  |                   |                 |
| Gross carrying amount                               | 970,471           | 45,363                                     | 1,015,834         |                 |
| Expected credit losses                              | -                 | (45,363)                                   | (45,363)          |                 |
| Net carrying amount                                 | 970,471           | -  | 970,471           |                 |



# Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (a) Credit Risk (cont'd)

#### (v) Credit quality (cont'd)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (cont'd)

| <b>BANK<br/>2025</b>  | <b>Stage 1<br/>RM'000</b> | <b>Stage 2<br/>RM'000</b> | <b>Stage 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------|---------------------------|---------------------------|-------------------------|
| <u>Cash and short-term funds</u><br><u>(exclude cash in hand)</u>   |                           |                           |                           |                         |
| Investment graded   | 2,046,720                 | -                         | -                         | 2,046,720               |
| Non-investment graded   | 11                        | -                         | -                         | 11                      |
| Sovereign/Government-backed   | 1,029,047                 | -                         | -                         | 1,029,047               |
| Gross carrying amount   | 3,075,778                 | -                         | -                         | 3,075,778               |
| Expected credit losses  | (64)                      | -                         | -                         | (64)                    |
| Net carrying amount   | 3,075,714                 | -                         | -                         | 3,075,714               |
| <u>Deposits and placements with</u><br><u>banks and other financial</u><br><u>institutions</u>                                |                           |                           |                           |                         |
| Investment graded   | 257,146                   | -                         | -                         | 257,146                 |
| Gross carrying amount   | 257,146                   | -                         | -                         | 257,146                 |
| Expected credit losses  | (16)                      | -                         | -                         | (16)                    |
| Net carrying amount   | 257,130                   | -                         | -                         | 257,130                 |
| <u>Financial investments at fair value</u><br><u>through other comprehensive</u><br><u>income (exclude equity securities)</u> |                           |                           |                           |                         |
| Investment graded   | 2,992,214                 | 10,579                    | -                         | 3,002,793               |
| Sovereign/Government-backed   | 6,355,074                 | -                         | -                         | 6,355,074               |
| Gross carrying amount   | 9,347,288                 | 10,579                    | -                         | 9,357,867               |
| Expected credit losses [Note]   | (1,361)                   | (61)                      | -                         | (1,422)                 |
| <u>Financial investments at</u><br><u>amortised cost</u>  |                           |                           |                           |                         |
| Investment graded   | 353,145                   | -                         | -                         | 353,145                 |
| Sovereign/Government-backed   | 2,542,879                 | -                         | -                         | 2,542,879               |
| Unrated   | 503,244                   | -                         | -                         | 503,244                 |
| Credit impaired   | -                         | -                         | 534                       | 534                     |
| Gross carrying amount   | 3,399,268                 | -                         | 534                       | 3,399,802               |
| Expected credit losses  | (1,304)                   | -                         | (534)                     | (1,838)                 |
| Net carrying amount   | 3,397,964                 | -                         | -                         | 3,397,964               |

#### Note:

The ECL is recognised in reserves in other comprehensive income instead of in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to fair value.

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (v) Credit quality (cont'd)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (cont'd)

| <b>BANK<br/>2025</b>                                | <b>Stage 1<br/>RM'000</b> | <b>Stage 2<br/>RM'000</b>                            | <b>Stage 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------|--|---------------------------|-------------------------|
| <u>Loans, advances and financing</u>                |                           |  |                           |                         |
| Low   | 33,046,836                | 512,869  | -                         | 33,559,705              |
| Medium  | 8,543,555                 | 992,732  | -                         | 9,536,287               |
| High  | 2,161,202                 | 736,615  | -                         | 2,897,817               |
| Unrated   | 692,356                   | 259,183  | -                         | 951,539                 |
| Credit impaired                                     | -                         | -  | 861,585                   | 861,585                 |
| Gross carrying amount                               | 44,443,949                | 2,501,399  | 861,585                   | 47,806,933              |
| Expected credit losses                              | (159,037)                 | (266,133)  | (411,640)                 | (836,810)               |
| Net carrying amount                                 | 44,284,912                | 2,235,266  | 449,945                   | 46,970,123              |
| <u>Statutory deposits</u>                           |                           |  |                           |                         |
| Sovereign/Government-backed                         | 972,419                   | -  | -                         | 972,419                 |
| Gross carrying amount                               | 972,419                   | -  | -                         | 972,419                 |
| Expected credit losses                              | -                         | -  | -                         | -                       |
| Net carrying amount                                 | 972,419                   | -  | -                         | 972,419                 |
| <u>Credit related commitments and contingencies</u> |                           |  |                           |                         |
| Low   | 15,638,724                | 123,717  | -                         | 15,762,441              |
| Medium  | 2,143,487                 | 302,451  | -                         | 2,445,938               |
| High  | 471,069                   | 23,138   | -                         | 494,207                 |
| Unrated   | 710,784                   | 4,018  | -                         | 714,802                 |
| Credit impaired                                     | -                         | -  | 15,997                    | 15,997                  |
| Gross carrying amount                               | 18,964,064                | 453,324  | 15,997                    | 19,433,385              |
| Expected credit losses                              | (9,847)                   | (10,423)   | (9,777)                   | (30,047)                |
| <b>Simplified Approach</b>                          | <b>Current<br/>RM'000</b> | <b>More than<br/>90 days<br/>past due<br/>RM'000</b> | <b>Total<br/>RM'000</b>   |                         |
| <u>Other assets (exclude prepayment)</u>            |                           |  |                           |                         |
| Gross carrying amount                               | 227,314                   | 46,938   | 274,252                   |                         |
| Expected credit losses                              | -                         | (46,938)   | (46,938)                  |                         |
| Net carrying amount                                 | 227,314                   | -  | 227,314                   |                         |

# Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (a) Credit Risk (cont'd)

#### (v) Credit quality (cont'd)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (cont'd)

| <b>BANK<br/>2024</b>                       | <b>Stage 1<br/>RM'000</b> | <b>Stage 2<br/>RM'000</b> | <b>Stage 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|---------------------------|---------------------------|---------------------------|-------------------------|
| <u>Cash and short-term funds</u>           |                           |                           |                           |                         |
| <u>(exclude cash in hand)</u>              |                           |                           |                           |                         |
| Investment graded                          | 2,653,555                 | -                         | -                         | 2,653,555               |
| Non-investment graded                      | 13                        | -                         | -                         | 13                      |
| Sovereign/Government-backed                | 329,578                   | -                         | -                         | 329,578                 |
| Gross carrying amount                      | 2,983,146                 | -                         | -                         | 2,983,146               |
| Expected credit losses                     | (147)                     | -                         | -                         | (147)                   |
| Net carrying amount                        | 2,982,999                 | -                         | -                         | 2,982,999               |
| <u>Financial investments at fair value</u> |                           |                           |                           |                         |
| <u>through other comprehensive</u>         |                           |                           |                           |                         |
| <u>income (exclude equity securities)</u>  |                           |                           |                           |                         |
| Investment graded                          | 2,431,380                 | 10,639                    | -                         | 2,442,019               |
| Sovereign/Government-backed                | 5,786,367                 | -                         | -                         | 5,786,367               |
| Gross carrying amount                      | 8,217,747                 | 10,639                    | -                         | 8,228,386               |
| Expected credit losses [Note]              | (765)                     | (61)                      | -                         | (826)                   |
| <u>Financial investments at</u>            |                           |                           |                           |                         |
| <u>amortised cost</u>                      |                           |                           |                           |                         |
| Investment graded                          | 344,303                   | -                         | -                         | 344,303                 |
| Sovereign/Government-backed                | 2,833,229                 | -                         | -                         | 2,833,229               |
| Unrated                                    | 224,080                   | -                         | -                         | 224,080                 |
| Credit impaired                            | -                         | -                         | 534                       | 534                     |
| Gross carrying amount                      | 3,401,612                 | -                         | 534                       | 3,402,146               |
| Expected credit losses                     | (903)                     | -                         | (534)                     | (1,437)                 |
| Net carrying amount                        | 3,400,709                 | -                         | -                         | 3,400,709               |

#### Note:

The ECL is recognised in reserves in other comprehensive income instead of in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to fair value.

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (v) Credit quality (cont'd)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (cont'd)

| <b>BANK<br/>2024</b>                                | <b>Stage 1<br/>RM'000</b> | <b>Stage 2<br/>RM'000</b> | <b>Stage 3<br/>RM'000</b>                            | <b>Total<br/>RM'000</b> |
|---|---------------------------|---------------------------|--|-------------------------|
| <u>Loans, advances and financing</u>                |                           |                           |  |                         |
| Low   | 28,057,090                | 698,841                   | -  | 28,755,931              |
| Medium  | 8,096,552                 | 1,308,843                 | -  | 9,405,395               |
| High  | 1,539,946                 | 675,015                   | -  | 2,214,961               |
| Unrated   | 321,452                   | 344,143                   | -  | 665,595                 |
| Credit impaired                                     | -                         | -                         | 862,570  | 862,570                 |
| Gross carrying amount                               | 38,015,040                | 3,026,842                 | 862,570  | 41,904,452              |
| Expected credit losses                              | (133,745)                 | (260,560)                 | (418,242)  | (812,547)               |
| Net carrying amount                                 | 37,881,295                | 2,766,282                 | 444,328  | 41,091,905              |
| <u>Statutory deposits</u>                           |                           |                           |  |                         |
| Sovereign/Government-backed                         | 851,813                   | -                         | -  | 851,813                 |
| Gross carrying amount                               | 851,813                   | -                         | -  | 851,813                 |
| Expected credit losses                              | -                         | -                         | -  | -                       |
| Net carrying amount                                 | 851,813                   | -                         | -  | 851,813                 |
| <u>Credit related commitments and contingencies</u> |                           |                           |  |                         |
| Low   | 14,518,016                | 352,502                   | -  | 14,870,518              |
| Medium  | 2,359,726                 | 459,120                   | -  | 2,818,846               |
| High  | 295,484                   | 26,704                    | -  | 322,188                 |
| Unrated   | 713,277                   | 2,820                     | -  | 716,097                 |
| Credit impaired                                     | -                         | -                         | 4,983  | 4,983                   |
| Gross carrying amount                               | 17,886,503                | 841,146                   | 4,983  | 18,732,632              |
| Expected credit losses                              | (8,478)                   | (29,734)                  | (1,698)  | (39,910)                |
| <u>Simplified Approach</u>                          |                           |                           |  |                         |
|   |                           | <b>Current<br/>RM'000</b> | <b>More than<br/>90 days<br/>past due<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <u>Other assets (exclude prepayment)</u>            |                           |                           |  |                         |
| Gross carrying amount                               |                           | 1,078,898                 | 41,681   | 1,120,579               |
| Expected credit losses                              |                           | -                         | (41,681)   | (41,681)                |
| Net carrying amount                                 |                           | 1,078,898                 | -  | 1,078,898               |

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (vi) Sensitivity test

The Group and the Bank have performed expected credit losses sensitivity assessment on financial assets based on the changes in key variables as below while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the expected credit losses of the Group and the Bank.

The table below outlines the effect of the changes in major key variables used on expected credit losses while other variables remain constant:

| 2025<br>Measurement variables | MEV<br>Change (%)/<br>Percentage<br>Point Change<br>(p.p) | GROUP    |          | BANK     |          |
|-------------------------------|---|----------|----------|----------|----------|
|                               |   | +        | -        | +        | -        |
|                               |   | RM'000   | RM'000   | RM'000   | RM'000   |
| House price index             | 16.8%   | (58,612) | 33,211   | (32,500) | 22,489   |
| Unemployment rate             | 0.5p.p  | 21,777   | (63,676) | 10,173   | (29,338) |
| Debt to GDP                   | 6.9%  | 37,058   | (79,466) | 29,442   | (50,199) |
| Producer price index          | 5.2%  | 10,959   | (48,069) | 12,994   | (29,676) |
| Industrial production index   | 11.5%   | (37,017) | 14,243   | (24,752) | 20,430   |

| 2024<br>Measurement variables | MEV<br>Change (%)/<br>Percentage<br>Point Change<br>(p.p) | GROUP    |          | BANK     |          |
|-------------------------------|---|----------|----------|----------|----------|
|                               |   | +        | -        | +        | -        |
|                               |   | RM'000   | RM'000   | RM'000   | RM'000   |
| House price index             | 9.8%  | (36,671) | 47,131   | (20,851) | 26,981   |
| Consumption credit            | 3.7p.p  | 5,017    | (5,210)  | 3,862    | (3,996)  |
| Unemployment rate             | 0.6p.p  | 69,594   | (78,359) | 35,308   | (38,810) |
| Debt to GDP                   | 6.2%  | 56,545   | (69,370) | 40,133   | (49,368) |
| Producer price index          | 4.1%  | 27,370   | (29,264) | 20,272   | (21,476) |

##### (vii) Pre-emptive provisions and post-model adjustments for ECL

The Group and the Bank continued to apply pre-emptive provisions and post-model adjustments to address economic uncertainties and external risks including, but not limited to, international trade trends, the prevailing effects of high policy rates and inflation, as well as the potential consequences of global geopolitical tensions for the adequacy of the overall level of ECL for the year ended 31 March 2025.

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (vii) Pre-emptive provisions and post-model adjustments for ECL (cont'd)

These pre-emptive provisions and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults arising from potential risks.

The pre-emptive provisions and post-model adjustments involved significant level of judgement and reflect the Management's views of possible severities of the emerging risk impacts and paths of recovery in the forward-looking assessment for ECL estimation purposes.

As at 31 March 2025, the balances of these pre-emptive provisions and post-model adjustments amounted to RM154,036,000 and RM87,559,000 for the Group and the Bank respectively (2024: RM121,431,000 and RM71,170,000).

## (b) Market Risk

Market risk is the risk of loss of earnings arising from changes in interest rates, foreign exchange rates, equity prices, and their implied volatilities.

The Group has established a framework of risk policies, measurement methodologies and risk limits as approved by the Group Risk Management Committee ("GRMC") to manage market risk. Market risk arising from the trading activities is controlled via position limits, loss limits, sensitivity limits and valuation via daily mark-to-market, where available.

The Group is also susceptible to exposure to market risk arising from changes in prices of the shares quoted on Bursa Malaysia. The risk is controlled by application of credit approvals, limits and monitoring procedures.

## Market Risk Factors

## (i) Interest/profit rate risk

As a subset of market risk, interest/profit rate risk refers to the volatility in net interest/profit income as a result of changes in interest/profit rate of return and shifts in the composition of the assets and liabilities. Interest/profit rate of return risk is managed through interest/profit rate sensitivity analysis. The sensitivity in net interest/profit income from interest/profit rate movement is monitored and reported to the Management. In addition to pre-scheduled meetings, the Group Assets and Liabilities Management Committee ("GALCO") will also deliberate on revising the Group's and the Bank's lending/financing and deposit rates in response to changes in the benchmark rates set by the central bank.

The effects of changes in the levels of interest/profit rates of return on the market value of securities are monitored closely and mark-to-market valuations are regularly reported to the Management.

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of interest/profit rates on its financial position and cash flows. The effects of changes in the levels of interest/profit rates of return on the market value of securities are monitored regularly and the outcomes of mark-to-market valuations are escalated to the Management regularly. The following table summarises the effective interest/profit rates at the end of the reporting period and the periods in which the financial instruments will re-price or mature, whichever is the earlier.

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (i) Interest/profit rate risk (cont'd)

| GROUP<br>2025  | Non-trading book  |                    |                    |                    |                     |                  |                  | Non-<br>interest/<br>profit<br>sensitive* |                | Trading<br>book   | Total      |
|--|-------------------|--------------------|--------------------|--------------------|---------------------|------------------|------------------|---|----------------|-------------------|------------|
|  | Up to<br>1 month  | >1-3<br>months     | >3-6<br>months     | >6-12<br>months    | >1-5<br>years       | Over<br>5 years  | RM'000           | RM'000                                    | RM'000         | RM'000            | RM'000     |
| <b>Assets</b>  |                   |                    |                    |                    |                     |                  |                  |   |                |                   |            |
| Cash and short-term funds  | 3,956,773         | -                  | -                  | -                  | -                   | -                | -                | 632,158                                   | -              | -                 | 4,588,931  |
| Deposits and placements with banks and other financial institutions    | -                 | 612,005            | -                  | -                  | -                   | -                | -                | (16)                                      | -              | -                 | 611,989    |
| Financial assets at fair value through profit or loss                  | -                 | -                  | -                  | -                  | -                   | -                | -                | 303,798                                   | 2,201          | -                 | 305,999    |
| Financial investments at fair value through other comprehensive income | 30,503            | 80,719             | 66,942             | 213,065            | 5,997,529           | 4,810,857        | -                | 14  | -              | -                 | 11,199,629 |
| Financial investments at amortised cost                                | 223,016           | 250,130            | 182,192            | 494,085            | 1,636,160           | 1,280,256        | -                | (816)                                     | -              | -                 | 4,065,023  |
| Derivative financial assets  | -                 | -                  | -                  | -                  | -                   | -                | -                | -   | -              | 151,261           | 151,261    |
| Loans, advances and financing  | 53,131,235        | 2,058,287          | 800,978            | 196,274            | 2,617,925           | 2,515,361        | -                | 98,488                                    | -              | -                 | 61,418,548 |
| Other financial assets**   | -                 | -                  | -                  | 887                | 9,852               | 216              | -                | 1,469,086                                 | -              | -                 | 1,480,041  |
| <b>Total financial assets</b>  | <b>57,341,527</b> | <b>3,001,141</b>   | <b>1,050,112</b>   | <b>904,311</b>     | <b>10,261,466</b>   | <b>8,606,690</b> | <b>2,502,712</b> |   | <b>153,462</b> | <b>83,821,421</b> |            |
| <b>Liabilities</b>   |                   |                    |                    |                    |                     |                  |                  |   |                |                   |            |
| Deposits from customers  | 17,949,734        | 9,355,690          | 10,699,837         | 9,730,390          | 18,099,303          | -                | -                | -   | -              | -                 | 65,834,954 |
| Deposits and placements of banks and other financial institutions      | 458,387           | 50,057             | 1,018              | 4,532              | 1,090,128           | 450,787          | -                | -   | -              | -                 | 2,054,909  |
| Financial liabilities designated at fair value through profit or loss  | 447,393           | 972,675            | 258,393            | 204,923            | 89,677              | -                | -                | -   | (89,601)       | -                 | 1,883,460  |
| Obligation on securities sold under repurchase agreements              | 1,342,361         | 382,115            | -                  | -                  | -                   | -                | -                | -   | -              | -                 | 1,724,476  |
| Derivative financial liabilities                                       | -                 | -                  | -                  | -                  | -                   | -                | -                | -   | 247,625        | -                 | 247,625    |
| Recourse obligations on loans and financing sold to Cagamas            | 604,666           | 100,150            | -                  | -                  | -                   | 200,830          | -                | -   | -              | -                 | 905,646    |
| Lease liabilities  | 2,429             | 4,461              | 5,781              | 14,756             | 94,518              | (4,821)          | -                | -   | -              | -                 | 117,124    |
| Other borrowings   | -                 | -                  | -                  | -                  | 201,034             | 301,610          | -                | -   | -              | -                 | 502,644    |
| Subordinated obligations   | -                 | -                  | -                  | 405,986            | 858,339             | 607,979          | -                | -   | -              | -                 | 1,872,304  |
| Other financial liabilities  | 256,278           | -                  | -                  | -                  | 92,658              | 88,501           | -                | 1,696,501                                 | -              | -                 | 2,133,938  |
| <b>Total financial liabilities</b>                                     | <b>21,061,248</b> | <b>10,865,148</b>  | <b>10,965,029</b>  | <b>10,360,587</b>  | <b>20,525,657</b>   | <b>1,644,886</b> | <b>1,696,501</b> |   | <b>158,024</b> | <b>77,277,080</b> |            |
| <b>On-balance sheet interest sensitivity gap</b>                       | <b>36,280,279</b> | <b>(7,864,007)</b> | <b>(9,914,917)</b> | <b>(9,456,276)</b> | <b>(10,264,191)</b> | <b>6,961,804</b> | <b>806,211</b>   |   | <b>(4,562)</b> | <b>6,544,341</b>  |            |

Note:

\* Included impaired loans/financing and ECL.

\*\* Included statutory deposits and other assets.



## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Market Risk (cont'd)

## Market Risk Factors (cont'd)

## (i) Interest/profit rate risk (cont'd)

| GROUP<br>2024   | Non-trading book           |                          |                          |                           |                         |                           | Non-<br>interest/<br>profit<br>sensitive* | Trading<br>book | Total             |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|---|-----------------|-------------------|
|   | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-5<br>years<br>RM'000 | Over<br>5 years<br>RM'000 |   |                 |                   |
| <b>Assets</b>   |                            |                          |                          |                           |                         |                           |   |                 |                   |
| Cash and short-term funds   | 3,958,278                  | -                        | -                        | -                         | -                       | -                         | 638,375                                   | -               | 4,596,653         |
| Financial assets at fair value through profit or loss                     | -                          | -                        | -                        | -                         | -                       | -                         | 277,973                                   | 57,265          | 335,238           |
| Financial investments at fair value through<br>other comprehensive income | 10,211                     | 240,368                  | 39,053                   | 293,337                   | 4,668,359               | 4,795,968                 | 15  | -               | 10,047,311        |
| Financial investments at amortised cost                                   | 142,923                    | 50,611                   | 244,696                  | 296,922                   | 1,517,894               | 1,617,698                 | (299)                                     | -               | 3,870,445         |
| Derivative financial assets   | -                          | -                        | -                        | -                         | -                       | -                         | -   | 183,035         | 183,035           |
| Loans, advances and financing   | 46,806,632                 | 1,842,004                | 771,878                  | 96,877                    | 2,697,800               | 2,369,299                 | 136,260                                   | -               | 54,720,750        |
| Other financial assets**  | 19                         | -                        | -                        | 5                         | 17,810                  | 3,976                     | 2,074,074                                 | -               | 2,095,884         |
| <b>Total financial assets</b>   | <b>50,918,063</b>          | <b>2,132,983</b>         | <b>1,055,627</b>         | <b>687,141</b>            | <b>8,901,863</b>        | <b>8,786,941</b>          | <b>3,126,398</b>                          | <b>240,300</b>  | <b>75,849,316</b> |
| <b>Liabilities</b>  |                            |                          |                          |                           |                         |                           |   |                 |                   |
| Deposits from customers   | 19,794,017                 | 8,524,314                | 7,650,955                | 5,152,363                 | 16,275,846              | -                         | -   | -               | 57,397,495        |
| Deposits and placements of banks and other<br>financial institutions      | 510,682                    | 100,949                  | 69,548                   | 5,886                     | 691,225                 | 676,767                   | -   | -               | 2,055,057         |
| Financial liabilities designated at fair value<br>through profit or loss  | 495,279                    | 1,162,590                | 117,712                  | 113,533                   | 130,274                 | -                         | -   | (91,277)        | 1,928,111         |
| Obligation on securities sold under repurchase<br>agreements              | 842,228                    | 1,180,498                | -                        | -                         | -                       | -                         | -   | -               | 2,022,726         |
| Derivative financial liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | -   | 287,067         | 287,067           |
| Recourse obligations on loans and financing<br>sold to Cagamas            | -                          | -                        | -                        | 422,825                   | 604,058                 | 200,791                   | -   | -               | 1,227,674         |
| Lease liabilities   | 2,438                      | 4,481                    | 5,825                    | 14,931                    | 71,054                  | 25,983                    | -   | -               | 124,712           |
| Subordinated obligations  | -                          | -                        | -                        | -                         | 1,114,079               | 457,839                   | -   | -               | 1,571,918         |
| Other financial liabilities   | 390,103                    | 34                       | 107                      | -                         | 24,172                  | 194,222                   | 2,349,258                                 | -               | 2,957,896         |
| <b>Total financial liabilities</b>  | <b>22,034,747</b>          | <b>10,972,866</b>        | <b>7,844,147</b>         | <b>5,709,538</b>          | <b>18,910,708</b>       | <b>1,555,602</b>          | <b>2,349,258</b>                          | <b>195,790</b>  | <b>69,572,656</b> |
| On-balance sheet interest sensitivity gap                                 | 28,883,316                 | (8,839,883)              | (6,788,520)              | (5,022,397)               | (10,008,845)            | 7,231,339                 | 777,140                                   | 44,510          | 6,276,660         |

Note:

\* Included impaired loans/financing and ECL.

\*\* Included statutory deposits and other assets.

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (i) Interest/profit rate risk (cont'd)

| BANK<br>2025   | Non-trading book  |                    |                    |                    |                    |                  |                  | Non-<br>interest/<br>profit<br>sensitive* | Trading<br>book | Total             |
|--|-------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|---|-----------------|-------------------|
|  | Up to<br>1 month  | >1-3<br>months     | >3-6<br>months     | >6-12<br>months    | >1-5<br>years      | Over<br>5 years  |                  |   |                 |                   |
|  | RM'000            | RM'000             | RM'000             | RM'000             | RM'000             | RM'000           | RM'000           | RM'000                                    | RM'000          | RM'000            |
| <b>Assets</b>  |                   |                    |                    |                    |                    |                  |                  |   |                 |                   |
| Cash and short-term funds  | 2,746,961         | -                  | -                  | -                  | -                  | -                | 597,932          | -   | -               | 3,344,893         |
| Deposits and placements with banks and other financial institutions    | -                 | 257,146            | -                  | -                  | -                  | -                | (16)             | -   | -               | 257,130           |
| Financial assets at fair value through profit or loss                  | -                 | -                  | -                  | -                  | -                  | -                | 277,973          | 28,026                                    | -               | 305,999           |
| Financial investments at fair value through other comprehensive income | 30,503            | 69,665             | 56,883             | 131,759            | 4,905,852          | 4,163,205        | 14               | -   | -               | 9,357,881         |
| Financial investments at amortised cost                                | 172,941           | 250,131            | 172,077            | 452,946            | 1,466,663          | 884,511          | (1,305)          | -   | -               | 3,397,964         |
| Derivative financial assets  | -                 | -                  | -                  | -                  | -                  | -                | -                | 151,261                                   | -               | 151,261           |
| Loans, advances and financing  | 41,695,050        | 1,450,640          | 568,317            | 163,205            | 1,951,449          | 1,139,803        | 169,102          | -   | -               | 47,137,566        |
| Other financial assets**   | -                 | -                  | -                  | 815                | 20,705             | 140              | 1,178,073        | -   | -               | 1,199,733         |
| <b>Total financial assets</b>  | <b>44,645,455</b> | <b>2,027,582</b>   | <b>797,277</b>     | <b>748,725</b>     | <b>8,344,669</b>   | <b>6,187,659</b> | <b>2,221,773</b> | <b>179,287</b>                            | <b>-</b>        | <b>65,152,427</b> |
| <b>Liabilities</b>   |                   |                    |                    |                    |                    |                  |                  |   |                 |                   |
| Deposits from customers  | 14,135,528        | 6,578,370          | 7,012,169          | 7,550,727          | 14,499,794         | -                | -                | -   | -               | 49,776,588        |
| Deposits and placements of banks and other financial institutions      | 458,146           | 50,058             | 318                | 2,414              | 922,270            | 411,215          | -                | -   | -               | 1,844,421         |
| Financial liabilities designated at fair value through profit or loss  | 447,393           | 972,675            | 258,393            | 204,923            | 89,677             | -                | -                | (89,601)                                  | -               | 1,883,460         |
| Obligation on securities sold under repurchase agreements              | 1,342,361         | 382,115            | -                  | -                  | -                  | -                | -                | -   | -               | 1,724,476         |
| Derivative financial liabilities                                       | -                 | -                  | -                  | -                  | -                  | -                | -                | 247,625                                   | -               | 247,625           |
| Recourse obligations on loans and financing sold to Cagamas            | 403,266           | -                  | -                  | -                  | -                  | 200,830          | -                | -   | -               | 604,096           |
| Lease liabilities  | 2,429             | 4,461              | 5,781              | 14,756             | 94,518             | (4,821)          | -                | -   | -               | 117,124           |
| Other borrowings   | -                 | -                  | -                  | -                  | -                  | 301,610          | -                | -   | -               | 301,610           |
| Subordinated obligations   | -                 | -                  | -                  | 405,914            | 758,283            | 607,979          | -                | -   | -               | 1,772,176         |
| Other financial liabilities  | 256,278           | -                  | -                  | -                  | 75,716             | 88,501           | 1,508,517        | -   | -               | 1,929,012         |
| <b>Total financial liabilities</b>                                     | <b>17,045,401</b> | <b>7,987,679</b>   | <b>7,276,661</b>   | <b>8,178,734</b>   | <b>16,440,258</b>  | <b>1,605,314</b> | <b>1,508,517</b> | <b>158,024</b>                            | <b>-</b>        | <b>60,200,588</b> |
| <b>On-balance sheet interest sensitivity gap</b>                       | <b>27,600,054</b> | <b>(5,960,097)</b> | <b>(6,479,384)</b> | <b>(7,430,009)</b> | <b>(8,095,589)</b> | <b>4,582,345</b> | <b>713,256</b>   | <b>21,263</b>                             | <b>-</b>        | <b>4,951,839</b>  |

Note:

\* Included impaired loans/financing and ECL.

\*\* Included statutory deposits and other assets.

Notes to the Financial Statements  
As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Market Risk (cont'd)

## Market Risk Factors (cont'd)

## (i) Interest/profit rate risk (cont'd)

| BANK<br>2024  | Non-trading book           |                          |                          |                           |                         |                           |                  | Non-<br>interest/<br>profit<br>sensitive* | Trading<br>book   | Total      |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|------------------|---|-------------------|------------|
|   | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-5<br>years<br>RM'000 | Over<br>5 years<br>RM'000 | RM'000           | RM'000                                    | RM'000            | RM'000     |
| <b>Assets</b>   |                            |                          |                          |                           |                         |                           |                  |   |                   |            |
| Cash and short-term funds   | 2,683,576                  | -                        | -                        | -                         | -                       | -                         | 596,946          | -   | -                 | 3,280,522  |
| Financial assets at fair value through profit or loss                     | -                          | -                        | -                        | -                         | -                       | -                         | 277,973          | 57,265                                    | -                 | 335,238    |
| Financial investments at fair value through<br>other comprehensive income | 5,106                      | 230,247                  | 28,984                   | 207,626                   | 3,672,317               | 4,084,107                 | 15               | -   | -                 | 8,228,402  |
| Financial investments at amortised cost                                   | 142,923                    | 50,611                   | 244,696                  | 245,767                   | 1,646,854               | 1,070,762                 | (904)            | -   | -                 | 3,400,709  |
| Derivative financial assets   | -                          | -                        | -                        | -                         | -                       | -                         | -                | 183,035                                   | -                 | 183,035    |
| Loans, advances and financing   | 36,040,399                 | 1,303,435                | 563,087                  | 72,614                    | 2,011,565               | 1,072,043                 | 173,333          | -   | -                 | 41,236,476 |
| Other financial assets**  | 19                         | -                        | -                        | 5                         | 36,465                  | 3,911                     | 1,890,311        | -   | -                 | 1,930,711  |
| <b>Total financial assets</b>   | <b>38,872,023</b>          | <b>1,584,293</b>         | <b>836,767</b>           | <b>526,012</b>            | <b>7,367,201</b>        | <b>6,230,823</b>          | <b>2,937,674</b> | <b>240,300</b>                            | <b>58,595,093</b> |            |
| <b>Liabilities</b>  |                            |                          |                          |                           |                         |                           |                  |   |                   |            |
| Deposits from customers   | 15,223,217                 | 5,261,703                | 5,463,994                | 3,891,044                 | 12,686,511              | -                         | -                | -   | -                 | 42,526,469 |
| Deposits and placements of banks and other<br>financial institutions      | 509,628                    | 100,949                  | 64,158                   | 1,827                     | 636,666                 | 552,766                   | -                | -   | -                 | 1,865,994  |
| Financial liabilities designated at fair value<br>through profit or loss  | 495,279                    | 1,162,590                | 117,712                  | 113,533                   | 130,274                 | -                         | -                | (91,277)                                  | -                 | 1,928,111  |
| Obligation on securities sold under repurchase<br>agreements              | 842,228                    | 1,180,498                | -                        | -                         | -                       | -                         | -                | -   | -                 | 2,022,726  |
| Derivative financial liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | -                | 287,067                                   | -                 | 287,067    |
| Recourse obligations on loans and financing<br>sold to Cagamas            | -                          | -                        | -                        | 221,470                   | 302,535                 | 200,791                   | -                | -   | -                 | 724,796    |
| Lease liabilities   | 2,438                      | 4,481                    | 5,825                    | 14,931                    | 71,054                  | 25,983                    | -                | -   | -                 | 124,712    |
| Subordinated obligations  | -                          | -                        | -                        | -                         | 1,013,845               | 457,839                   | -                | -   | -                 | 1,471,684  |
| Other financial liabilities   | 390,103                    | 26                       | 76                       | -                         | 34,669                  | 169,770                   | 2,189,017        | -   | -                 | 2,783,661  |
| <b>Total financial liabilities</b>  | <b>17,462,893</b>          | <b>7,710,247</b>         | <b>5,651,765</b>         | <b>4,242,805</b>          | <b>14,875,554</b>       | <b>1,407,149</b>          | <b>2,189,017</b> | <b>195,790</b>                            | <b>53,735,220</b> |            |
| On-balance sheet interest sensitivity gap                                 | 21,409,130                 | (6,125,954)              | (4,814,998)              | (3,716,793)               | (7,508,353)             | 4,823,674                 | 748,657          | 44,510                                    | 4,859,873         |            |

Note:

\* Included impaired loans/financing and ECL.

\*\* Included statutory deposits and other assets.

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (ii) Foreign exchange risk

Foreign exchange risk refers to the risk that fair value or future cash flows of financial instruments will fluctuate because of the movements in the exchange rates for foreign exchange positions taken by the Group and the Bank from time to time.

Foreign currency exchange risk is managed via approved risk limits and open positions are regularly revalued against current exchange rates and reported to the Management and the Board.

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group and the Bank.

| GROUP<br>2025   | US<br>Dollars<br>RM'000 | Pound<br>Sterling<br>RM'000 | Euro<br>Dollars<br>RM'000 | Australian<br>Dollars<br>RM'000 | Singapore<br>Dollars<br>RM'000 | Others<br>RM'000 | Total<br>RM'000  |
|---|-------------------------|-----------------------------|---------------------------|---------------------------------|--------------------------------|------------------|------------------|
| <b>Assets</b>   |                         |                             |                           |                                 |                                |                  |                  |
| Cash and short-term funds   | 2,010,884               | 8,299                       | 4,549                     | -                               | 5,243                          | 17,756           | 2,046,731        |
| Deposits and placements with banks and other financial institutions   | 257,146                 | -                           | -                         | -                               | -                              | -                | 257,146          |
| Financial assets at fair value through profit or loss                 | 260                     | -                           | -                         | 106                             | -                              | -                | 366              |
| Loans, advances and financing   | 767,729                 | 16,010                      | 638                       | -                               | -                              | 191              | 784,568          |
| Other financial assets  | 24,362                  | 22                          | -                         | 3,766                           | 79                             | 4                | 28,233           |
| Total financial assets  | 3,060,381               | 24,331                      | 5,187                     | 3,872                           | 5,322                          | 17,951           | 3,117,044        |
| <b>Liabilities</b>  |                         |                             |                           |                                 |                                |                  |                  |
| Deposits from customers   | 1,914,559               | 132,118                     | 71,192                    | 902,399                         | 718,621                        | 167,888          | 3,906,777        |
| Deposits and placements of banks and other financial institutions     | 9,945                   | -                           | -                         | 966                             | -                              | 1,855            | 12,766           |
| Financial liabilities designated at fair value through profit or loss | 28,803                  | -                           | -                         | -                               | 2,322                          | 965              | 32,090           |
| Other financial liabilities   | 43,854                  | 712                         | 4,723                     | 149,415                         | 8,660                          | 32,729           | 240,093          |
| Total financial liabilities   | 1,997,161               | 132,830                     | 75,915                    | 1,052,780                       | 729,603                        | 203,437          | 4,191,726        |
| On-balance sheet open position  | 1,063,220               | (108,499)                   | (70,728)                  | (1,048,908)                     | (724,281)                      | (185,486)        | (1,074,682)      |
| Off-balance sheet open position                                       | (1,182,265)             | 100,157                     | 77,971                    | 1,003,550                       | 638,633                        | 192,026          | 830,072          |
| <b>Net open position</b>  | <b>(119,045)</b>        | <b>(8,342)</b>              | <b>7,243</b>              | <b>(45,358)</b>                 | <b>(85,648)</b>                | <b>6,540</b>     | <b>(244,610)</b> |

Notes to the Financial Statements  
As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Market Risk (cont'd)

## Market Risk Factors (cont'd)

## (ii) Foreign exchange risk (cont'd)

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group and the Bank. (cont'd)

| GROUP<br>2024   | US<br>Dollars<br>RM'000 | Pound<br>Sterling<br>RM'000 | Euro<br>Dollars<br>RM'000 | Australian<br>Dollars<br>RM'000 | Singapore<br>Dollars<br>RM'000 | Others<br>RM'000 | Total<br>RM'000  |
|---|-------------------------|-----------------------------|---------------------------|---------------------------------|--------------------------------|------------------|------------------|
| <b>Assets</b>   |                         |                             |                           |                                 |                                |                  |                  |
| Cash and short-term funds   | 2,625,508               | 2,546                       | 1,849                     | 3,383                           | 14,026                         | 6,256            | 2,653,568        |
| Loans, advances and financing   | 396,567                 | -                           | 1,188                     | -                               | 306                            | 2,601            | 400,662          |
| Other financial assets  | 58,456                  | 1                           | 2                         | 27                              | 51                             | 7                | 58,544           |
| Total financial assets  | 3,080,531               | 2,547                       | 3,039                     | 3,410                           | 14,383                         | 8,864            | 3,112,774        |
| <b>Liabilities</b>  |                         |                             |                           |                                 |                                |                  |                  |
| Deposits from customers   | 1,296,796               | 73,334                      | 77,852                    | 312,452                         | 530,153                        | 202,299          | 2,492,886        |
| Deposits and placements of banks and other financial institutions     | 340,661                 | -                           | -                         | -                               | -                              | 924              | 341,585          |
| Financial liabilities designated at fair value through profit or loss | 15,677                  | -                           | -                         | 2,035                           | -                              | -                | 17,712           |
| Other financial liabilities   | 70,252                  | 1,967                       | 8,490                     | 168,049                         | 14,361                         | 38,325           | 301,444          |
| Total financial liabilities   | 1,723,386               | 75,301                      | 86,342                    | 482,536                         | 544,514                        | 241,548          | 3,153,627        |
| On-balance sheet open position  | 1,357,145               | (72,754)                    | (83,303)                  | (479,126)                       | (530,131)                      | (232,684)        | (40,853)         |
| Off-balance sheet open position                                       | (1,387,856)             | 68,890                      | 92,929                    | 453,476                         | 465,404                        | 243,321          | (63,836)         |
| <b>Net open position</b>  | <b>(30,711)</b>         | <b>(3,864)</b>              | <b>9,626</b>              | <b>(25,650)</b>                 | <b>(64,727)</b>                | <b>10,637</b>    | <b>(104,689)</b> |

# Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (b) Market Risk (cont'd)

#### Market Risk Factors (cont'd)

#### (ii) Foreign exchange risk (cont'd)

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group and the Bank. (cont'd)

| BANK<br>2025  | US<br>Dollars<br>RM'000 | Pound<br>Sterling<br>RM'000 | Euro<br>Dollars<br>RM'000 | Australian<br>Dollars<br>RM'000 | Singapore<br>Dollars<br>RM'000 | Others<br>RM'000 | Total<br>RM'000  |
|---|-------------------------|-----------------------------|---------------------------|---------------------------------|--------------------------------|------------------|------------------|
| <b>Assets</b>   |                         |                             |                           |                                 |                                |                  |                  |
| Cash and short-term funds   | 2,010,884               | 8,299                       | 4,549                     | -                               | 5,243                          | 17,756           | 2,046,731        |
| Deposits and placements with banks and other financial institutions   | 257,146                 | -                           | -                         | -                               | -                              | -                | 257,146          |
| Financial assets at fair value through profit or loss                 | 260                     | -                           | -                         | 106                             | -                              | -                | 366              |
| Loans, advances and financing   | 767,729                 | 16,010                      | 638                       | -                               | -                              | 191              | 784,568          |
| Other financial assets  | 24,362                  | 22                          | -                         | 3,766                           | 79                             | 4                | 28,233           |
| Total financial assets  | 3,060,381               | 24,331                      | 5,187                     | 3,872                           | 5,322                          | 17,951           | 3,117,044        |
| <b>Liabilities</b>  |                         |                             |                           |                                 |                                |                  |                  |
| Deposits from customers   | 1,914,559               | 132,118                     | 71,192                    | 902,399                         | 718,621                        | 167,888          | 3,906,777        |
| Deposits and placements of banks and other financial institutions     | 9,945                   | -                           | -                         | 966                             | -                              | 1,855            | 12,766           |
| Financial liabilities designated at fair value through profit or loss | 28,803                  | -                           | -                         | -                               | 2,322                          | 965              | 32,090           |
| Other financial liabilities   | 43,702                  | 563                         | 4,723                     | 149,415                         | 8,660                          | 32,729           | 239,792          |
| Total financial liabilities   | 1,997,009               | 132,681                     | 75,915                    | 1,052,780                       | 729,603                        | 203,437          | 4,191,425        |
| On-balance sheet open position  | 1,063,372               | (108,350)                   | (70,728)                  | (1,048,908)                     | (724,281)                      | (185,486)        | (1,074,381)      |
| Off-balance sheet open position                                       | (1,182,265)             | 100,157                     | 77,971                    | 1,003,550                       | 638,633                        | 192,026          | 830,072          |
| <b>Net open position</b>  | <b>(118,893)</b>        | <b>(8,193)</b>              | <b>7,243</b>              | <b>(45,358)</b>                 | <b>(85,648)</b>                | <b>6,540</b>     | <b>(244,309)</b> |

Notes to the Financial Statements  
As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Market Risk (cont'd)

## Market Risk Factors (cont'd)

## (ii) Foreign exchange risk (cont'd)

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group and the Bank. (cont'd)

| BANK<br>2024  | US<br>Dollars<br>RM'000 | Pound<br>Sterling<br>RM'000 | Euro<br>Dollars<br>RM'000 | Australian<br>Dollars<br>RM'000 | Singapore<br>Dollars<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|-----------------------------|---------------------------|---------------------------------|--------------------------------|------------------|-----------------|
| <b>Assets</b>   |                         |                             |                           |                                 |                                |                  |                 |
| Cash and short-term funds   | 2,625,508               | 2,546                       | 1,849                     | 3,383                           | 14,026                         | 6,256            | 2,653,568       |
| Loans, advances and financing   | 396,567                 | -                           | 1,188                     | -                               | 306                            | 2,601            | 400,662         |
| Other financial assets  | 58,456                  | 1                           | 2                         | 27                              | 51                             | 7                | 58,544          |
| Total financial assets  | 3,080,531               | 2,547                       | 3,039                     | 3,410                           | 14,383                         | 8,864            | 3,112,774       |
| <b>Liabilities</b>  |                         |                             |                           |                                 |                                |                  |                 |
| Deposits from customers   | 1,296,796               | 73,334                      | 77,852                    | 312,452                         | 530,153                        | 202,299          | 2,492,886       |
| Deposits and placements of banks and other financial institutions     | 340,661                 | -                           | -                         | -                               | -                              | 924              | 341,585         |
| Financial liabilities designated at fair value through profit or loss | 15,677                  | -                           | -                         | 2,035                           | -                              | -                | 17,712          |
| Other financial liabilities   | 70,078                  | 1,899                       | 8,490                     | 168,049                         | 14,361                         | 38,325           | 301,202         |
| Total financial liabilities   | 1,723,212               | 75,233                      | 86,342                    | 482,536                         | 544,514                        | 241,548          | 3,153,385       |
| On-balance sheet open position  | 1,357,319               | (72,686)                    | (83,303)                  | (479,126)                       | (530,131)                      | (232,684)        | (40,611)        |
| Off-balance sheet open position                                       | (1,387,856)             | 68,890                      | 92,929                    | 453,476                         | 465,404                        | 243,321          | (63,836)        |
| <b>Net open position</b>  | (30,537)                | (3,796)                     | 9,626                     | (25,650)                        | (64,727)                       | 10,637           | (104,447)       |



## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Market Risk (cont'd)

##### Market Risk Measures

##### (iii) Value at risk ("VaR")

VaR reflects the maximum potential loss of value of a portfolio resulting from market movements within a specified probability of occurrence (level of confidence) for a specific period of time (holding period). For the Group and the Bank, VaR is computed based on the historical simulation approach with parameters in accordance with BNM and Basel requirements. Backtesting is performed daily to validate and reassess the accuracy of the VaR model. This involves the comparison of the daily VaR values against the hypothetical profit and loss over the corresponding period.

The table below sets out a summary of the Group's and the Bank's VaR profile by financial instrument types for the Trading Portfolio:

| <b>GROUP<br/>2025</b>                       | <b>Balance<br/>RM'000</b> | <b>Average<br/>for the year<br/>RM'000</b> | <b>Minimum<br/>RM'000</b> | <b>Maximum<br/>RM'000</b> |
|---|---------------------------|--|---------------------------|---------------------------|
| Foreign exchange ("FX") related derivatives | (632)                     | (960)                                      | (279)                     | (2,828)                   |
| Government securities                       | (12,579)                  | (14,179)                                   | (12,579)                  | (15,898)                  |
| Private debt securities                     | (4,215)                   | (4,183)                                    | (3,653)                   | (4,473)                   |

##### 2024

|                         |          |          |          |          |
|-------------------------|----------|----------|----------|----------|
| FX related derivatives  | (174)    | (1,061)  | (174)    | (2,108)  |
| Government securities   | (13,906) | (21,496) | (13,161) | (32,444) |
| Private debt securities | (4,080)  | (6,491)  | (4,080)  | (8,780)  |

##### BANK 2025

|                         |          |          |          |          |
|-------------------------|----------|----------|----------|----------|
| FX related derivatives  | (632)    | (960)    | (279)    | (2,828)  |
| Government securities   | (10,622) | (12,079) | (10,622) | (13,496) |
| Private debt securities | (3,752)  | (3,642)  | (3,112)  | (3,915)  |

##### 2024

|                         |          |          |          |          |
|-------------------------|----------|----------|----------|----------|
| FX related derivatives  | (174)    | (1,061)  | (174)    | (2,108)  |
| Government securities   | (12,017) | (18,332) | (11,193) | (27,801) |
| Private debt securities | (3,389)  | (5,304)  | (3,389)  | (7,209)  |

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Market Risk (cont'd)

## Market Risk Measures (cont'd)

## (iv) Interest/profit rate risk sensitivity

The following tables present the Group's and the Bank's sensitivity result for the impact on net profit after tax and reserves of financial assets and financial liabilities bearing fixed and floating interest/profit rates.

Impact on the net profit after tax is measured using Earning-at-Risk ("EAR") methodology. The treatments are based on a set of sensitivity rate shocks on the interest rate gap profile from the financial position of the Group and the Bank by taking into consideration the repricing or remaining maturity of the product.

Impact on equity represents the changes in fair value of financial investment at fair value through other comprehensive income portfolio arising from shifts in interest/profit rate.

|                                | 2025<br>GROUP       |           | 2025<br>BANK        |           |
|--------------------------------|---------------------|-----------|---------------------|-----------|
|                                | - 200 bps           | + 200 bps | - 200 bps           | + 200 bps |
|                                | Increase/(Decrease) |           | Increase/(Decrease) |           |
|                                | RM'000              | RM'000    | RM'000              | RM'000    |
| Impact on net profit after tax | (172,826)           | 172,826   | (134,323)           | 134,323   |
| Impact on equity               | 776,240             | (685,893) | 658,652             | (580,660) |

|                                | 2024<br>GROUP       |           | 2024<br>BANK        |           |
|--------------------------------|---------------------|-----------|---------------------|-----------|
|                                | - 200 bps           | + 200 bps | - 200 bps           | + 200 bps |
|                                | Increase/(Decrease) |           | Increase/(Decrease) |           |
|                                | RM'000              | RM'000    | RM'000              | RM'000    |
| Impact on net profit after tax | (188,288)           | 188,288   | (148,658)           | 148,658   |
| Impact on equity               | 772,899             | (690,555) | 668,417             | (575,638) |

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Market Risk (cont'd)

##### Market Risk Measures (cont'd)

#### (v) Other risk measures

##### (i) Stress test

Stress testing is normally used by banks to gauge their potential vulnerability to exceptional but plausible events. The Group performs stress testing regularly to measure and alert the Board and the Management on the effects of potential political, economic or other disruptive events on our exposures. The Group's stress testing process is governed by the Stress Testing Policy as approved by the Board. Stress testing is conducted on a bank-wide basis as well as on specific portfolios. The Group's bank-wide stress testing exercise uses a variety of broad macroeconomic indicators that are then translated into stress impacts on the various business units. The results are then consolidated to provide an overall impact on the Group's financial results and capital requirements. Stress testing results are reported to the Board and the Management to provide them with an assessment of the financial impact that such events would have on the Group's profitability and capital levels.

##### (ii) Sensitivity analysis

Sensitivity analysis is used to measure the impact of changes in individual stress factors such as interest/profit rates or foreign exchange rates. It is normally designed to isolate and quantify exposure to the underlying risk. The Group and the Bank perform sensitivity analysis such as parallel shifts of interest/profit rates on its exposures, primarily on the banking and trading book positions.

#### (c) Liquidity Risk

Liquidity risk is the inability of the Group and the Bank to meet financial commitments when due.

The Group's and the Bank's liquidity risk profile is managed using liquidity risk management strategies set in the Liquidity Risk Management Policy. Liquidity Risk Measures are monitored against approved thresholds by GALCO and Group Risk Management Committee ("GRMC"). A contingency funding plan is also established by the Group and the Bank as a forward-looking measure to ensure that liquidity risk can be addressed according to the degrees of key risk indicators, and which incorporates alternative funding strategies which are ready to be implemented on a timely basis to mitigate the impact of unforeseen adverse changes in liquidity in the market place.

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (cont'd)

## Liquidity Risk Measures

## (i) Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities:

| GROUP<br>2025  | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1 year<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000   |
|--|----------------------------|--------------------------|--------------------------|---------------------------|-------------------|-----------------------------------|-------------------|
| <b>Assets</b>  |                            |                          |                          |                           |                   |                                   |                   |
| Cash and short-term funds  | 4,588,931                  | -                        | -                        | -                         | -                 | -                                 | 4,588,931         |
| Deposits and placements with banks and other financial institutions    | -                          | 611,989                  | -                        | -                         | -                 | -                                 | 611,989           |
| Financial assets at fair value through profit or loss                  | 3                          | -                        | 7                        | -                         | 2,191             | 303,798                           | 305,999           |
| Financial investments at fair value through other comprehensive income | 90,826                     | 124,443                  | 90,549                   | 210,908                   | 10,682,891        | 12                                | 11,199,629        |
| Financial investments at amortised cost                                | 31,648                     | 5,674                    | 191,530                  | 484,914                   | 3,351,257         | -                                 | 4,065,023         |
| Loans, advances and financing  | 10,013,253                 | 2,794,918                | 1,032,828                | 487,950                   | 47,089,599        | -                                 | 61,418,548        |
| Other financial and non-financial assets                               | 231,130                    | 27,061                   | 20,030                   | 24,221                    | 95,262            | 2,629,482                         | 3,027,186         |
| <b>Total assets</b>  | <b>14,955,791</b>          | <b>3,564,085</b>         | <b>1,334,944</b>         | <b>1,207,993</b>          | <b>61,221,200</b> | <b>2,933,292</b>                  | <b>85,217,305</b> |
| <b>Liabilities</b>   |                            |                          |                          |                           |                   |                                   |                   |
| Deposits from customers  | 36,026,648                 | 9,355,690                | 10,699,837               | 9,730,390                 | 22,389            | -                                 | 65,834,954        |
| Deposits and placements of banks and other financial institutions      | 458,386                    | 50,122                   | 1,017                    | 4,531                     | 1,540,853         | -                                 | 2,054,909         |
| Financial liabilities designated at fair value through profit or loss  | 24,138                     | 157,803                  | 128,159                  | 424,784                   | 1,148,576         | -                                 | 1,883,460         |
| Obligations on securities sold under repurchase agreements             | 1,342,361                  | 382,115                  | -                        | -                         | -                 | -                                 | 1,724,476         |
| Recourse obligations on loans and financing sold to Cagamas            | 504,659                    | 100,955                  | -                        | -                         | 300,032           | -                                 | 905,646           |
| Lease liabilities  | 2,112                      | 6,528                    | 7,899                    | 9,558                     | 91,027            | -                                 | 117,124           |
| Other borrowings   | -                          | -                        | 2,644                    | -                         | 500,000           | -                                 | 502,644           |
| Subordinated obligations   | 19,502                     | 2,057                    | 874                      | 399,871                   | 1,450,000         | -                                 | 1,872,304         |
| Other financial and non-financial liabilities                          | 1,539,282                  | 204,554                  | 161,514                  | 122,959                   | 625,032           | -                                 | 2,653,341         |
| <b>Total liabilities</b>   | <b>39,917,088</b>          | <b>10,259,824</b>        | <b>11,001,944</b>        | <b>10,692,093</b>         | <b>5,677,909</b>  | <b>-</b>                          | <b>77,548,858</b> |
| <b>Net maturity mismatch</b>   | <b>(24,961,297)</b>        | <b>(6,695,739)</b>       | <b>(9,667,000)</b>       | <b>(9,484,100)</b>        | <b>55,543,291</b> | <b>2,933,292</b>                  | <b>7,668,447</b>  |

# Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (c) Liquidity Risk (cont'd)

#### Liquidity Risk Measures (cont'd)

#### (i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

The maturities of the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

| GROUP<br>2024  | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1 year<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000   |
|--|----------------------------|--------------------------|--------------------------|---------------------------|-------------------|-----------------------------------|-------------------|
| <b>Assets</b>  |                            |                          |                          |                           |                   |                                   |                   |
| Cash and short-term funds  | 4,596,653                  | -                        | -                        | -                         | -                 | -                                 | 4,596,653         |
| Financial assets at fair value through profit or loss                  | 84                         | -                        | 50,573                   | -                         | 6,608             | 277,973                           | 335,238           |
| Financial investments at fair value through other comprehensive income | 60,751                     | 285,075                  | 58,950                   | 290,970                   | 9,351,549         | 16                                | 10,047,311        |
| Financial investments at amortised cost                                | 34,219                     | 54,464                   | 90,153                   | 405,966                   | 3,285,643         | -                                 | 3,870,445         |
| Loans, advances and financing  | 8,976,057                  | 2,652,318                | 941,183                  | 180,786                   | 41,970,406        | -                                 | 54,720,750        |
| Other financial and non-financial assets                               | 972,469                    | 48,729                   | 36,953                   | 44,835                    | 104,701           | 2,168,038                         | 3,375,725         |
| <b>Total assets</b>  | <b>14,640,233</b>          | <b>3,040,586</b>         | <b>1,177,812</b>         | <b>922,557</b>            | <b>54,718,907</b> | <b>2,446,027</b>                  | <b>76,946,122</b> |
| <b>Liabilities</b>   |                            |                          |                          |                           |                   |                                   |                   |
| Deposits from customers  | 35,782,954                 | 8,524,314                | 7,650,955                | 5,152,363                 | 286,909           | -                                 | 57,397,495        |
| Deposits and placements of banks and other financial institutions      | 510,678                    | 101,041                  | 69,513                   | 5,865                     | 1,367,960         | -                                 | 2,055,057         |
| Financial liabilities designated at fair value through profit or loss  | 17,693                     | 63,420                   | 107,890                  | 123,953                   | 1,615,155         | -                                 | 1,928,111         |
| Obligations on securities sold under repurchase agreements             | 842,228                    | 1,180,498                | -                        | -                         | -                 | -                                 | 2,022,726         |
| Recurse obligations on loans and financing sold to Cagamas             | 6,727                      | 907                      | -                        | 420,001                   | 800,039           | -                                 | 1,227,674         |
| Lease liabilities  | 2,438                      | 4,481                    | 5,825                    | 14,931                    | 97,037            | -                                 | 124,712           |
| Subordinated obligations   | 19,754                     | 2,125                    | 377                      | -                         | 1,549,662         | -                                 | 1,571,918         |
| Other financial and non-financial liabilities                          | 2,421,885                  | 199,586                  | 118,651                  | 99,673                    | 603,506           | -                                 | 3,443,301         |
| <b>Total liabilities</b>   | <b>39,604,357</b>          | <b>10,076,372</b>        | <b>7,953,211</b>         | <b>5,816,786</b>          | <b>6,320,268</b>  | <b>-</b>                          | <b>69,770,994</b> |
| <b>Net maturity mismatch</b>   | <b>(24,964,124)</b>        | <b>(7,035,786)</b>       | <b>(6,775,399)</b>       | <b>(4,894,229)</b>        | <b>48,398,639</b> | <b>2,446,027</b>                  | <b>7,175,128</b>  |

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (cont'd)

## Liquidity Risk Measures (cont'd)

## (i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

The maturities of the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

| BANK<br>2025   | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1 year<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000   |
|--|----------------------------|--------------------------|--------------------------|---------------------------|-------------------|-----------------------------------|-------------------|
| <b>Assets</b>  |                            |                          |                          |                           |                   |                                   |                   |
| Cash and short-term funds  | 3,344,893                  | -                        | -                        | -                         | -                 | -                                 | 3,344,893         |
| Deposits and placements with banks and other financial institutions    | -                          | 257,130                  | -                        | -                         | -                 | -                                 | 257,130           |
| Financial assets at fair value through profit or loss                  | 3                          | -                        | 7                        | -                         | 2,191             | 303,798                           | 305,999           |
| Financial investments at fair value through other comprehensive income | 78,206                     | 109,156                  | 75,398                   | 130,379                   | 8,964,730         | 12                                | 9,357,881         |
| Financial investments at amortised cost                                | 28,624                     | 4,412                    | 177,301                  | 444,512                   | 2,743,115         | -                                 | 3,397,964         |
| Loans, advances and financing  | 7,895,093                  | 2,114,103                | 782,170                  | 441,277                   | 35,904,923        | -                                 | 47,137,566        |
| Other financial and non-financial assets                               | 243,069                    | 26,517                   | 19,215                   | 17,147                    | 104,966           | 2,988,906                         | 3,399,820         |
| <b>Total assets</b>  | <b>11,589,888</b>          | <b>2,511,318</b>         | <b>1,054,091</b>         | <b>1,033,315</b>          | <b>47,719,925</b> | <b>3,292,716</b>                  | <b>67,201,253</b> |
| <b>Liabilities</b>   |                            |                          |                          |                           |                   |                                   |                   |
| Deposits from customers  | 28,614,806                 | 6,578,370                | 7,012,170                | 7,550,727                 | 20,515            | -                                 | 49,776,588        |
| Deposits and placements of banks and other financial institutions      | 458,146                    | 50,108                   | 317                      | 2,414                     | 1,333,436         | -                                 | 1,844,421         |
| Financial liabilities designated at fair value through profit or loss  | 24,138                     | 157,803                  | 128,159                  | 424,784                   | 1,148,576         | -                                 | 1,883,460         |
| Obligations on securities sold under repurchase agreements             | 1,342,361                  | 382,115                  | -                        | -                         | -                 | -                                 | 1,724,476         |
| Recourse obligations on loans and financing sold to Cagamas            | 303,260                    | 805                      | -                        | -                         | 300,031           | -                                 | 604,096           |
| Lease liabilities  | 2,112                      | 6,528                    | 7,899                    | 9,558                     | 91,027            | -                                 | 117,124           |
| Other borrowings   | -                          | -                        | 1,610                    | -                         | 300,000           | -                                 | 301,610           |
| Subordinated obligations   | 19,502                     | 2,057                    | 818                      | 399,799                   | 1,350,000         | -                                 | 1,772,176         |
| Other financial and non-financial liabilities                          | 1,391,593                  | 186,755                  | 145,468                  | 120,279                   | 595,992           | -                                 | 2,440,087         |
| <b>Total liabilities</b>   | <b>32,155,918</b>          | <b>7,364,541</b>         | <b>7,296,441</b>         | <b>8,507,561</b>          | <b>5,139,577</b>  | <b>-</b>                          | <b>60,464,038</b> |
| <b>Net maturity mismatch</b>   | <b>(20,566,030)</b>        | <b>(4,853,223)</b>       | <b>(6,242,350)</b>       | <b>(7,474,246)</b>        | <b>42,580,348</b> | <b>3,292,716</b>                  | <b>6,737,215</b>  |

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (cont'd)

##### Liquidity Risk Measures (cont'd)

#### (i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

The maturities of the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

| BANK<br>2024  | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1 year<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000   |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------|-----------------------------------|-------------------|
| <b>Assets</b>   |                            |                          |                          |                           |                   |                                   |                   |
| Cash and short-term funds   | 3,280,522                  | -                        | -                        | -                         | -                 | -                                 | 3,280,522         |
| Financial assets at fair value through profit or loss                     | 84                         | -                        | 50,573                   | -                         | 6,608             | 277,973                           | 335,238           |
| Financial investments at fair value through other<br>comprehensive income | 44,338                     | 271,108                  | 43,620                   | 205,630                   | 7,663,690         | 16                                | 8,228,402         |
| Financial investments at amortised cost                                   | 30,725                     | 53,631                   | 86,770                   | 355,655                   | 2,873,928         | -                                 | 3,400,709         |
| Loans, advances and financing   | 6,946,511                  | 2,019,644                | 714,611                  | 151,285                   | 31,404,425        | -                                 | 41,236,476        |
| Other financial and non-financial assets                                  | 1,060,974                  | 47,929                   | 35,754                   | 32,350                    | 121,818           | 2,475,865                         | 3,774,690         |
| <b>Total assets</b>   | <b>11,363,154</b>          | <b>2,392,312</b>         | <b>931,328</b>           | <b>744,920</b>            | <b>42,070,469</b> | <b>2,753,854</b>                  | <b>60,256,037</b> |
| <b>Liabilities</b>  |                            |                          |                          |                           |                   |                                   |                   |
| Deposits from customers   | 27,881,585                 | 5,261,703                | 5,463,994                | 3,891,044                 | 28,143            | -                                 | 42,526,469        |
| Deposits and placements of banks and other financial<br>institutions      | 509,628                    | 100,991                  | 64,143                   | 1,820                     | 1,189,412         | -                                 | 1,865,994         |
| Financial liabilities designated at fair value through profit<br>or loss  | 17,693                     | 63,420                   | 107,890                  | 123,953                   | 1,615,155         | -                                 | 1,928,111         |
| Obligations on securities sold under repurchase agreements                | 842,228                    | 1,180,498                | -                        | -                         | -                 | -                                 | 2,022,726         |
| Recurse obligations on loans and financing sold to<br>Cagamas             | 3,995                      | 780                      | -                        | 220,002                   | 500,019           | -                                 | 724,796           |
| Lease liabilities   | 2,438                      | 4,481                    | 5,825                    | 14,931                    | 97,037            | -                                 | 124,712           |
| Subordinated obligations  | 19,754                     | 2,125                    | 335                      | -                         | 1,449,470         | -                                 | 1,471,684         |
| Other financial and non-financial liabilities                             | 2,305,436                  | 181,854                  | 98,479                   | 83,039                    | 577,181           | -                                 | 3,245,989         |
| <b>Total liabilities</b>  | <b>31,582,757</b>          | <b>6,795,852</b>         | <b>5,740,666</b>         | <b>4,334,789</b>          | <b>5,456,417</b>  | <b>-</b>                          | <b>53,910,481</b> |
| <b>Net maturity mismatch</b>  | <b>(20,219,603)</b>        | <b>(4,403,540)</b>       | <b>(4,809,338)</b>       | <b>(3,589,869)</b>        | <b>36,614,052</b> | <b>2,753,854</b>                  | <b>6,345,556</b>  |



## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (cont'd)

## Liquidity Risk Measures (cont'd)

## (ii) Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities.

| GROUP<br>2025   | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-5<br>years<br>RM'000 | Over<br>5 years<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|-----------------------------------|-----------------|
| <b>Non derivative financial liabilities</b>                           |                            |                          |                          |                           |                         |                           |                                   |                 |
| Deposits from customers   | 36,040,424                 | 9,414,112                | 10,843,720               | 9,982,953                 | 10,967                  | -                         | -                                 | 66,292,176      |
| Deposits and placements of banks and other financial institutions     | 458,639                    | 50,292                   | 1,017                    | 4,531                     | 1,202,698               | 539,547                   | -                                 | 2,256,724       |
| Financial liabilities designated at fair value through profit or loss | 25,646                     | 171,431                  | 165,093                  | 502,633                   | 872,605                 | 431,576                   | -                                 | 2,168,984       |
| Obligations on securities sold under repurchase agreements            | -                          | 1,724,476                | -                        | -                         | -                       | -                         | -                                 | 1,724,476       |
| Recurse obligations on loans and financing sold to Cagamas            | 505,926                    | 103,291                  | 3,206                    | 6,360                     | 51,080                  | 345,406                   | -                                 | 1,015,269       |
| Lease liabilities   | 2,563                      | 7,402                    | 9,109                    | 11,744                    | 60,477                  | 45,984                    | -                                 | 137,279         |
| Other borrowings  | -                          | -                        | 9,967                    | 10,133                    | 276,450                 | 336,760                   | -                                 | 633,310         |
| Subordinated obligations  | 22,900                     | 4,091                    | 12,432                   | 438,890                   | 1,046,213               | 629,098                   | -                                 | 2,153,624       |
| Other financial liabilities   | 1,268,366                  | 127,254                  | 91,372                   | 13,458                    | 22,837                  | -                         | -                                 | 1,523,287       |
|   | 38,324,464                 | 11,602,349               | 11,135,916               | 10,970,702                | 3,543,327               | 2,328,371                 | -                                 | 77,905,129      |
| <b>Items not recognised in the statements of financial position</b>   |                            |                          |                          |                           |                         |                           |                                   |                 |
| Financial guarantees  | 57,789                     | 118,821                  | 79,677                   | 182,874                   | 101,346                 | 2,975                     | -                                 | 543,482         |
| Credit related commitments and contingencies                          | 15,157,892                 | 129,645                  | 64,218                   | 317,196                   | 6,184,123               | 759,397                   | -                                 | 22,612,471      |
|   | 15,215,681                 | 248,466                  | 143,895                  | 500,070                   | 6,285,469               | 762,372                   | -                                 | 23,155,953      |
| <b>Derivatives financial liabilities</b>                              |                            |                          |                          |                           |                         |                           |                                   |                 |
| Derivatives settled on a net basis                                    |                            |                          |                          |                           |                         |                           |                                   |                 |
| Interest rate derivatives and equity option                           | 1,332                      | 3,158                    | 8,262                    | 13,614                    | 32,082                  | 3,704                     | -                                 | 62,152          |
| Net outflow   | 1,332                      | 3,158                    | 8,262                    | 13,614                    | 32,082                  | 3,704                     | -                                 | 62,152          |
| Derivatives settled on a gross basis                                  |                            |                          |                          |                           |                         |                           |                                   |                 |
| Outflow   | 40,584                     | 15,424                   | 5,525                    | 486                       | 6,509                   | 8,033                     | -                                 | 76,561          |
| Inflow  | (38,072)                   | (16,645)                 | (4,009)                  | -                         | (6,839)                 | (7,350)                   | -                                 | (72,915)        |
|   | 2,512                      | (1,221)                  | 1,516                    | 486                       | (330)                   | 683                       | -                                 | 3,646           |

## Notes to the Financial Statements

As at 31 March 2025

### 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (cont'd)

##### Liquidity Risk Measures (cont'd)

##### (ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities. (cont'd)

| GROUP<br>2024   | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-5<br>years<br>RM'000 | Over<br>5 years<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|-----------------------------------|-----------------|
| <b>Non derivative financial liabilities</b>                           |                            |                          |                          |                           |                         |                           |                                   |                 |
| Deposits from customers   | 35,800,759                 | 8,582,065                | 7,763,553                | 5,282,166                 | 268,387                 | -                         | -                                 | 57,696,930      |
| Deposits and placements of banks and other financial institutions     | 510,722                    | 101,355                  | 70,325                   | 5,865                     | 752,175                 | 870,989                   | -                                 | 2,311,431       |
| Financial liabilities designated at fair value through profit or loss | 22,698                     | 87,507                   | 149,621                  | 177,823                   | 1,604,061               | 179,335                   | -                                 | 2,221,045       |
| Obligations on securities sold under repurchase agreements            | -                          | 2,022,726                | -                        | -                         | -                       | -                         | -                                 | 2,022,726       |
| Recourse obligations on loans and financing sold to Cagamas           | 9,157                      | 3,282                    | 12,439                   | 440,729                   | 641,650                 | 237,880                   | -                                 | 1,345,137       |
| Lease liabilities   | 2,982                      | 5,630                    | 7,562                    | 18,177                    | 85,901                  | 34,306                    | -                                 | 154,558         |
| Subordinated obligations  | 23,277                     | 4,114                    | 5,170                    | 32,148                    | 1,288,000               | 486,500                   | -                                 | 1,839,209       |
| Other financial liabilities   | 2,154,249                  | 106,654                  | 59,979                   | 12,536                    | 40,071                  | -                         | -                                 | 2,373,489       |
|   | 38,523,844                 | 10,913,333               | 8,068,649                | 5,969,444                 | 4,680,245               | 1,809,010                 | -                                 | 69,964,525      |
| <b>Items not recognised in the statements of financial position</b>   |                            |                          |                          |                           |                         |                           |                                   |                 |
| Financial guarantees  | 23,025                     | 108,167                  | 98,024                   | 178,940                   | 95,427                  | 521                       | -                                 | 504,104         |
| Credit related commitments and contingencies                          | 13,745,474                 | 257,357                  | 171,237                  | 275,481                   | 6,681,711               | 730,628                   | -                                 | 21,861,888      |
|   | 13,768,499                 | 365,524                  | 269,261                  | 454,421                   | 6,777,138               | 731,149                   | -                                 | 22,365,992      |
| <b>Derivatives financial liabilities</b>                              |                            |                          |                          |                           |                         |                           |                                   |                 |
| Derivatives settled on a net basis                                    |                            |                          |                          |                           |                         |                           |                                   |                 |
| Interest rate derivatives and equity option                           | 1,785                      | 3,134                    | 12,881                   | 22,714                    | 11,450                  | 9,288                     | -                                 | 61,252          |
| Net outflow   | 1,785                      | 3,134                    | 12,881                   | 22,714                    | 11,450                  | 9,288                     | -                                 | 61,252          |
| Derivatives settled on a gross basis                                  |                            |                          |                          |                           |                         |                           |                                   |                 |
| Outflow   | 31,231                     | 35,972                   | 27,560                   | 795                       | 15,983                  | 16,827                    | -                                 | 128,368         |
| Inflow  | (23,536)                   | (36,383)                 | (14,458)                 | (1,038)                   | (23,010)                | (14,500)                  | -                                 | (112,925)       |
|   | 7,695                      | (411)                    | 13,102                   | (243)                     | (7,027)                 | 2,327                     | -                                 | 15,443          |

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (cont'd)

## Liquidity Risk Measures (cont'd)

## (ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities. (cont'd)

| BANK<br>2025  | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-5<br>years<br>RM'000 | Over<br>5 years<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|-----------------------------------|-----------------|
| <b>Non derivative financial liabilities</b>                           |                            |                          |                          |                           |                         |                           |                                   |                 |
| Deposits from customers   | 28,625,517                 | 6,619,970                | 7,106,589                | 7,741,274                 | 20,834                  | -                         | -                                 | 50,114,184      |
| Deposits and placements of banks and other financial institutions     | 458,399                    | 50,292                   | 317                      | 2,414                     | 1,007,065               | 499,975                   | -                                 | 2,018,462       |
| Financial liabilities designated at fair value through profit or loss | 25,646                     | 171,431                  | 165,093                  | 502,633                   | 872,605                 | 431,576                   | -                                 | 2,168,984       |
| Obligations on securities sold under repurchase agreements            | -                          | 1,724,476                | -                        | -                         | -                       | -                         | -                                 | 1,724,476       |
| Recurse obligations on loans and financing sold to Cagamas            | 303,930                    | 2,244                    | 3,206                    | 6,360                     | 51,080                  | 345,406                   | -                                 | 712,226         |
| Lease liabilities   | 2,563                      | 7,402                    | 9,109                    | 11,744                    | 60,477                  | 45,984                    | -                                 | 137,279         |
| Other borrowings  | -                          | -                        | 6,070                    | 6,170                     | 48,994                  | 336,760                   | -                                 | 397,994         |
| Subordinated obligations  | 22,900                     | 4,091                    | 9,847                    | 436,347                   | 930,913                 | 629,098                   | -                                 | 2,033,196       |
| Other financial liabilities   | 1,161,693                  | 123,757                  | 81,204                   | 13,446                    | 22,837                  | -                         | -                                 | 1,402,937       |
|   | 30,600,648                 | 8,703,663                | 7,381,435                | 8,720,388                 | 3,014,805               | 2,288,799                 | -                                 | 60,709,738      |
| <b>Items not recognised in the statements of financial position</b>   |                            |                          |                          |                           |                         |                           |                                   |                 |
| Financial guarantees  | 55,174                     | 104,789                  | 60,105                   | 151,932                   | 80,513                  | 2,975                     | -                                 | 455,488         |
| Credit related commitments and contingencies                          | 12,236,915                 | 103,756                  | 51,269                   | 293,283                   | 5,539,378               | 753,296                   | -                                 | 18,977,897      |
|   | 12,292,089                 | 208,545                  | 111,374                  | 445,215                   | 5,619,891               | 756,271                   | -                                 | 19,433,385      |
| <b>Derivatives financial liabilities</b>                              |                            |                          |                          |                           |                         |                           |                                   |                 |
| Derivatives settled on a net basis                                    |                            |                          |                          |                           |                         |                           |                                   |                 |
| Interest rate derivatives and equity option                           | 1,332                      | 3,158                    | 8,262                    | 13,614                    | 32,082                  | 3,704                     | -                                 | 62,152          |
| Net outflow   | 1,332                      | 3,158                    | 8,262                    | 13,614                    | 32,082                  | 3,704                     | -                                 | 62,152          |
| Derivatives settled on a gross basis                                  |                            |                          |                          |                           |                         |                           |                                   |                 |
| Outflow   | 40,584                     | 15,424                   | 5,525                    | 486                       | 6,509                   | 8,033                     | -                                 | 76,561          |
| Inflow  | (38,072)                   | (16,645)                 | (4,009)                  | -                         | (6,839)                 | (7,350)                   | -                                 | (72,915)        |
|   | 2,512                      | (1,221)                  | 1,516                    | 486                       | (330)                   | 683                       | -                                 | 3,646           |

# Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (c) Liquidity Risk (cont'd)

#### Liquidity Risk Measures (cont'd)

#### (ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities. (cont'd)

| BANK<br>2024  | Up to<br>1 month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-5<br>years<br>RM'000 | Over<br>5 years<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|-----------------------------------|-----------------|
| <b>Non derivative financial liabilities</b>                           |                            |                          |                          |                           |                         |                           |                                   |                 |
| Deposits from customers   | 27,895,711                 | 5,296,379                | 5,544,950                | 3,982,660                 | 28,650                  | -                         | -                                 | 42,748,350      |
| Deposits and placements of banks and other financial institutions     | 509,672                    | 101,355                  | 64,955                   | 1,820                     | 688,393                 | 722,536                   | -                                 | 2,088,731       |
| Financial liabilities designated at fair value through profit or loss | 22,698                     | 87,507                   | 149,621                  | 177,823                   | 1,604,061               | 179,335                   | -                                 | 2,221,045       |
| Obligations on securities sold under repurchase agreements            | -                          | 2,022,726                | -                        | -                         | -                       | -                         | -                                 | 2,022,726       |
| Recourse obligations on loans and financing sold to Cagamas           | 5,158                      | 2,243                    | 7,402                    | 232,655                   | 338,594                 | 237,880                   | -                                 | 823,932         |
| Lease liabilities   | 2,982                      | 5,630                    | 7,562                    | 18,177                    | 85,901                  | 34,306                    | -                                 | 154,558         |
| Subordinated obligations  | 23,277                     | 4,114                    | 2,585                    | 29,647                    | 1,167,572               | 486,500                   | -                                 | 1,713,695       |
| Other financial liabilities   | 2,078,891                  | 102,684                  | 45,446                   | 10,556                    | 35,358                  | -                         | -                                 | 2,272,935       |
|   | 30,538,389                 | 7,622,638                | 5,822,521                | 4,453,338                 | 3,948,529               | 1,660,557                 | -                                 | 54,045,972      |
| <b>Items not recognised in the statements of financial position</b>   |                            |                          |                          |                           |                         |                           |                                   |                 |
| Financial guarantees  | 20,850                     | 89,686                   | 73,768                   | 141,822                   | 88,780                  | 521                       | -                                 | 415,427         |
| Credit related commitments and contingencies                          | 10,996,963                 | 250,571                  | 154,460                  | 257,196                   | 5,937,185               | 720,830                   | -                                 | 18,317,205      |
|   | 11,017,813                 | 340,257                  | 228,228                  | 399,018                   | 6,025,965               | 721,351                   | -                                 | 18,732,632      |
| <b>Derivatives financial liabilities</b>                              |                            |                          |                          |                           |                         |                           |                                   |                 |
| <b>Derivatives settled on a net basis</b>                             |                            |                          |                          |                           |                         |                           |                                   |                 |
| Interest rate derivatives and equity option                           | 1,785                      | 3,134                    | 12,881                   | 22,714                    | 11,450                  | 9,288                     | -                                 | 61,252          |
| Net outflow   | 1,785                      | 3,134                    | 12,881                   | 22,714                    | 11,450                  | 9,288                     | -                                 | 61,252          |
| <b>Derivatives settled on a gross basis</b>                           |                            |                          |                          |                           |                         |                           |                                   |                 |
| Outflow   | 31,231                     | 35,972                   | 27,560                   | 795                       | 15,983                  | 16,827                    | -                                 | 128,368         |
| Inflow  | (23,536)                   | (36,383)                 | (14,458)                 | (1,038)                   | (23,010)                | (14,500)                  | -                                 | (112,925)       |
|   | 7,695                      | (411)                    | 13,102                   | (243)                     | (7,027)                 | 2,327                     | -                                 | 15,443          |

## Notes to the Financial Statements

As at 31 March 2025

## 41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (d) Operational and Shariah Non-Compliance Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition of operational risk includes legal risk, but excludes strategic and reputational risk. Operational risk includes Shariah non-compliance risk which arises from the Group's failure to comply with the Shariah rules and principles determined by the relevant Shariah advisory councils.

Group Operational Risk of Group Risk Management formulates and implements operational risk framework within the Group while the line of businesses in conjunction with the Risk and Compliance Officers are responsible for the management of their day-to-day operational and Shariah non-compliance risks.

Operational and Shariah non-compliance risk management is a continual cyclic process which includes risk identification, assessment, control, mitigation and monitoring. This includes analysing the risk profile of the Group, determining control gaps, assessing potential loss and enhancing controls to mitigate the risks.

The main activities undertaken by the Group and the Bank in managing operational and Shariah non-compliance risks include the identification of risks and controls, monitoring of key risk indicators, reviews of policies and procedures, operational risk and Shariah non-compliance risk awareness training, and business continuity management.

For operational risk capital charge, the Group and the Bank applies BNM's standard computation as per the Capital Adequacy Framework (Operational Risk) policy document.

## 42. CAPITAL COMMITMENTS

|                                   | GROUP          |                | BANK           |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Capital expenditure:              |                |                |                |                |
| Authorised and contracted for     | 126,906        | 307,576        | 126,906        | 307,239        |
| Authorised but not contracted for | 112,458        | 83,484         | 112,444        | 83,212         |
|                                   | 239,364        | 391,060        | 239,350        | 390,451        |

The capital commitments mainly consist of computer software, property, plant and equipment and building cost.

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### 43. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The off-balance sheet notional exposures of the Group and the Bank are as follows:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <u>Credit-related exposures</u>  |                |                |                |                |
| Direct credit substitutes [Note (a)]   | 536,155        | 504,102        | 448,167        | 415,371        |
| Transaction-related contingent items [Note (a)]  | 714,231        | 716,707        | 579,231        | 624,324        |
| Short-term self-liquidating trade-related contingencies  | 118,673        | 242,230        | 103,660        | 225,444        |
| Forward assets purchase  | 7,237          | 90,285         | 7,237          | 80,783         |
| Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions | 1,689,046      | 2,117,331      | 1,689,046      | 2,117,331      |
| Irrevocable commitments to extend credit:  |                |                |                |                |
| - maturity exceeding one year  | 5,051,678      | 5,165,112      | 4,466,785      | 4,472,982      |
| - maturity not exceeding one year  | 12,923,384     | 11,640,352     | 10,023,710     | 8,906,524      |
| Unutilised credit card lines   | 2,115,549      | 1,889,873      | 2,115,549      | 1,889,873      |
|  | 23,155,953     | 22,365,992     | 19,433,385     | 18,732,632     |
| <u>Derivative financial instruments [Note (b)]</u>   |                |                |                |                |
| Foreign exchange related contracts:  |                |                |                |                |
| - one year or less   | 14,982,172     | 16,304,813     | 14,982,172     | 16,304,813     |
| - over one year to three years   | 400,299        | 987,439        | 400,299        | 987,439        |
| - over three years   | 8,862          | 120,483        | 8,862          | 120,483        |
| Interest rate related contracts:   |                |                |                |                |
| - one year or less   | 4,118,349      | 1,633,954      | 4,118,349      | 1,633,954      |
| - over one year to three years   | 8,601,276      | 6,177,524      | 8,601,276      | 6,177,524      |
| - over three years   | 14,298,218     | 10,316,175     | 14,298,218     | 10,316,175     |
| Equity related contracts:  |                |                |                |                |
| - one year or less   | 316,353        | 311,349        | 316,353        | 311,349        |
| - over one year to three years   | 98,607         | 142,040        | 98,607         | 142,040        |
|  | 42,824,136     | 35,993,777     | 42,824,136     | 35,993,777     |
|  | 65,980,089     | 58,359,769     | 62,257,521     | 54,726,409     |

Note:

- Included in direct credit substitutes and transaction-related contingent items are financial guarantee contracts of RM536,245,000 and RM455,488,000 (2024: RM504,104,000 and RM415,427,000) for the Group and the Bank respectively, of which the fair value at the time of issuance is RM Nil.
- These derivatives are valued on gross position basis and the unrealised gains or losses have been reflected in the statements of income and statements of financial position as derivatives financial assets and derivatives financial liabilities. The fair value of derivatives are disclosed under Note 8.

## Notes to the Financial Statements

As at 31 March 2025

## 44. CAPITAL ADEQUACY

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions which took effect on 9 December 2020 has ended on 31 March 2024.

Effective from 1 April 2024, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Bank and the Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The Group and the Bank have sufficient capital as follows:

|  | GROUP          |         | BANK           |         |
|--|----------------|---------|----------------|---------|
|  | 2025           | 2024    | 2025           | 2024    |
| (i) With transitional arrangements         |                |         |                |         |
| <u>Before deducting proposed dividends</u> |                |         |                |         |
| CET I capital ratio                        | <b>12.465%</b> | 13.268% | <b>12.321%</b> | 13.443% |
| Tier I capital ratio                       | <b>13.654%</b> | 13.979% | <b>13.620%</b> | 14.111% |
| Total capital ratio                        | <b>16.995%</b> | 17.559% | <b>17.048%</b> | 18.100% |
| <u>After deducting proposed dividends</u>  |                |         |                |         |
| CET I capital ratio                        | <b>12.184%</b> | 12.907% | <b>11.959%</b> | 12.970% |
| Tier I capital ratio                       | <b>13.374%</b> | 13.619% | <b>13.258%</b> | 13.637% |
| Total capital ratio                        | <b>16.714%</b> | 17.199% | <b>16.686%</b> | 17.627% |
| (ii) Without transitional arrangements     |                |         |                |         |
| <u>Before deducting proposed dividends</u> |                |         |                |         |
| CET I capital ratio                        | <b>12.465%</b> | 12.890% | <b>12.321%</b> | 13.152% |
| Tier I capital ratio                       | <b>13.654%</b> | 13.602% | <b>13.620%</b> | 13.820% |
| Total capital ratio                        | <b>16.995%</b> | 17.182% | <b>17.048%</b> | 17.809% |
| <u>After deducting proposed dividends</u>  |                |         |                |         |
| CET I capital ratio                        | <b>12.184%</b> | 12.530% | <b>11.959%</b> | 12.679% |
| Tier I capital ratio                       | <b>13.374%</b> | 13.242% | <b>13.258%</b> | 13.346% |
| Total capital ratio                        | <b>16.714%</b> | 16.822% | <b>16.686%</b> | 17.336% |



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### 44. CAPITAL ADEQUACY (CONT'D)

- (a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital under the revised Capital Adequacy Framework are as follows:

|  | GROUP            |                  | BANK             |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2025<br>RM'000   | 2024<br>RM'000   | 2025<br>RM'000   | 2024<br>RM'000   |
| <b>CET I Capital</b>                           |                  |                  |                  |                  |
| Paid-up share capital                          | 1,548,106        | 1,548,106        | 1,548,106        | 1,548,106        |
| Retained profits                               | 6,014,117        | 5,549,407        | 5,092,252        | 4,724,987        |
| Regulatory reserves                            | 117,173          | 155,485          | 117,173          | 155,485          |
| FVOCI reserves                                 | (22,102)         | (88,924)         | (21,738)         | (83,848)         |
| Capital reserves                               | 10,018           | 10,018           | -                | -                |
|  | 7,667,312        | 7,174,092        | 6,735,793        | 6,344,730        |
| (Less)/add: Regulatory adjustments             |                  |                  |                  |                  |
| - Goodwill and other intangibles               | (517,038)        | (462,372)        | (515,385)        | (460,219)        |
| - Deferred tax assets                          | (219,086)        | (217,253)        | (152,643)        | (153,468)        |
| - Regulatory reserves                          | (117,173)        | (155,485)        | (117,173)        | (155,485)        |
| - Investment in subsidiaries and joint venture | (1,182)          | (1,135)          | (732,316)        | (647,750)        |
| - Transitional arrangements                    | -                | 185,468          | -                | 109,029          |
| Total CET I Capital                            | 6,812,833        | 6,523,315        | 5,218,276        | 5,036,837        |
| Additional Tier I Capital Securities           | 650,000          | 350,000          | 550,000          | 250,000          |
| Total Additional Tier I Capital                | 650,000          | 350,000          | 550,000          | 250,000          |
| Total Tier I Capital                           | 7,462,833        | 6,873,315        | 5,768,276        | 5,286,837        |
| <b>Tier II Capital</b>                         |                  |                  |                  |                  |
| Subordinated obligations                       | 1,199,871        | 1,199,662        | 1,199,799        | 1,199,470        |
| Expected credit losses and regulatory reserves | 625,926          | 560,485          | 482,166          | 425,185          |
| Less: Regulatory adjustments                   |                  |                  |                  |                  |
| - Investment in Tier II capital instruments    | -                | -                | (230,000)        | (130,000)        |
| Total Tier II Capital                          | 1,825,797        | 1,760,147        | 1,451,965        | 1,494,655        |
| <b>Total Capital</b>                           | <b>9,288,630</b> | <b>8,633,462</b> | <b>7,220,241</b> | <b>6,781,492</b> |

- (b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

|                                    | GROUP          |                | BANK           |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| Credit risk                        | 50,074,096     | 44,838,827     | 38,573,323     | 34,014,770     |
| Market risk                        | 973,124        | 560,041        | 961,274        | 559,800        |
| Operational risk                   | 3,609,152      | 3,768,311      | 2,817,142      | 2,892,670      |
| Total RWA and capital requirements | 54,656,372     | 49,167,179     | 42,351,739     | 37,467,240     |

Detailed information on the risk exposures above is presented in the Bank's Pillar 3 Report.

## Notes to the Financial Statements

As at 31 March 2025

## 44. CAPITAL ADEQUACY (CONT'D)

(c) The capital adequacy ratios of the banking subsidiaries are as follows:

|  | ALLIANCE ISLAMIC BANK BERHAD   |         |                                   |         |
|--|--------------------------------|---------|-----------------------------------|---------|
|  | With transitional arrangements |         | Without transitional arrangements |         |
|  | 2025                           | 2024    | 2025                              | 2024    |
| <u>Before deducting proposed dividends</u> |                                |         |                                   |         |
| CET I capital ratio                        | <b>13.334%</b>                 | 12.938% | <b>13.334%</b>                    | 12.287% |
| Tier I capital ratio                       | <b>14.146%</b>                 | 13.785% | <b>14.146%</b>                    | 13.134% |
| Total capital ratio                        | <b>17.195%</b>                 | 16.049% | <b>17.195%</b>                    | 15.398% |
| <u>After deducting proposed dividends</u>  |                                |         |                                   |         |
| CET I capital ratio                        | <b>12.889%</b>                 | 12.930% | <b>12.889%</b>                    | 12.279% |
| Tier I capital ratio                       | <b>13.701%</b>                 | 13.778% | <b>13.701%</b>                    | 13.127% |
| Total capital ratio                        | <b>16.750%</b>                 | 16.042% | <b>16.750%</b>                    | 15.391% |

## 45. CAPITAL

In managing its capital, the Group's objectives are:

- (a) to maintain sufficient capital resources to meet the regulatory capital requirements as set forth by BNM;
- (b) to maintain sufficient capital resources to support the Group's risk appetite and to enable future business growth; and
- (c) to meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are comfortably above the regulatory requirement, while balancing shareholders' desire for sustainable returns and high standards of prudence.

The Group carries out stress testing to estimate the potential impact of extreme, but plausible, events on the Group's earnings, balance sheet and capital. The results of the stress test are to facilitate the formation of action plan(s) in advance if the stress test reveals that the Group's capital will be adversely affected. The results of the stress test are tabled to the Group Risk Management Committee for approval.

The Group's and the Bank's regulatory capital are determined based on the criteria set out in BNM's Capital Adequacy Framework. The Group and the Bank ensure that there is sufficient regulatory capital to comply with the prescribed capital adequacy ratio requirements at all times.

## Notes to the Financial Statements

As at 31 March 2025

### 46. FAIR VALUE MEASUREMENTS

#### (a) Determination of fair value and the fair value hierarchy

MFRS 13 “Fair Value Measurement” requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### (i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm’s length basis. This includes listed equities and corporate debt securities which are actively traded.

#### (ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use market parameters, including but not limited to yield curves, volatilities and foreign exchange rates, as inputs. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes and most of the Group’s and the Bank’s derivatives.

#### (iii) Financial instruments in Level 3

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, net asset value, discounted cash flows, and other appropriate valuation models. These include private equity investments.

## Notes to the Financial Statements

As at 31 March 2025

## 46. FAIR VALUE MEASUREMENTS (CONT'D)

## (b) Financial instruments measured at fair value and the fair value hierarchy

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

| GROUP<br>2025   | Level 1<br>RM'000         | Level 2<br>RM'000         | Level 3<br>RM'000         | Total<br>RM'000         |
|---|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>Assets</b>   |                           |                           |                           |                         |
| Financial assets at FVTPL   |                           |                           |                           |                         |
| - Money market instruments  | -                         | 844                       | -                         | 844                     |
| - Unquoted securities   | -                         | 1,357                     | 303,798                   | 305,155                 |
| Financial investments at FVOCI  |                           |                           |                           |                         |
| - Money market instruments  | -                         | 6,283,985                 | -                         | 6,283,985               |
| - Quoted securities in Malaysia                                       | 14                        | -                         | -                         | 14                      |
| - Unquoted securities   | -                         | 4,915,630                 | -                         | 4,915,630               |
| Derivative financial assets   | -                         | 151,261                   | -                         | 151,261                 |
| <b>Liabilities</b>  |                           |                           |                           |                         |
| Financial liabilities designated at fair value through profit or loss | -                         | 1,883,460                 | -                         | 1,883,460               |
| Derivative financial liabilities                                      | -                         | 247,625                   | -                         | 247,625                 |
| <b>GROUP<br/>2024</b>   | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>Assets</b>   |                           |                           |                           |                         |
| Financial assets at FVTPL   |                           |                           |                           |                         |
| - Money market instruments  | -                         | 55,838                    | -                         | 55,838                  |
| - Unquoted securities   | -                         | 1,427                     | 277,973                   | 279,400                 |
| Financial investments at FVOCI  |                           |                           |                           |                         |
| - Money market instruments  | -                         | 5,561,784                 | -                         | 5,561,784               |
| - Quoted securities in Malaysia                                       | 16                        | -                         | -                         | 16                      |
| - Unquoted securities   | -                         | 4,485,511                 | -                         | 4,485,511               |
| Derivative financial assets   | -                         | 183,035                   | -                         | 183,035                 |
| <b>Liabilities</b>  |                           |                           |                           |                         |
| Financial liabilities designated at fair value through profit or loss | -                         | 1,928,111                 | -                         | 1,928,111               |
| Derivative financial liabilities                                      | -                         | 287,067                   | -                         | 287,067                 |

## Notes to the Financial Statements

As at 31 March 2025

### 46. FAIR VALUE MEASUREMENTS (CONT'D)

#### (b) Financial instruments measured at fair value and the fair value hierarchy (cont'd)

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy: (cont'd)

| <b>BANK<br/>2025</b>  | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>Assets</b>   |                           |                           |                           |                         |
| Financial assets at FVTPL   |                           |                           |                           |                         |
| - Money market instruments  | -                         | 844                       | -                         | 844                     |
| - Unquoted securities   | -                         | 1,357                     | 303,798                   | 305,155                 |
| Financial investments at FVOCI  |                           |                           |                           |                         |
| - Money market instruments  | -                         | 5,381,728                 | -                         | 5,381,728               |
| - Quoted securities in Malaysia                                       | 14                        | -                         | -                         | 14                      |
| - Unquoted securities   | -                         | 3,976,139                 | -                         | 3,976,139               |
| Derivative financial assets   | -                         | 151,261                   | -                         | 151,261                 |
| <b>Liabilities</b>  |                           |                           |                           |                         |
| Financial liabilities designated at fair value through profit or loss | -                         | 1,883,460                 | -                         | 1,883,460               |
| Derivative financial liabilities                                      | -                         | 247,625                   | -                         | 247,625                 |
| <b>BANK<br/>2024</b>  | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>Assets</b>   |                           |                           |                           |                         |
| Financial assets at FVTPL   |                           |                           |                           |                         |
| - Money market instruments  | -                         | 55,838                    | -                         | 55,838                  |
| - Unquoted securities   | -                         | 1,427                     | 277,973                   | 279,400                 |
| Financial investments at FVOCI  |                           |                           |                           |                         |
| - Money market instruments  | -                         | 4,860,708                 | -                         | 4,860,708               |
| - Quoted securities in Malaysia                                       | 16                        | -                         | -                         | 16                      |
| - Unquoted securities   | -                         | 3,367,678                 | -                         | 3,367,678               |
| Derivative financial assets   | -                         | 183,035                   | -                         | 183,035                 |
| <b>Liabilities</b>  |                           |                           |                           |                         |
| Financial liabilities designated at fair value through profit or loss | -                         | 1,928,111                 | -                         | 1,928,111               |
| Derivative financial liabilities                                      | -                         | 287,067                   | -                         | 287,067                 |

There were no transfers between levels of the fair value hierarchy for the Group and the Bank during the financial years ended 31 March 2025 and 31 March 2024.

## Notes to the Financial Statements

As at 31 March 2025

## 46. FAIR VALUE MEASUREMENTS (CONT'D)

## (b) Financial instruments measured at fair value and the fair value hierarchy (cont'd)

The table below outlines the reconciliation of movements in Level 3 financial instruments:

|   | GROUP          |                | BANK           |                |
|---|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| At 1 April  | 277,973        | 257,206        | 277,973        | 257,206        |
| Acquisition during the year                         | 200            | -              | 200            | -              |
| Total gains recognised in statements of income      |                |                |                |                |
| (i) Revaluation gain from financial assets at FVTPL | 25,625         | 20,767         | 25,625         | 20,767         |
| At 31 March   | 303,798        | 277,973        | 303,798        | 277,973        |

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs (Level 3) constitutes a small component of the Group's and the Bank's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the Level 3 financial instruments.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):

| Description               | Fair value assets |                | Valuation techniques | Unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---------------------------|-------------------|----------------|----------------------|---------------------|---|
|                           | 2025<br>RM'000    | 2024<br>RM'000 |                      |                     |   |
| <u>GROUP</u>              |                   |                |                      |                     |   |
| Financial assets at FVTPL |                   |                |                      |                     |   |
| Unquoted securities       | 303,798           | 277,973        | Net tangible assets  | Net tangible assets | Higher net tangible assets results in higher fair value                               |
| <u>BANK</u>               |                   |                |                      |                     |   |
| Financial assets at FVTPL |                   |                |                      |                     |   |
| Unquoted securities       | 303,798           | 277,973        | Net tangible assets  | Net tangible assets | Higher net tangible assets results in higher fair value                               |

## Notes to the Financial Statements

As at 31 March 2025

### 46. FAIR VALUE MEASUREMENTS (CONT'D)

#### (c) Fair values of financial instruments not carried at fair value

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statements of financial position. It does not include those short term/on demand financial assets and liabilities where the carrying amounts are approximate to their fair values.

| GROUP<br>2025   | Fair value        |                   |                   |                 | Carrying<br>amount<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|------------------------------|
|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |                              |
| <b>Financial assets</b>   |                   |                   |                   |                 |                              |
| Deposits and placements with banks and other financial institutions | -                 | 611,989           | -                 | 611,989         | 611,989                      |
| Financial investments at amortised cost                             | -                 | 4,136,344         | -                 | 4,136,344       | 4,065,023                    |
| Loans, advances and financing                                       | -                 | -                 | 60,821,512        | 60,821,512      | 61,418,548                   |
| <b>Financial liabilities</b>  |                   |                   |                   |                 |                              |
| Deposits from customers   | -                 | 65,835,148        | -                 | 65,835,148      | 65,834,954                   |
| Deposits and placements of banks and other financial institutions   | -                 | 3,485,876         | -                 | 3,485,876       | 2,054,909                    |
| Obligations on securities sold under repurchase agreements          | -                 | 1,719,678         | -                 | 1,719,678       | 1,724,476                    |
| Recourse obligations on loans and financing sold to Cagamas         | -                 | 975,692           | -                 | 975,692         | 905,646                      |
| Other borrowings  | -                 | 500,000           | -                 | 500,000         | 502,644                      |
| Subordinated obligations  | -                 | 1,847,294         | -                 | 1,847,294       | 1,872,304                    |

| GROUP<br>2024   | Fair value        |                   |                   |                 | Carrying<br>amount<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|------------------------------|
|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |                              |
| <b>Financial assets</b>   |                   |                   |                   |                 |                              |
| Financial investments at amortised cost                           | -                 | 3,931,031         | -                 | 3,931,031       | 3,870,445                    |
| Loans, advances and financing                                     | -                 | -                 | 54,168,178        | 54,168,178      | 54,720,750                   |
| <b>Financial liabilities</b>                                      |                   |                   |                   |                 |                              |
| Deposits from customers   | -                 | 57,399,627        | -                 | 57,399,627      | 57,397,495                   |
| Deposits and placements of banks and other financial institutions | -                 | 2,052,248         | -                 | 2,052,248       | 2,055,057                    |
| Obligations on securities sold under repurchase agreements        | -                 | 2,014,711         | -                 | 2,014,711       | 2,022,726                    |
| Recourse obligations on loans and financing sold to Cagamas       | -                 | 866,852           | -                 | 866,852         | 1,227,674                    |
| Subordinated obligations  | -                 | 1,547,221         | -                 | 1,547,221       | 1,571,918                    |



## Notes to the Financial Statements

As at 31 March 2025

## 46. FAIR VALUE MEASUREMENTS (CONT'D)

## (c) Fair values of financial instruments not carried at fair value (cont'd)

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statements of financial position. It does not include those short term/on demand financial assets and liabilities where the carrying amounts are approximate to their fair values. (cont'd)

| BANK<br>2025  | Fair value        |                   |                   |                 | Carrying<br>amount<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|------------------------------|
|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |                              |
| <b>Financial assets</b>   |                   |                   |                   |                 |                              |
| Deposits and placements with banks and other financial institutions | -                 | 257,130           | -                 | 257,130         | 257,130                      |
| Financial investments at amortised cost                             | -                 | 3,445,713         | -                 | 3,445,713       | 3,397,964                    |
| Loans, advances and financing                                       | -                 | -                 | 46,573,940        | 46,573,940      | 47,137,566                   |
| <b>Financial liabilities</b>  |                   |                   |                   |                 |                              |
| Deposits from customers   | -                 | 49,776,766        | -                 | 49,776,766      | 49,776,588                   |
| Deposits and placements of banks and other financial institutions   | -                 | 3,107,804         | -                 | 3,107,804       | 1,844,421                    |
| Obligations on securities sold under repurchase agreements          | -                 | 1,719,678         | -                 | 1,719,678       | 1,724,476                    |
| Recourse obligations on loans and financing sold to Cagamas         | -                 | 672,258           | -                 | 672,258         | 604,096                      |
| Other borrowings  | -                 | 300,000           | -                 | 300,000         | 301,610                      |
| Subordinated obligations  | -                 | 1,749,799         | -                 | 1,749,799       | 1,772,176                    |

| BANK<br>2024  | Fair value        |                   |                   |                 | Carrying<br>amount<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|------------------------------|
|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |                              |
| <b>Financial assets</b>   |                   |                   |                   |                 |                              |
| Financial investments at amortised cost                           | -                 | 3,433,231         | -                 | 3,433,231       | 3,400,709                    |
| Loans, advances and financing                                     | -                 | -                 | 40,716,341        | 40,716,341      | 41,236,476                   |
| <b>Financial liabilities</b>                                      |                   |                   |                   |                 |                              |
| Deposits from customers   | -                 | 42,526,642        | -                 | 42,526,642      | 42,526,469                   |
| Deposits and placements of banks and other financial institutions | -                 | 1,864,735         | -                 | 1,864,735       | 1,865,994                    |
| Obligations on securities sold under repurchase agreements        | -                 | 2,014,711         | -                 | 2,014,711       | 2,022,726                    |
| Recourse obligations on loans and financing sold to Cagamas       | -                 | 549,690           | -                 | 549,690         | 724,796                      |
| Subordinated obligations  | -                 | 1,449,470         | -                 | 1,449,470       | 1,471,684                    |

## Notes to the Financial Statements

As at 31 March 2025

### 46. FAIR VALUE MEASUREMENTS (CONT'D)

#### (c) Fair values of financial instruments not carried at fair value (cont'd)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

##### (i) Financial investments at amortised cost

The fair values are estimated based on quoted or observable market prices at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the expected future cash flows are discounted using prevailing market rates for a similar instrument at the end of the reporting period.

##### (ii) Loans, advances and financing

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values. For fixed rate loans and Islamic financing with remaining maturity of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at applicable prevailing rates at the end of the reporting period offered to new borrowers with similar credit profiles. In respect of impaired loans, the fair values represented by their carrying values, net of impairment allowances, will be the expected recoverable amount.

##### (iii) Deposits from customers, deposits and placements of banks and other financial institutions

The fair values of deposit liabilities payable on demand (demand and savings deposits), or deposits with maturity of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on expected future cash flows discounted at applicable prevailing rates offered for deposits of similar remaining maturities. For negotiable instruments of deposits, the fair values are estimated based on quoted or observable market prices as at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values of negotiable instruments of deposits are estimated using the discounted cash flow technique.

##### (iv) Recourse obligations on loans and financing sold to Cagamas

The fair values of recourse obligations on loans and financing sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at the end of the reporting period.

##### (v) Other borrowings and subordinated obligations

The fair value of the other borrowings and subordinated bonds/notes is estimated based on the discounted cash flows techniques using the current yield curve appropriate for the remaining term to maturity.

## Notes to the Financial Statements

As at 31 March 2025

## 47. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 “Financial Instruments: Presentation”, the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- (i) all financial assets and liabilities that are reported net on the statements of financial position; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

## (a) Financial assets

|                                | Gross<br>amounts of<br>recognised<br>financial<br>assets<br>RM'000 | Gross<br>amounts of<br>recognised<br>financial<br>liabilities set<br>off in the<br>statements<br>of financial<br>position<br>RM'000 | Net<br>amounts<br>of financial<br>assets<br>presented<br>in the<br>statements<br>of financial<br>position<br>RM'000 | Related amounts not set<br>off in the statements of<br>financial position |  |                         |
|--------------------------------|--|---|---|---|--|-------------------------|
|                                |  |   |   | Financial<br>instruments<br>RM'000  | Cash<br>collateral<br>received<br>RM'000 | Net<br>amount<br>RM'000 |
| <b>GROUP/BANK</b>              |  |   |   |   |  |                         |
| 2025                           |  |   |   |   |  |                         |
| Derivative financial<br>assets | 151,261  | -   | 151,261   | (104,027)   | (21,056)                                 | 26,178                  |
| <b>GROUP/BANK</b>              |  |   |   |   |  |                         |
| 2024                           |  |   |   |   |  |                         |
| Derivative financial<br>assets | 183,035  | -   | 183,035   | (95,755)  | (7,042)                                  | 80,238                  |

# Notes to the Financial Statements

As at 31 March 2025

## 47. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

### (b) Financial liabilities

|                                     |         | Gross<br>amounts of<br>recognised<br>financial<br>assets set<br>off in the<br>statements<br>of financial<br>position<br>RM'000 | Gross<br>amounts of<br>recognised<br>financial<br>liabilities<br>RM'000 | Net<br>amounts<br>of financial<br>liabilities<br>presented<br>in the<br>statements<br>of financial<br>position<br>RM'000 | Related amounts not set<br>off in the statements of<br>financial position |   |                         |
|-------------------------------------|---------|--|---|--|---|---|-------------------------|
|                                     |         |  |   |  | Financial<br>instruments<br>RM'000  | Cash<br>collateral<br>pledged<br>RM'000 | Net<br>amount<br>RM'000 |
| <b>GROUP/BANK</b>                   |         |  |   |  |   |   |                         |
| 2025                                |         |  |   |  |   |   |                         |
| Derivative financial<br>liabilities | 247,625 | -  | 247,625   | (104,027)  | (104,225)   | 39,373                                  |                         |
| <b>GROUP/BANK</b>                   |         |  |   |  |   |   |                         |
| 2024                                |         |  |   |  |   |   |                         |
| Derivative financial<br>liabilities | 287,067 | -  | 287,067   | (95,755)   | (154,394)   | 36,918                                  |                         |

For the financial assets and liabilities subject to enforceable master netting arrangements or similar agreements, each agreement between the Group and the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting arrangement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

## Notes to the Financial Statements

As at 31 March 2025

### 48. SEGMENT INFORMATION

The following segment information has been prepared in accordance with MFRS 8 “Operating Segments”, which defines the requirements for the disclosure of financial information of an entity’s operating segments. The operating segments results are prepared and provided to the chief operating decision-maker based on the Group’s internal management reporting reflective of the organisation’s management reporting structure.

Based on the results presented to the chief operating decision-maker, funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between the Group’s companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management (cash management, investment services, share trading and bancassurance). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers SME, and Corporate and Commercial Banking. SME Banking customers comprise the self-employed, and small and medium scale enterprises. Corporate and Commercial Banking serves the public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provides foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Others

Others refers to mainly other business operations such as alternative distribution channels, trustee services, head office, stockbroking and corporate advisory services.

## Notes to the Financial Statements

As at 31 March 2025

### 48. SEGMENT INFORMATION (CONT'D)

| Group<br>As at 31 March 2025   | Consumer<br>Banking<br>RM'000 | Business<br>Banking<br>RM'000 | Financial<br>Markets<br>RM'000 | Others<br>RM'000 | Total<br>Operations<br>RM'000 | Inter-<br>segment<br>Elimination<br>RM'000 | Total<br>RM'000 |
|--|-------------------------------|-------------------------------|--------------------------------|------------------|-------------------------------|--|-----------------|
| Net interest income  |                               |                               |                                |                  |                               |  |                 |
| - External income/(expense)  | 582,137                       | 558,454                       | 302,581                        | (2,583)          | 1,440,589                     | 10,538                                     | 1,451,127       |
| - Inter-segment  | (126,768)                     | 131,257                       | (4,489)                        | -                | -                             | -  | -               |
| Net income from Islamic banking business   | 455,369                       | 689,711                       | 298,092                        | (2,583)          | 1,440,589                     | 10,538                                     | 1,451,127       |
| Other operating income/(loss)  | 230,279                       | 191,106                       | 97,283                         | 20,298           | 538,966                       | 8,112                                      | 547,078         |
| Net income   | 106,548                       | 190,332                       | (25,893)                       | 28,820           | 299,807                       | (28,073)                                   | 271,734         |
| Other operating expenses   | 792,196                       | 1,071,149                     | 369,482                        | 46,535           | 2,279,362                     | (9,423)                                    | 2,269,939       |
| Depreciation and amortisation  | (471,245)                     | (414,572)                     | (45,362)                       | (56,495)         | (987,674)                     | 180  | (987,494)       |
| Operating profit/(loss) before allowance   | (50,884)                      | (45,422)                      | (4,755)                        | (739)            | (101,800)                     | 795  | (101,005)       |
| (Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets | 270,067                       | 611,155                       | 319,365                        | (10,699)         | 1,189,888                     | (8,448)                                    | 1,181,440       |
| (Allowance for)/write-back of expected credit losses on financial investments                                    | (139,489)                     | (48,793)                      | 68                             | 267              | (187,947)                     | -  | (187,947)       |
| Segment results  | -                             | (516)                         | (546)                          | -                | (1,062)                       | 447  | (615)           |
| Share of results of joint venture  | 130,578                       | 561,846                       | 318,887                        | (10,432)         | 1,000,879                     | (8,001)                                    | 992,878         |
| Taxation and zakat   |                               |                               |                                |                  |                               |  | 47              |
| Net profit for the financial year  |                               |                               |                                |                  |                               |  | (242,199)       |
| Segment assets   |                               |                               |                                |                  |                               |  | 750,726         |
| Reconciliation of segment assets to consolidated assets:   | 32,822,280                    | 33,257,142                    | 18,834,862                     | 477,327          | 85,391,611                    | (1,408,966)                                | 83,982,645      |
| Investment in joint venture  |                               |                               |                                |                  |                               |  | 1,182           |
| Property, plant and equipment  |                               |                               |                                |                  |                               |  | 491,572         |
| Tax recoverable and deferred tax assets  |                               |                               |                                |                  |                               |  | 224,868         |
| Intangible assets  |                               |                               |                                |                  |                               |  | 517,038         |
| Total assets   |                               |                               |                                |                  |                               |  | 85,217,305      |

Notes to the Financial Statements  
As at 31 March 2025

## 48. SEGMENT INFORMATION (CONTD)

| Group  | Consumer<br>Banking<br>RM'000 | Business<br>Banking<br>RM'000 | Financial<br>Markets<br>RM'000 | Others<br>RM'000 | Total<br>Operations<br>RM'000 | Inter -<br>segment<br>Elimination<br>RM'000 | Total<br>RM'000 |
|--|-------------------------------|-------------------------------|--------------------------------|------------------|-------------------------------|---|-----------------|
| <b>As at 31 March 2024</b>   |                               |                               |                                |                  |                               |   |                 |
| Net interest income  |                               |                               |                                |                  |                               |   |                 |
| - External income/(expense)  | 464,196                       | 546,361                       | 290,477                        | (1,461)          | 1,299,573                     | 9,999                                       | 1,309,572       |
| - Inter-segment  | (103,986)                     | 110,965                       | (6,979)                        | -                | -                             | -   | -               |
| Net income from Islamic banking business   | 360,210                       | 657,326                       | 283,498                        | (1,461)          | 1,299,573                     | 9,999                                       | 1,309,572       |
| Other operating income/(loss)  | 169,773                       | 165,580                       | 91,836                         | 9,055            | 436,244                       | 3,867                                       | 440,111         |
| Net income   | 125,643                       | 180,564                       | (40,441)                       | 27,860           | 293,626                       | (22,859)                                    | 270,767         |
| Other operating expenses   | 655,626                       | 1,003,470                     | 334,893                        | 35,454           | 2,029,443                     | (8,993)                                     | 2,020,450       |
| Depreciation and amortisation  | (434,904)                     | (350,799)                     | (39,349)                       | (51,256)         | (876,308)                     | 251   | (876,057)       |
| Operating profit/(loss) before allowance   | (49,071)                      | (42,365)                      | (5,551)                        | (1,694)          | (98,681)                      | 1,009                                       | (97,672)        |
| (Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets | 171,651                       | 610,306                       | 289,993                        | (17,496)         | 1,054,454                     | (7,733)                                     | 1,046,721       |
| (Allowance for)/write-back of expected credit losses on financial investments                                    | (23,032)                      | (112,587)                     | (32)                           | 756              | (134,895)                     | -   | (134,895)       |
| Segment results  | -                             | (252)                         | (400)                          | 132              | (520)                         | (25)  | (545)           |
| Share of results of joint venture  | 148,619                       | 497,467                       | 289,561                        | (16,608)         | 919,039                       | (7,758)                                     | 911,281         |
| Taxation and zakat   |                               |                               |                                |                  |                               |   | 41              |
| Net profit for the financial year  |                               |                               |                                |                  |                               |   | (220,847)       |
| Segment assets   | 28,771,731                    | 28,954,989                    | 19,099,699                     | 420,074          | 77,246,493                    | (1,225,863)                                 | 76,020,630      |
| Reconciliation of segment assets to consolidated assets:   |                               |                               |                                |                  |                               |   |                 |
| Investment in joint venture  |                               |                               |                                |                  |                               |   | 1,135           |
| Property, plant and equipment  |                               |                               |                                |                  |                               |   | 234,093         |
| Tax recoverable and deferred tax assets  |                               |                               |                                |                  |                               |   | 227,892         |
| Intangible assets  |                               |                               |                                |                  |                               |   | 462,372         |
| Total assets   |                               |                               |                                |                  |                               |   | 76,946,122      |



## Notes to the Financial Statements

As at 31 March 2025

### 49. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Bank has proposed to undertake a Renounceable Rights Issue of new ordinary shares to the entitled shareholders of Alliance Bank Malaysia Berhad (“ABMB”) to raise a gross proceed of approximately RM600.0 million (“Proposed Rights Issue”) for the Group’s general banking, financing and investing activities. On 30 May 2025, the shareholders of the Bank had at an Extraordinary General Meeting approved the Rights Issue, and the Board had subsequently fixed the entitlement basis of 2 Rights Shares for every 17 existing ABMB Shares held at an issue price of RM3.33 per Rights Share.

### 50. SUBSEQUENT EVENT

The Bank has announced that it proposed to establish and implement a Long-Term Incentive Plan to be offered to eligible employees and Executive Directors, if any, of the Bank and its subsidiaries who fulfil the eligibility criteria as set out in the by-laws. This is intended to attract, retain, motivate and reward eligible employees through the award of the Bank’s shares that will be vested to them upon meeting certain performance conditions and any other vesting conditions as may be determined by the Board.



**ALLIANCE BANK**  
**Alliance Bank Malaysia Berhad**  
198201008390 (88103-W)

# BASEL II PILLAR 3 REPORT

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# Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 1.0 OVERVIEW

Bank Negara Malaysia (“BNM”)’s Capital Adequacy Frameworks require Alliance Bank Malaysia Berhad (“Bank”) and its subsidiaries (“Group”) to maintain an adequate level of capital to withstand potential losses arising from its operations. BNM’s Capital Adequacy Frameworks cover three main aspects:

- (a) Pillar 1 - covers the calculation of risk-weighted assets for credit risk, market risk and operational risk;
- (b) Pillar 2 - involves assessment of other risks (e.g. interest rate risk in the banking book, liquidity risk and concentration risk) not covered under Pillar 1. This promotes the adoption of forward-looking approaches to capital management and stress testing/risk simulation techniques; and
- (c) Pillar 3 - covers disclosure and external communication of risk and capital information by banks.

The Pillar 3 Disclosure for the financial year ended 31 March 2025 for the Bank and the Group is in accordance with BNM’s Risk-Weighted Capital Adequacy Framework (“RWCAF”) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (“CAFIB”) – Disclosures Requirements (Pillar 3).

The Group has adopted the Standardised Approach for credit risk and market risk; and BNM’s standard computation method for operational risk in determining the capital requirements of Pillar 1.

### 1.1 Medium and Location of Disclosure

The Pillar 3 Disclosure will be made available under the Governance & Investor Relations section of the Group’s website at <http://www.alliancebank.com.my/home.aspx> and as a separate report in the annual and half-yearly financial reports.

### 1.2 Basis of Disclosure

The Group’s Pillar 3 Disclosure is governed by the Bank’s Pillar 3 Disclosure Policy. This policy outlines the minimum disclosure standards, the approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process. Pillar 3 Disclosure is to be read in conjunction with the Group’s and Bank’s financial statements for the financial year ended 31 March 2025. Whilst this document discloses the Group’s assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the financial statements for the financial year ended 31 March 2025 published by the Group.

These disclosures have been reviewed and verified by an independent internal party and approved by the Board of Directors (“Board”) of the Group.

### 1.3 Comparative Information

The corresponding Pillar 3 Disclosure in the preceding reporting period would be as at 31 March 2024.

## Basel II Pillar 3 Report

### For The Financial Year Ended 31 March 2025

#### 1.0 OVERVIEW (CONT'D.)

##### 1.4 Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis comprising information on Alliance Bank Malaysia Berhad (“Bank”), its subsidiaries and joint ventures. The Group offers Conventional and Islamic banking services. The latter includes accepting deposits and providing financing under Shariah principles via the Bank’s wholly-owned subsidiary, Alliance Islamic Bank Berhad (“AISB”).

There were no significant events occurred within the reporting period as at 31 March 2025.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes. Investments in subsidiaries, associate companies and joint ventures are deducted from regulatory capital.

The Bank did not experience any significant restrictions or other major impediments on the transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiaries of the Group as at the end of financial year end.

#### 2.0 CAPITAL

The Group maintains a strong capital base to support its current activities and future growth, to meet regulatory capital requirements at all times and to buffer against potential losses.

The Group’s Internal Capital Adequacy Assessment Process (“ICAAP”) covers the following:

- (a) Assesses inherent risks in the business against risk captured under Pillar 1, and risks not sufficiently or not captured under Pillar 1;
- (b) Estimates the potential impact of extreme but plausible events on the Group’s earnings, balance sheet and capital via stress testing;
- (c) Sets internal capital targets which include buffers to cushion potential stress losses and contingency plan(s) where warranted; and
- (d) Regularly monitors and reports portfolio risk profiles, required capital and available capital.

ICAAP results are regularly reported to Group Risk Management Committee (“GRMC”) and the Board to facilitate proactive capital management.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 2.0 CAPITAL (CONT'D.)

#### 2.1 Capital Adequacy Ratios

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions which took effect on 9 December 2020 has ended on 31 March 2024.

Effective from 1 April 2024, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The framework sets out the approach for computing regulatory ratios as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirement set forth under Basel III. The risk-weighted assets of the Group and the Bank are computed using the Standardised Approach for credit risk and market risk, and BNM's standard computation method for operational risk.

(a) The Group and the Bank have sufficient capital as follows:

|  | GROUP          |         | BANK           |         |
|--|----------------|---------|----------------|---------|
|  | 2025           | 2024    | 2025           | 2024    |
| (i) With Transitional Arrangements         |                |         |                |         |
| <u>Before Deducting Proposed Dividends</u> |                |         |                |         |
| CET I Capital Ratio                        | <b>12.465%</b> | 13.268% | <b>12.321%</b> | 13.443% |
| Tier I Capital Ratio                       | <b>13.654%</b> | 13.979% | <b>13.620%</b> | 14.111% |
| Total Capital Ratio                        | <b>16.995%</b> | 17.559% | <b>17.048%</b> | 18.100% |
| <u>After Deducting Proposed Dividends</u>  |                |         |                |         |
| CET I Capital Ratio                        | <b>12.184%</b> | 12.907% | <b>11.959%</b> | 12.970% |
| Tier I Capital Ratio                       | <b>13.374%</b> | 13.619% | <b>13.258%</b> | 13.637% |
| Total Capital Ratio                        | <b>16.714%</b> | 17.199% | <b>16.686%</b> | 17.627% |
| (ii) Without Transitional Arrangements     |                |         |                |         |
| <u>Before Deducting Proposed Dividends</u> |                |         |                |         |
| CET I Capital Ratio                        | <b>12.465%</b> | 12.890% | <b>12.321%</b> | 13.152% |
| Tier I Capital Ratio                       | <b>13.654%</b> | 13.602% | <b>13.620%</b> | 13.820% |
| Total Capital Ratio                        | <b>16.995%</b> | 17.182% | <b>17.048%</b> | 17.809% |
| <u>After Deducting Proposed Dividends</u>  |                |         |                |         |
| CET I Capital Ratio                        | <b>12.184%</b> | 12.530% | <b>11.959%</b> | 12.679% |
| Tier I Capital Ratio                       | <b>13.374%</b> | 13.242% | <b>13.258%</b> | 13.346% |
| Total Capital Ratio                        | <b>16.714%</b> | 16.822% | <b>16.686%</b> | 17.336% |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 2.0 CAPITAL (CONT'D.)

#### 2.1 Capital Adequacy Ratios (cont'd.)

(b) The capital adequacy ratios of the banking subsidiaries are as follows:

|  | ALLIANCE ISLAMIC BANK BERHAD |         |                           |         |
|--|------------------------------|---------|---------------------------|---------|
|  | With                         |         | Without                   |         |
|  | Transitional Arrangements    |         | Transitional Arrangements |         |
|  | 2025                         | 2024    | 2025                      | 2024    |
| <u>Before Deducting Proposed Dividends</u> |                              |         |                           |         |
| CET I Capital Ratio                        | <b>13.334%</b>               | 12.938% | <b>13.334%</b>            | 12.287% |
| Tier I Capital Ratio                       | <b>14.146%</b>               | 13.785% | <b>14.146%</b>            | 13.134% |
| Total Capital Ratio                        | <b>17.195%</b>               | 16.049% | <b>17.195%</b>            | 15.398% |
| <u>After Deducting Proposed Dividends</u>  |                              |         |                           |         |
| CET I Capital Ratio                        | <b>12.889%</b>               | 12.930% | <b>12.889%</b>            | 12.279% |
| Tier I Capital Ratio                       | <b>13.701%</b>               | 13.778% | <b>13.701%</b>            | 13.127% |
| Total Capital Ratio                        | <b>16.750%</b>               | 16.042% | <b>16.750%</b>            | 15.391% |

The Group's and the Bank's capital ratios comply with the prescribed capital adequacy ratios under BNM's Capital Adequacy Framework.

#### 2.2 Capital Structure

The total regulatory capital of the Bank consists of eligible Tier 1 and Tier 2 capital satisfying the requirements laid out in BNM's Guideline on Capital Adequacy Framework (Capital Components).

Common Equity Tier 1 (CET 1), a component of Tier 1 capital, has the highest Loss-Absorption capability which consists of ordinary share capital, retained profit and reserves, net of regulatory adjustments.

Other forms of regulatory capital maintained by the Bank (in addition to CET 1) include additional Tier 1 capital instruments and Tier 2 capital such as subordinated obligations, surplus eligible provisions over expected losses and general provisions.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 2.0 CAPITAL (CONT'D.)

#### 2.2 Capital Structure (cont'd.)

The following tables present the components of CET I, Tier I and Tier II capital:

|   | GROUP            |                  | BANK             |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>RM'000   | 2024<br>RM'000   | 2025<br>RM'000   | 2024<br>RM'000   |
| <b><u>CET I Capital/Tier 1 Capital</u></b>  |                  |                  |                  |                  |
| Paid-Up Share Capital   | 1,548,106        | 1,548,106        | 1,548,106        | 1,548,106        |
| Retained Profits  | 6,014,117        | 5,549,407        | 5,092,252        | 4,724,987        |
| Regulatory Reserves (Note 1)  | 117,173          | 155,485          | 117,173          | 155,485          |
| Financial Investments at Fair Value Through<br>Other Comprehensive Income ("FVOCI")<br>Reserves | (22,102)         | (88,924)         | (21,738)         | (83,848)         |
| Capital Reserves  | 10,018           | 10,018           | -                | -                |
|   | 7,667,312        | 7,174,092        | 6,735,793        | 6,344,730        |
| (Less)/Add: Regulatory Adjustments  |                  |                  |                  |                  |
| - Goodwill and Other Intangibles  | (517,038)        | (462,372)        | (515,385)        | (460,219)        |
| - Deferred Tax Assets   | (219,086)        | (217,253)        | (152,643)        | (153,468)        |
| - Regulatory Reserves (Note 1)  | (117,173)        | (155,485)        | (117,173)        | (155,485)        |
| - Investment in Subsidiaries,<br>Associate and Joint Venture                                    | (1,182)          | (1,135)          | (732,316)        | (647,750)        |
| - Transitional Arrangements   | -                | 185,468          | -                | 109,029          |
| Total CET I Capital   | 6,812,833        | 6,523,315        | 5,218,276        | 5,036,837        |
| Additional Tier I Capital Securities  | 650,000          | 350,000          | 550,000          | 250,000          |
| Total Additional Tier I Capital   | 650,000          | 350,000          | 550,000          | 250,000          |
| Total Tier I Capital  | 7,462,833        | 6,873,315        | 5,768,276        | 5,286,837        |
| <b><u>Tier II Capital</u></b>   |                  |                  |                  |                  |
| Subordinated Obligations  | 1,199,871        | 1,199,662        | 1,199,799        | 1,199,470        |
| Expected Credit Losses and Regulatory<br>Reserves (Note 1 & Note 2)                             | 625,926          | 560,485          | 482,166          | 425,185          |
| Less: Regulatory Adjustments  |                  |                  |                  |                  |
| - Investment in Tier II Capital<br>Instruments  | -                | -                | (230,000)        | (130,000)        |
| Total Tier II Capital   | 1,825,797        | 1,760,147        | 1,451,965        | 1,494,655        |
| <b>Total Capital</b>  | <b>9,288,630</b> | <b>8,633,462</b> | <b>7,220,241</b> | <b>6,781,492</b> |

Note 1: The Bank maintained its prudent stand in relation to maintaining the regulatory reserves to preserve the potential deterioration of credit quality.

Note 2: Expected Credit Losses ("ECL") for S1 & S2 only.



## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 2.0 CAPITAL (CONT'D.)

## 2.3 Risk-Weighted Assets ("RWA") and Capital Requirements

## Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirements of the Group and the Bank:

| GROUP<br>2025<br>Exposure Class   | Gross<br>Exposures<br>RM'000 | Net<br>Exposures<br>RM'000 | Risk-<br>Weighted<br>Assets<br>RM'000 | Capital<br>Requirements<br>RM'000 |
|---|------------------------------|----------------------------|---------------------------------------|-----------------------------------|
| (a) <u>Credit Risk</u>  |                              |                            |                                       |                                   |
| On-Balance Sheet Exposures:   |                              |                            |                                       |                                   |
| Sovereigns/Central Banks  | 11,977,081                   | 11,977,081                 | -                                     | -                                 |
| Public Sector Entities  | 812,550                      | 812,550                    | 43,364                                | 3,469                             |
| Banks, Development Financial<br>Institutions ("DFIs") and Multilateral<br>Development Banks | 3,938,202                    | 3,938,202                  | 801,923                               | 64,154                            |
| Insurance Companies, Securities Firms<br>and Fund Managers                                  | 270,010                      | 269,440                    | 268,031                               | 21,443                            |
| Corporates  | 30,168,273                   | 27,871,846                 | 22,541,381                            | 1,803,311                         |
| Regulatory Retail   | 16,429,642                   | 15,327,750                 | 11,266,613                            | 901,329                           |
| Residential Mortgages   | 19,083,993                   | 19,071,852                 | 8,198,923                             | 655,914                           |
| Higher Risk Assets  | 4,595                        | 4,595                      | 6,893                                 | 551                               |
| Other Assets  | 1,507,547                    | 1,507,547                  | 1,238,255                             | 99,060                            |
| Defaulted Exposures   | 637,070                      | 634,800                    | 603,365                               | 48,269                            |
| Total On-Balance Sheet Exposures  | 84,828,963                   | 81,415,663                 | 44,968,748                            | 3,597,500                         |
| Off-Balance Sheet Exposures:  |                              |                            |                                       |                                   |
| Credit-Related Off-Balance Sheet Exposures  | 6,546,524                    | 5,789,668                  | 4,695,459                             | 375,637                           |
| Derivative Financial Instruments  | 1,492,233                    | 1,492,233                  | 407,505                               | 32,600                            |
| Defaulted Exposures   | 1,737                        | 1,736                      | 2,384                                 | 191                               |
| Total Off-Balance Sheet Exposures   | 8,040,494                    | 7,283,637                  | 5,105,348                             | 408,428                           |
| Total On and Off-Balance Sheet Exposures  | 92,869,457                   | 88,699,300                 | 50,074,096                            | 4,005,928                         |
| (b) <u>Market Risk</u>  |                              |                            |                                       |                                   |
|   | Long Position                | Short Position             |                                       |                                   |
| Interest Rate Risk  | 44,160,852                   | (44,165,786)               | 694,076                               | 55,526                            |
| Foreign Exchange Risk   | 22,889                       | (267,498)                  | 267,498                               | 21,400                            |
|   | 44,183,741                   | (44,433,284)               |                                       |                                   |
| Option Risk   |                              |                            | 11,550                                | 924                               |
| Total   |                              |                            | 973,124                               | 77,850                            |
| (c) <u>Operational Risk</u>   | -                            | -                          | 3,609,152                             | 288,732                           |
| <b>Total</b>  | <b>92,869,457</b>            | <b>88,699,300</b>          | <b>54,656,372</b>                     | <b>4,372,510</b>                  |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 2.0 CAPITAL (CONT'D.)

#### 2.3 RWA and Capital Requirements (cont'd.)

##### Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd.):

| <b>BANK<br/>2025</b>                                       | <b>Gross<br/>Exposures<br/>RM'000</b> | <b>Net<br/>Exposures<br/>RM'000</b> | <b>Risk-<br/>Weighted<br/>Assets<br/>RM'000</b> | <b>Capital<br/>Requirements<br/>RM'000</b> |
|--|---------------------------------------|-------------------------------------|---|--|
| <b>Exposure Class</b>                                      |                                       |                                     |   |  |
| (a) <u>Credit Risk</u>                                     |                                       |                                     |   |  |
| On-Balance Sheet Exposures:                                |                                       |                                     |   |  |
| Sovereigns/Central Banks                                   | 9,412,699                             | 9,412,699                           | -   | -  |
| Public Sector Entities                                     | 445,483                               | 445,483                             | 11,106  | 888  |
| Banks, DFIs and Multilateral<br>Development Banks          | 3,195,634                             | 3,195,634                           | 724,861   | 57,989                                     |
| Insurance Companies, Securities Firms<br>and Fund Managers | 245,871                               | 245,301                             | 243,892   | 19,511                                     |
| Corporates   | 23,585,154                            | 21,460,793                          | 17,358,371                                      | 1,388,669                                  |
| Regulatory Retail  | 12,199,312                            | 11,200,851                          | 7,915,084                                       | 633,207                                    |
| Residential Mortgages                                      | 14,672,374                            | 14,661,088                          | 6,389,359                                       | 511,149                                    |
| Higher Risk Assets   | 3,708                                 | 3,708                               | 5,562   | 445  |
| Other Assets   | 1,485,121                             | 1,485,120                           | 1,215,828                                       | 97,266                                     |
| Defaulted Exposures  | 450,416                               | 448,217                             | 432,477   | 34,599                                     |
| <b>Total On-Balance Sheet Exposures</b>                    | <b>65,695,772</b>                     | <b>62,558,894</b>                   | <b>34,296,540</b>                               | <b>2,743,723</b>                           |
| Off-Balance Sheet Exposures:                               |                                       |                                     |   |  |
| Credit-Related Off-Balance Sheet Exposures                 | 5,516,887                             | 4,842,984                           | 3,867,458                                       | 309,397                                    |
| Derivative Financial Instruments                           | 1,492,233                             | 1,492,233                           | 407,505   | 32,600                                     |
| Defaulted Exposures  | 1,314                                 | 1,314                               | 1,820   | 146  |
| <b>Total Off-Balance Sheet Exposures</b>                   | <b>7,010,434</b>                      | <b>6,336,531</b>                    | <b>4,276,783</b>                                | <b>342,143</b>                             |
| <b>Total On and Off-Balance Sheet Exposures</b>            | <b>72,706,206</b>                     | <b>68,895,425</b>                   | <b>38,573,323</b>                               | <b>3,085,866</b>                           |
| (b) <u>Market Risk</u>                                     |                                       |                                     |   |  |
|  | <b>Long Position</b>                  | <b>Short Position</b>               |   |  |
| Interest Rate Risk   | 44,160,852                            | (44,165,786)                        | 694,076   | 55,526                                     |
| Foreign Exchange Risk                                      | 22,889                                | (267,197)                           | 267,198   | 21,376                                     |
|  | <b>44,183,741</b>                     | <b>(44,432,983)</b>                 |   |  |
| Option Risk  |                                       |                                     | -   | -  |
| <b>Total</b>   |                                       |                                     | <b>961,274</b>                                  | <b>76,902</b>                              |
| (c) <u>Operational Risk</u>                                | -                                     | -                                   | 2,817,142                                       | 225,371                                    |
| <b>Total</b>   | <b>72,706,206</b>                     | <b>68,895,425</b>                   | <b>42,351,739</b>                               | <b>3,388,139</b>                           |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 2.0 CAPITAL (CONT'D.)

#### 2.3 RWA and Capital Requirements (cont'd.)

##### Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd.):

| GROUP<br>2024<br>Exposure Class   | Gross<br>Exposures<br>RM'000 | Net<br>Exposures<br>RM'000 | Risk-<br>Weighted<br>Assets<br>RM'000 | Capital<br>Requirements<br>RM'000 |
|---|------------------------------|----------------------------|---------------------------------------|-----------------------------------|
| (a) <u>Credit Risk</u>  |                              |                            |                                       |                                   |
| On-Balance Sheet Exposures:   |                              |                            |                                       |                                   |
| Sovereigns/Central Banks  | 10,777,276                   | 10,777,276                 | -                                     | -                                 |
| Public Sector Entities  | 657,296                      | 657,296                    | 18,003                                | 1,440                             |
| Banks, Development Financial<br>Institutions ("DFIs") and Multilateral<br>Development Banks | 4,070,429                    | 4,070,429                  | 846,960                               | 67,757                            |
| Insurance Companies, Securities Firms<br>and Fund Managers                                  | 154,161                      | 113,276                    | 109,494                               | 8,760                             |
| Corporates  | 26,112,896                   | 24,169,315                 | 19,912,257                            | 1,592,981                         |
| Regulatory Retail   | 14,808,899                   | 13,775,414                 | 10,096,526                            | 807,722                           |
| Residential Mortgages   | 17,322,898                   | 17,312,876                 | 7,225,276                             | 578,022                           |
| Higher Risk Assets  | 4,677                        | 4,677                      | 7,016                                 | 561                               |
| Other Assets  | 1,939,496                    | 1,939,496                  | 1,053,058                             | 84,245                            |
| Defaulted Exposures   | 644,645                      | 644,032                    | 587,243                               | 46,979                            |
| <b>Total On-Balance Sheet Exposures</b>   | <b>76,492,673</b>            | <b>73,464,087</b>          | <b>39,855,833</b>                     | <b>3,188,467</b>                  |
| Off-Balance Sheet Exposures:  |                              |                            |                                       |                                   |
| Credit-Related Off-Balance Sheet Exposures  | 6,430,078                    | 5,760,968                  | 4,582,439                             | 366,595                           |
| Derivative Financial Instruments  | 1,267,844                    | 1,267,844                  | 398,676                               | 31,894                            |
| Defaulted Exposures   | 1,443                        | 1,442                      | 1,879                                 | 150                               |
| <b>Total Off-Balance Sheet Exposures</b>  | <b>7,699,365</b>             | <b>7,030,254</b>           | <b>4,982,994</b>                      | <b>398,639</b>                    |
| <b>Total On and Off-Balance Sheet Exposures</b>   | <b>84,192,038</b>            | <b>80,494,341</b>          | <b>44,838,827</b>                     | <b>3,587,106</b>                  |
| (b) <u>Market Risk</u>  |                              |                            |                                       |                                   |
|   | Long Position                | Short Position             |                                       |                                   |
| Interest Rate Risk  | 36,481,488                   | (36,437,694)               | 432,687                               | 34,615                            |
| Foreign Exchange Risk   | 22,660                       | (127,348)                  | 127,354                               | 10,187                            |
|   | 36,504,148                   | (36,565,042)               |                                       |                                   |
| Option Risk   |                              |                            | -                                     | -                                 |
| <b>Total</b>  |                              |                            | <b>560,041</b>                        | <b>44,802</b>                     |
| (c) <u>Operational Risk</u>   | -                            | -                          | 3,768,311                             | 301,465                           |
| <b>Total</b>  | <b>84,192,038</b>            | <b>80,494,341</b>          | <b>49,167,179</b>                     | <b>3,933,373</b>                  |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 2.0 CAPITAL (CONT'D.)

#### 2.3 RWA and Capital Requirements (cont'd.)

##### Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd.):

| <b>BANK<br/>2024<br/>Exposure Class</b>                    | <b>Gross<br/>Exposures<br/>RM'000</b> | <b>Net<br/>Exposures<br/>RM'000</b> | <b>Risk-<br/>Weighted<br/>Assets<br/>RM'000</b> | <b>Capital<br/>Requirements<br/>RM'000</b> |
|--|---------------------------------------|-------------------------------------|---|--|
| (a) <u>Credit Risk</u>                                     |                                       |                                     |   |  |
| On-Balance Sheet Exposures:                                |                                       |                                     |   |  |
| Sovereigns/Central Banks                                   | 8,547,759                             | 8,547,759                           | -   | -  |
| Public Sector Entities                                     | 466,599                               | 466,598                             | 11,865  | 949  |
| Banks, DFIs and Multilateral<br>Development Banks          | 3,615,773                             | 3,615,773                           | 827,336   | 66,187                                     |
| Insurance Companies, Securities Firms<br>and Fund Managers | 76,476                                | 35,591                              | 33,367  | 2,669                                      |
| Corporates   | 20,070,833                            | 18,303,122                          | 15,145,200                                      | 1,211,616                                  |
| Regulatory Retail  | 10,833,654                            | 9,895,192                           | 6,959,127                                       | 556,730                                    |
| Residential Mortgages                                      | 12,921,969                            | 12,912,446                          | 5,431,129                                       | 434,490                                    |
| Higher Risk Assets   | 3,717                                 | 3,717                               | 5,576   | 446  |
| Other Assets   | 1,911,440                             | 1,911,440                           | 1,025,002                                       | 82,000                                     |
| Defaulted Exposures  | 445,047                               | 444,826                             | 413,221   | 33,059                                     |
| <b>Total On-Balance Sheet Exposures</b>                    | <b>58,893,267</b>                     | <b>56,136,464</b>                   | <b>29,851,823</b>                               | <b>2,388,146</b>                           |
| Off-Balance Sheet Exposures:                               |                                       |                                     |   |  |
| Credit-Related Off-Balance Sheet Exposures                 | 5,390,009                             | 4,786,206                           | 3,762,710                                       | 301,017                                    |
| Derivative Financial Instruments                           | 1,267,844                             | 1,267,844                           | 398,676   | 31,894                                     |
| Defaulted Exposures  | 1,187                                 | 1,187                               | 1,561   | 125  |
| <b>Total Off-Balance Sheet Exposures</b>                   | <b>6,659,040</b>                      | <b>6,055,237</b>                    | <b>4,162,947</b>                                | <b>333,036</b>                             |
| <b>Total On and Off-Balance Sheet Exposures</b>            | <b>65,552,307</b>                     | <b>62,191,701</b>                   | <b>34,014,770</b>                               | <b>2,721,182</b>                           |
| (b) <u>Market Risk</u>                                     |                                       |                                     |   |  |
|  | Long Position                         | Short Position                      |   |  |
| Interest Rate Risk   | 36,481,488                            | (36,437,694)                        | 432,687   | 34,615                                     |
| Foreign Exchange Risk                                      | 22,660                                | (127,106)                           | 127,113   | 10,168                                     |
|  | 36,504,148                            | (36,564,800)                        |   |  |
| Option Risk  |                                       |                                     | -   | -  |
| <b>Total</b>   |                                       |                                     | <b>559,800</b>                                  | <b>44,783</b>                              |
| (c) <u>Operational Risk</u>                                | -                                     | -                                   | 2,892,670                                       | 231,414                                    |
| <b>Total</b>   | <b>65,552,307</b>                     | <b>62,191,701</b>                   | <b>37,467,240</b>                               | <b>2,997,379</b>                           |

Note: Under Islamic banking, the Group does not use Profit-Sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The Group and the Bank do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

## Basel II Pillar 3 Report

### For The Financial Year Ended 31 March 2025

### 3.0 RISK MANAGEMENT

The Board and the Management of Alliance Bank are committed to ensure that the Bank's corporate objectives are supported by a sound risk strategy with an effective risk management framework that is appropriate to the nature, scale and complexity of the Bank's activities.

#### 3.1 Risk Management Framework

The Bank's risk management framework recognises the diversity of the organisation's activities by balancing the Board's strong supervision with well-defined independent risk management functions within each business area. The Bank's Risk Management Framework is embedded in our respective business activities in order to integrate risk-taking and decision-making with prudent risk management principles. It provides a structured approach for the Bank to form a consolidated and aggregated view of all risks identified at entity, business segment and product levels; and to manage these risks in a holistic manner alongside business objectives and compliance requirements.

#### 3.2 Risk Governance and Organisation

The Bank adopts the Three Lines of Defence model in managing risks collectively. The Three Lines of Defence comprises the following:

- (a) 1<sup>st</sup> Line of Defence, whereby the risk taking role is played by Business Units and aided by Business Support functions;
- (b) 2<sup>nd</sup> Line of Defence, whereby the independent risk control role is played by Group Risk Management and Group Compliance (inclusive of the Shariah Review Team); and
- (c) 3<sup>rd</sup> Line of Defence, whereby the independent risk assurance role is played by Group Internal Audit.

The governance structure adopted within the Group provides a transparent and effective system that promotes active involvement from the Board and senior management in the risk management process to ensure a uniform view of risk across the Group.

The Board established the GRMC to assist the Board to oversee risk-related and compliance-related frameworks, strategies, policies and methodologies.

The Executive Risk Management Committee ("ERMC") and other Management Committees, oversee and advise the Management on risk-related matters including risk policies, to support the sustainability of the Bank.

#### 3.3 Risk Strategy

The Bank establishes appropriate risk governance, processes and controls in order to pursue its strategic business objectives with confidence, to protect its balance sheet and stakeholders' interest, and to deliver sustainable profitability. While it may not be possible or feasible to eliminate all inherent risks within the Bank, a set of risk mitigation techniques has been established to reduce the impact of these risks.

#### 3.4 Risk Appetite

Risk Appetite describes the high-level risk parameters and thresholds the Bank is willing to assume in pursuit of its strategic business objectives. These high level thresholds are then cascaded, where appropriate, into more granular limits and targets across the various portfolios and business units.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 3.0 RISK MANAGEMENT (CONT'D.)

#### 3.5 Risk Culture

Our Board members, Senior Management and staff are all ambassadors of the Bank's risk culture. Hence, the Bank employs the key elements of leadership, supervision, guidance, counselling and communication to shape and cultivate a desirable risk culture.

#### 3.6 Risk Management Process

The Bank's risk management process embeds the Bank's culture and practices. It starts with risk identification, followed by risk assessment, risk mitigation and control, risk monitoring, risk reporting, escalation and disclosure. The risk management processes of different types of risk are explained in the following sections.

### 4.0 CREDIT RISK

Credit risk is the risk of financial loss resulting from the failure of the Bank's borrowers or counterparties to fulfil their contractual obligations to repay their loans or to settle financial commitments.

#### *Credit Risk Management*

The Board, via the GRMC, established a Credit Risk Management Framework ("CRMF") which outlines the broad principles for managing credit risk of the Group.

Credit approval is under the purview of the Executive Committee, Group Management Credit Committee and Credit Underwriters, depending on the size and complexity of the loans.

Retail loans are subject to portfolio reviews and corporate loans are subject to periodic individual borrower or group reviews. The Portfolio Review Committee for the respective lines of business, assisted by embedded risk units, helps to manage the portfolio quality, and formulates action plans to manage identified risks. The process also ensures alignment of business strategy with the Bank's risk appetite.

Potential problem loans or issues related to portfolios are identified through our Early Warning Framework and thematic reviews, where applicable. Impaired loans are recovered internally or through authorised agents.

In the aspect of credit risk measurement, quantitative tools such as application and behavioural scorecards (for retail loans) and credit rating model (for corporate loans) play an integral role in supporting risk informed pricing, underwriting and portfolio management strategies. In order to manage model risk and ensure that the models remain fit-for-purpose, periodic model validations of all credit models are carried out by an independent validation team within Group Risk Management. The broad principles and framework governing the validation of credit models are set out in the Independent Model Validation Framework. Validation covers both quantitative and qualitative aspects of the model, such as back-testing to assess model performance and accuracy, as well as qualitative evaluation of rating system operations, model design, governance and data quality.

Entity-level Risk Dashboards are escalated to the ERM (Senior Management Level), GRMC (Board Level) and the Board for deliberation and strategic direction.

Group Risk Management is responsible for assessing the adequacy and effectiveness of the risk management framework, policies and guidelines. Embedded risk units are responsible for monitoring business activities and ensuring that they are carried out within the approved policies and business models.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONTD.)

#### *Credit Risk Management (cont'd.)*

Group Risk Management also performs periodic post approval credit reviews on sampling basis covering the Consumer, Small and Medium Enterprises (“SMEs”), Corporate and Commercial portfolios to independently assess the quality of credit practices across the Group. The review reports are presented to the GRMC and Group Audit Committee for their notation. Status of all outstanding issues are tracked until closure.

Stress testing is used to identify potential vulnerable risk areas of the Bank’s portfolios to stress events and assess the impact to earnings and capital. Stress tests are performed using a variety of market and economic assumptions to assess possible vulnerability and to formulate effective mitigation actions when required. Sensitivity analysis are conducted to assess the potential effect of individual risk factors.

Group Internal Audit reviews the Bank’s credit processes regularly and recommends corrective measures or enhancements. These reviews provide Senior Management with the assurance that the policies, processes and guidelines are adhered to.

#### *Impaired Loans and Provisions*

Past due accounts are loan accounts with any payment of principal and/or interest due and not paid, but are not classified as impaired. Loans are classified as impaired if the mandatory impairment thresholds are exceeded or judgmentally impaired when there are reasonable grounds to believe that the borrower may not be able to repay the entire loan amount.

Provisions for expected credit losses are carried out based on the MFRS 9 approach, loans with defined risk characteristics are transferred to Stage 2 and provisions are estimated based on potential losses for the remaining lifetime of the exposures. Impaired loans are classified as Stage 3 under MFRS 9. Loans that are not classified as Stage 2 or 3 will remain in Stage 1 where provisions will be estimated based on the probability of default over the next 12 months.

Please refer to Note 2(j)(i) of the audited financial statements for accounting policies on impairment of financial assets.



## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.1 Distribution of Credit Exposures

##### (a) Geographical Distribution

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

| GROUP<br>2025  | Geographical Region |                   |                    |                 |                   |                               |                 |
|--|---------------------|-------------------|--------------------|-----------------|-------------------|-------------------------------|-----------------|
|  | Northern<br>RM'000  | Central<br>RM'000 | Southern<br>RM'000 | Sabah<br>RM'000 | Sarawak<br>RM'000 | Outside<br>Malaysia<br>RM'000 | Total<br>RM'000 |
| Exposure Class   |                     |                   |                    |                 |                   |                               |                 |
| Sovereigns/Central Banks                                   | -                   | 11,977,081        | -                  | -               | -                 | -                             | 11,977,081      |
| Public Sector Entities                                     | -                   | 662,287           | -                  | 150,263         | -                 | -                             | 812,550         |
| Banks, DFIs and Multilateral<br>Development Banks          | -                   | 3,728,288         | -                  | 30,036          | 4,008             | 175,870                       | 3,938,202       |
| Insurance Companies, Securities Firms<br>and Fund Managers | 10                  | 269,907           | -                  | 62              | 31                | -                             | 270,010         |
| Corporates   | 3,291,464           | 21,381,944        | 2,755,930          | 1,907,144       | 831,791           | -                             | 30,168,273      |
| Regulatory Retail  | 1,643,227           | 10,941,214        | 2,083,779          | 1,174,838       | 586,584           | -                             | 16,429,642      |
| Residential Mortgages                                      | 694,190             | 15,349,160        | 2,060,738          | 793,103         | 186,802           | -                             | 19,083,993      |
| Higher Risk Assets   | -                   | 1,245             | 2,266              | -               | 1,084             | -                             | 4,595           |
| Other Assets   | -                   | 1,507,547         | -                  | -               | -                 | -                             | 1,507,547       |
| Defaulted Exposures  | 61,007              | 500,376           | 49,354             | 21,656          | 4,677             | -                             | 637,070         |
| Total On-Balance Sheet Exposures                           | 5,689,898           | 66,319,049        | 6,952,067          | 4,077,102       | 1,614,977         | 175,870                       | 84,828,963      |
| Credit-Related Off-Balance Sheet Exposures                 | 595,198             | 4,627,747         | 806,953            | 323,933         | 192,693           | -                             | 6,546,524       |
| Derivative Financial Instruments                           | -                   | 1,492,233         | -                  | -               | -                 | -                             | 1,492,233       |
| Defaulted Exposures  | 391                 | 949               | 4                  | 31              | 362               | -                             | 1,737           |
| Total Off-Balance Sheet Exposures                          | 595,589             | 6,120,929         | 806,957            | 323,964         | 193,055           | -                             | 8,040,494       |
| Total Credit Exposures                                     | 6,285,487           | 72,439,978        | 7,759,024          | 4,401,066       | 1,808,032         | 175,870                       | 92,869,457      |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 4.0 CREDIT RISK (CONT'D.)

## 4.1 Distribution of Credit Exposures (cont'd.)

## (a) Geographical Distribution (cont'd.)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd.)

| BANK<br>2025   | Geographical Region |                   |                    |                 |                   |                               |                 |
|--|---------------------|-------------------|--------------------|-----------------|-------------------|-------------------------------|-----------------|
|  | Northern<br>RM'000  | Central<br>RM'000 | Southern<br>RM'000 | Sabah<br>RM'000 | Sarawak<br>RM'000 | Outside<br>Malaysia<br>RM'000 | Total<br>RM'000 |
| Exposure Class   |                     |                   |                    |                 |                   |                               |                 |
| Sovereigns/Central Banks                                   | -                   | 9,412,699         | -                  | -               | -                 | -                             | 9,412,699       |
| Public Sector Entities                                     | -                   | 445,450           | -                  | 33              | -                 | -                             | 445,483         |
| Banks, DFIs and Multilateral<br>Development Banks          | -                   | 2,989,728         | -                  | 30,036          | -                 | 175,870                       | 3,195,634       |
| Insurance Companies, Securities Firms<br>and Fund Managers | 10                  | 245,768           | -                  | 62              | 31                | -                             | 245,871         |
| Corporates   | 2,140,634           | 17,327,937        | 2,262,879          | 1,239,044       | 614,660           | -                             | 23,585,154      |
| Regulatory Retail  | 1,012,640           | 8,242,991         | 1,608,536          | 858,326         | 476,819           | -                             | 12,199,312      |
| Residential Mortgages                                      | 567,691             | 11,714,673        | 1,690,427          | 542,107         | 157,476           | -                             | 14,672,374      |
| Higher Risk Assets   | -                   | 454               | 2,170              | -               | 1,084             | -                             | 3,708           |
| Other Assets   | -                   | 1,485,121         | -                  | -               | -                 | -                             | 1,485,121       |
| Defaulted Exposures  | 41,084              | 357,167           | 38,000             | 10,251          | 3,914             | -                             | 450,416         |
| Total On-Balance Sheet Exposures                           | 3,762,059           | 52,221,988        | 5,602,012          | 2,679,859       | 1,253,984         | 175,870                       | 65,695,772      |
| Credit-Related Off-Balance Sheet Exposures                 | 398,819             | 4,031,984         | 700,437            | 257,561         | 128,086           | -                             | 5,516,887       |
| Derivative Financial Instruments                           | -                   | 1,492,233         | -                  | -               | -                 | -                             | 1,492,233       |
| Defaulted Exposures  | 371                 | 565               | 3                  | 13              | 362               | -                             | 1,314           |
| Total Off-Balance Sheet Exposures                          | 399,190             | 5,524,782         | 700,440            | 257,574         | 128,448           | -                             | 7,010,434       |
| Total Credit Exposures                                     | 4,161,249           | 57,746,770        | 6,302,452          | 2,937,433       | 1,382,432         | 175,870                       | 72,706,206      |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.1 Distribution of Credit Exposures (cont'd.)

##### (a) Geographical Distribution (cont'd.)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd.)

| GROUP<br>2024  | Geographical Region |                   |                    |                  |                   |                               | Total<br>RM'000   |
|--|---------------------|-------------------|--------------------|------------------|-------------------|-------------------------------|-------------------|
|  | Northern<br>RM'000  | Central<br>RM'000 | Southern<br>RM'000 | Sabah<br>RM'000  | Sarawak<br>RM'000 | Outside<br>Malaysia<br>RM'000 |                   |
| <b>Exposure Class</b>                                      |                     |                   |                    |                  |                   |                               |                   |
| Sovereigns/Central Banks                                   | -                   | 10,777,276        | -                  | -                | -                 | -                             | 10,777,276        |
| Public Sector Entities                                     | -                   | 637,188           | -                  | 20,108           | -                 | -                             | 657,296           |
| Banks, DFIs and Multilateral<br>Development Banks          | -                   | 3,787,767         | -                  | 80,152           | 5,011             | 197,499                       | 4,070,429         |
| Insurance Companies, Securities Firms<br>and Fund Managers | 7,684               | 145,621           | -                  | 81               | 775               | -                             | 154,161           |
| Corporates   | 2,474,803           | 19,130,146        | 2,149,028          | 1,624,011        | 734,908           | -                             | 26,112,896        |
| Regulatory Retail  | 1,484,909           | 9,835,344         | 1,834,160          | 1,132,313        | 522,173           | -                             | 14,808,899        |
| Residential Mortgages                                      | 665,351             | 13,779,042        | 2,013,051          | 730,660          | 134,794           | -                             | 17,322,898        |
| Higher Risk Assets   | -                   | 1,205             | 2,353              | -                | 1,119             | -                             | 4,677             |
| Other Assets   | -                   | 1,939,496         | -                  | -                | -                 | -                             | 1,939,496         |
| Defaulted Exposures  | 58,233              | 497,449           | 64,878             | 20,284           | 3,801             | -                             | 644,645           |
| <b>Total On-Balance Sheet Exposures</b>                    | <b>4,690,980</b>    | <b>60,530,534</b> | <b>6,063,470</b>   | <b>3,607,609</b> | <b>1,402,581</b>  | <b>197,499</b>                | <b>76,492,673</b> |
| Credit-Related Off-Balance Sheet Exposures                 | 522,654             | 4,676,705         | 684,485            | 350,458          | 195,776           | -                             | 6,430,078         |
| Derivative Financial Instruments                           | -                   | 1,267,844         | -                  | -                | -                 | -                             | 1,267,844         |
| Defaulted Exposures  | 320                 | 727               | 3                  | 385              | 8                 | -                             | 1,443             |
| <b>Total Off-Balance Sheet Exposures</b>                   | <b>522,974</b>      | <b>5,945,276</b>  | <b>684,488</b>     | <b>350,843</b>   | <b>195,784</b>    | <b>-</b>                      | <b>7,699,365</b>  |
| <b>Total Credit Exposures</b>                              | <b>5,213,954</b>    | <b>66,475,810</b> | <b>6,747,958</b>   | <b>3,958,452</b> | <b>1,598,365</b>  | <b>197,499</b>                | <b>84,192,038</b> |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 4.0 CREDIT RISK (CONT'D.)

## 4.1 Distribution of Credit Exposures (cont'd.)

## (a) Geographical Distribution (cont'd.)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd.)

| BANK<br>2024   | Geographical Region |                   |                    |                 |                   |                               |                 |
|--|---------------------|-------------------|--------------------|-----------------|-------------------|-------------------------------|-----------------|
|  | Northern<br>RM'000  | Central<br>RM'000 | Southern<br>RM'000 | Sabah<br>RM'000 | Sarawak<br>RM'000 | Outside<br>Malaysia<br>RM'000 | Total<br>RM'000 |
| Exposure Class   |                     |                   |                    |                 |                   |                               |                 |
| Sovereigns/Central Banks                                   | -                   | 8,547,759         | -                  | -               | -                 | -                             | 8,547,759       |
| Public Sector Entities                                     | -                   | 466,545           | -                  | 54              | -                 | -                             | 466,599         |
| Banks, DFIs and Multilateral<br>Development Banks          | -                   | 3,338,122         | -                  | 80,152          | -                 | 197,499                       | 3,615,773       |
| Insurance Companies, Securities Firms<br>and Fund Managers | 12                  | 75,608            | -                  | 81              | 775               | -                             | 76,476          |
| Corporates   | 1,489,477           | 15,315,403        | 1,663,561          | 1,042,825       | 559,567           | -                             | 20,070,833      |
| Regulatory Retail  | 904,841             | 7,355,065         | 1,371,894          | 786,327         | 415,527           | -                             | 10,833,654      |
| Residential Mortgages                                      | 529,786             | 10,193,025        | 1,622,445          | 471,702         | 105,011           | -                             | 12,921,969      |
| Higher Risk Assets   | -                   | 372               | 2,226              | -               | 1,119             | -                             | 3,717           |
| Other Assets   | -                   | 1,911,440         | -                  | -               | -                 | -                             | 1,911,440       |
| Defaulted Exposures  | 36,560              | 350,853           | 46,821             | 7,711           | 3,102             | -                             | 445,047         |
| Total On-Balance Sheet Exposures                           | 2,960,676           | 47,554,192        | 4,706,947          | 2,388,852       | 1,085,101         | 197,499                       | 58,893,267      |
| Credit-Related Off-Balance Sheet Exposures                 | 331,407             | 4,086,168         | 586,454            | 255,556         | 130,424           | -                             | 5,390,009       |
| Derivative Financial Instruments                           | -                   | 1,267,844         | -                  | -               | -                 | -                             | 1,267,844       |
| Defaulted Exposures  | 320                 | 494               | -                  | 365             | 8                 | -                             | 1,187           |
| Total Off-Balance Sheet Exposures                          | 331,727             | 5,354,506         | 586,454            | 255,921         | 130,432           | -                             | 6,659,040       |
| Total Credit Exposures                                     | 3,292,403           | 52,908,698        | 5,293,401          | 2,644,773       | 1,215,533         | 197,499                       | 65,552,307      |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.1 Distribution of Credit Exposures (cont'd.)

##### (b) Industry Distribution

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged.

| GROUP<br>2025  | Government<br>& Central<br>Bank<br>RM'000 | Financial,<br>Insurance,<br>Business<br>Services &<br>Real Estate<br>RM'000 | Transport,<br>Storage &<br>Communication<br>RM'000 | Agriculture,<br>Manufacturing,<br>Wholesale &<br>Retail Trade<br>RM'000 | Household<br>RM'000 | Others<br>RM'000 | Total<br>RM'000   |
|--|---|---|--|---|---------------------|------------------|-------------------|
| <b>Exposure Class</b>                                      |   |   |  |   |                     |                  |                   |
| Sovereigns/Central Banks                                   | 11,969,174                                | 7,907   | -  | -   | -                   | -                | 11,977,081        |
| Public Sector Entities                                     | -   | 812,549   | -  | -   | -                   | 1                | 812,550           |
| Banks, DFIs and Multilateral<br>Development Banks          | -   | 3,938,202   | -  | -   | -                   | -                | 3,938,202         |
| Insurance Companies, Securities<br>Firms and Fund Managers | -   | 270,010   | -  | -   | -                   | -                | 270,010           |
| Corporates   | -   | 10,429,557  | 1,928,169  | 13,604,726  | 1,736,576           | 483,347          | 30,168,273        |
| Regulatory Retail  | -   | 1,350,383   | 186,549  | 5,377,058   | 423,377             | 175,801          | 16,429,642        |
| Residential Mortgages                                      | -   | -   | -  | -   | 19,083,993          | -                | 19,083,993        |
| Higher Risk Assets   | -   | -   | -  | -   | 4,595               | -                | 4,595             |
| Other Assets   | -   | 303,811   | -  | -   | -                   | 1,203,736        | 1,507,547         |
| Defaulted Exposures  | -   | 24,737  | 3,475  | 134,297   | 365,477             | 13,816           | 637,070           |
| <b>Total On-Balance Sheet Exposures</b>                    | <b>11,969,174</b>                         | <b>17,137,156</b>   | <b>2,118,193</b>                                   | <b>19,116,081</b>   | <b>2,504,543</b>    | <b>1,876,701</b> | <b>84,828,963</b> |
| Credit-Related Off-Balance<br>Sheet Exposures              | 44,119                                    | 902,020   | 121,746  | 2,054,307   | 2,755,254           | 100,541          | 6,546,524         |
| Derivative Financial Instruments                           | 7,691                                     | 1,358,149   | -  | -   | -                   | 126,393          | 1,492,233         |
| Defaulted Exposures  | -   | 72  | -  | 970   | 219                 | 476              | 1,737             |
| <b>Total Off-Balance Sheet Exposures</b>                   | <b>51,810</b>                             | <b>2,260,241</b>  | <b>121,746</b>                                     | <b>2,055,277</b>  | <b>2,755,730</b>    | <b>226,934</b>   | <b>8,040,494</b>  |
| <b>Total Credit Exposures</b>                              | <b>12,020,984</b>                         | <b>19,397,397</b>   | <b>2,239,939</b>                                   | <b>21,171,358</b>   | <b>3,073,299</b>    | <b>2,103,635</b> | <b>92,869,457</b> |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 4.0 CREDIT RISK (CONT'D.)

## 4.1 Distribution of Credit Exposures (cont'd.)

## (b) Industry Distribution (cont'd.)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd.)

| BANK<br>2025   | Financial,<br>Insurance,<br>Business      |                                     |  |                        |                        |                     |                  | Agriculture,<br>Manufacturing,<br>Wholesale & |   |   | Total<br>RM'000 |
|--|---|-------------------------------------|--|------------------------|------------------------|---------------------|------------------|---|---|---|-----------------|
|  | Government<br>& Central<br>Bank<br>RM'000 | Services &<br>Real Estate<br>RM'000 | Transport,<br>Storage &<br>Communication<br>RM'000 | Retail Trade<br>RM'000 | Construction<br>RM'000 | Household<br>RM'000 | Others<br>RM'000 |   |   |   |                 |
| Exposure Class   |   |                                     |  |                        |                        |                     |                  |   |   |   |                 |
| Sovereigns/Central Banks                                   | 9,412,699                                 | -                                   | -  | -                      | -                      | -                   | -                | -   | - | - | 9,412,699       |
| Public Sector Entities                                     | -   | 445,482                             | -  | -                      | -                      | -                   | -                | -   | - | 1 | 445,483         |
| Banks, DFIs and Multilateral<br>Development Banks          | -   | 3,195,634                           | -  | -                      | -                      | -                   | -                | -   | - | - | 3,195,634       |
| Insurance Companies, Securities<br>Firms and Fund Managers | -   | 245,871                             | -  | -                      | -                      | -                   | -                | -   | - | - | 245,871         |
| Corporates   | -   | 8,583,299                           | 1,373,482  | 9,989,105              | 1,533,829              | 1,736,517           | 368,922          | 23,585,154                                    |   |   |                 |
| Regulatory Retail  | -   | 1,011,835                           | 145,583  | 3,955,694              | 283,285                | 6,652,459           | 150,456          | 12,199,312                                    |   |   |                 |
| Residential Mortgages                                      | -   | -                                   | -  | -                      | -                      | 14,672,374          | -                | 14,672,374                                    |   |   |                 |
| Higher Risk Assets   | -   | -                                   | -  | -                      | -                      | 3,708               | -                | 3,708   |   |   |                 |
| Other Assets   | -   | 303,811                             | -  | -                      | -                      | -                   | 1,181,310        | 1,485,121                                     |   |   |                 |
| Defaulted Exposures  | -   | 24,086                              | 2,992  | 111,004                | 93,322                 | 208,479             | 10,533           | 450,416                                       |   |   |                 |
| Total On-Balance Sheet Exposures                           | 9,412,699                                 | 13,810,018                          | 1,522,057  | 14,055,803             | 1,910,436              | 23,273,537          | 1,711,222        | 65,695,772                                    |   |   |                 |
| Credit-Related Off-Balance<br>Sheet Exposures              | 44,119                                    | 776,265                             | 83,580   | 1,490,831              | 455,207                | 2,576,747           | 90,138           | 5,516,887                                     |   |   |                 |
| Derivative Financial Instruments                           | 7,691                                     | 1,358,149                           | -  | -                      | -                      | -                   | 126,393          | 1,492,233                                     |   |   |                 |
| Defaulted Exposures  | -   | 72                                  | -  | 798                    | 219                    | 225                 | -                | 1,314   |   |   |                 |
| Total Off-Balance Sheet Exposures                          | 51,810                                    | 2,134,486                           | 83,580   | 1,491,629              | 455,426                | 2,576,972           | 216,531          | 7,010,434                                     |   |   |                 |
| Total Credit Exposures                                     | 9,464,509                                 | 15,944,504                          | 1,605,637  | 15,547,432             | 2,365,862              | 25,850,509          | 1,927,753        | 72,706,206                                    |   |   |                 |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.1 Distribution of Credit Exposures (cont'd.)

##### (b) Industry Distribution (cont'd.)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd.)

| GROUP<br>2024  | Government<br>& Central<br>Bank<br>RM'000 | Financial,<br>Insurance,<br>Business<br>Services &<br>Real Estate<br>RM'000 | Transport,<br>Storage &<br>Communication<br>RM'000 | Agriculture,<br>Manufacturing,<br>Wholesale &<br>Retail Trade<br>RM'000 | Construction<br>RM'000 | Household<br>RM'000 | Others<br>RM'000 | Total<br>RM'000   |
|--|---|---|--|---|------------------------|---------------------|------------------|-------------------|
| <b>Exposure Class</b>                                      |   |   |  |   |                        |                     |                  |                   |
| Sovereigns/Central Banks                                   | 10,777,276                                | -   | -  | -   | -                      | -                   | -                | 10,777,276        |
| Public Sector Entities                                     | -   | 618,200   | -  | 48  | -                      | -                   | 39,048           | 657,296           |
| Banks, DFIs and Multilateral<br>Development Banks          | -   | 4,070,429   | -  | -   | -                      | -                   | -                | 4,070,429         |
| Insurance Companies, Securities<br>Firms and Fund Managers | -   | 154,161   | -  | -   | -                      | -                   | -                | 154,161           |
| Corporates   | -   | 9,048,748   | 1,842,466  | 11,752,604  | 1,613,340              | 1,420,725           | 435,013          | 26,112,896        |
| Regulatory Retail  | -   | 1,277,533   | 186,931  | 5,277,599   | 383,467                | 7,501,599           | 181,770          | 14,808,899        |
| Residential Mortgages                                      | -   | -   | -  | -   | -                      | 17,322,898          | -                | 17,322,898        |
| Higher Risk Assets   | -   | -   | -  | -   | -                      | 4,677               | -                | 4,677             |
| Other Assets   | -   | 277,989   | -  | -   | -                      | -                   | 1,661,507        | 1,939,496         |
| Defaulted Exposures  | -   | 24,595  | 2,717  | 117,539   | 75,893                 | 411,119             | 12,782           | 644,645           |
| <b>Total On-Balance Sheet Exposures</b>                    | <b>10,777,276</b>                         | <b>15,471,655</b>   | <b>2,032,114</b>                                   | <b>17,147,790</b>   | <b>2,072,700</b>       | <b>26,661,018</b>   | <b>2,330,120</b> | <b>76,492,673</b> |
| Credit-Related Off-Balance<br>Sheet Exposures              | 91,165                                    | 1,123,643   | 104,894  | 1,989,850   | 545,074                | 2,473,053           | 102,399          | 6,430,078         |
| Derivative Financial Instruments                           | 29,433                                    | 1,057,591   | -  | -   | -                      | -                   | 180,820          | 1,267,844         |
| Defaulted Exposures  | -   | 557   | 47   | 602   | 1                      | 236                 | -                | 1,443             |
| <b>Total Off-Balance Sheet Exposures</b>                   | <b>120,598</b>                            | <b>2,181,791</b>  | <b>104,941</b>                                     | <b>1,990,452</b>  | <b>545,075</b>         | <b>2,473,289</b>    | <b>283,219</b>   | <b>7,699,365</b>  |
| <b>Total Credit Exposures</b>                              | <b>10,897,874</b>                         | <b>17,653,446</b>   | <b>2,137,055</b>                                   | <b>19,138,242</b>   | <b>2,617,775</b>       | <b>29,134,307</b>   | <b>2,613,339</b> | <b>84,192,038</b> |



## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 4.0 CREDIT RISK (CONT'D.)

## 4.1 Distribution of Credit Exposures (cont'd.)

## (b) Industry Distribution (cont'd.)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd.)

| BANK<br>2024   | Government<br>& Central<br>Bank<br>RM'000 | Financial,<br>Insurance,<br>Business<br>Services &<br>Real Estate<br>RM'000 | Transport,<br>Storage &<br>Communication<br>RM'000 | Agriculture,<br>Manufacturing,<br>Wholesale &<br>Retail Trade<br>RM'000 | Construction<br>RM'000 | Household<br>RM'000 | Others<br>RM'000 | Total<br>RM'000   |
|--|---|---|--|---|------------------------|---------------------|------------------|-------------------|
|  |   |   |  |   |                        |                     |                  |                   |
| <b>Exposure Class</b>                                      |   |   |  |   |                        |                     |                  |                   |
| Sovereigns/Central Banks                                   | 8,547,759                                 | -   | -  | -   | -                      | -                   | -                | 8,547,759         |
| Public Sector Entities                                     | -   | 427,503   | -  | 48  | -                      | -                   | 39,048           | 466,599           |
| Banks, DFIs and Multilateral<br>Development Banks          | -   | 3,615,773   | -  | -   | -                      | -                   | -                | 3,615,773         |
| Insurance Companies, Securities<br>Firms and Fund Managers | -   | 76,476  | -  | -   | -                      | -                   | -                | 76,476            |
| Corporates   | -   | 7,320,304   | 1,317,636  | 8,510,188   | 1,176,001              | 1,413,736           | 332,968          | 20,070,833        |
| Regulatory Retail  | -   | 957,736   | 150,437  | 3,892,401   | 252,474                | 5,427,318           | 153,288          | 10,833,654        |
| Residential Mortgages                                      | -   | -   | -  | -   | -                      | 12,921,969          | -                | 12,921,969        |
| Higher Risk Assets   | -   | -   | -  | -   | -                      | 3,717               | -                | 3,717             |
| Other Assets   | -   | 277,989   | -  | -   | -                      | -                   | 1,633,451        | 1,911,440         |
| Defaulted Exposures  | -   | 24,064  | 2,104  | 93,661  | 74,580                 | 241,121             | 9,517            | 445,047           |
| <b>Total On-Balance Sheet Exposures</b>                    | <b>8,547,759</b>                          | <b>12,699,845</b>   | <b>1,470,177</b>                                   | <b>12,496,298</b>   | <b>1,503,055</b>       | <b>20,007,861</b>   | <b>2,168,272</b> | <b>58,893,267</b> |
| Credit-Related Off-Balance<br>Sheet Exposures              | 91,165                                    | 972,317   | 75,430   | 1,433,507   | 455,739                | 2,268,686           | 93,165           | 5,390,009         |
| Derivative Financial Instruments                           | 29,432                                    | 1,057,592   | -  | -   | -                      | -                   | 180,820          | 1,267,844         |
| Defaulted Exposures  | -   | 515   | 48   | 471   | 1                      | 152                 | -                | 1,187             |
| <b>Total Off-Balance Sheet Exposures</b>                   | <b>120,597</b>                            | <b>2,030,424</b>  | <b>75,478</b>                                      | <b>1,433,978</b>  | <b>455,740</b>         | <b>2,268,838</b>    | <b>273,985</b>   | <b>6,659,040</b>  |
| <b>Total Credit Exposures</b>                              | <b>8,668,356</b>                          | <b>14,730,269</b>   | <b>1,545,655</b>                                   | <b>13,930,276</b>   | <b>1,958,795</b>       | <b>22,276,699</b>   | <b>2,442,257</b> | <b>65,552,307</b> |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.1 Distribution of Credit Exposures (cont'd.)

##### (c) Residual Contractual Maturity

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Group and the Bank.

| GROUP<br>2025   | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1 year<br>RM'000 | Total<br>RM'000   |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------|-------------------|
| <b>Exposure Class</b>   |                            |                          |                          |                           |                   |                   |
| Sovereigns/Central Banks                                      | 1,700,468                  | -                        | 182,192                  | 545,236                   | 9,549,185         | 11,977,081        |
| Public Sector Entities  | 150,263                    | -                        | 39,493                   | 5,777                     | 617,017           | 812,550           |
| Banks, DFIs and Multilateral<br>Development Banks             | 2,788,170                  | 656,754                  | 12,346                   | -                         | 480,932           | 3,938,202         |
| Insurance Companies,<br>Securities Firms and<br>Fund Managers | 151,604                    | -                        | -                        | -                         | 118,406           | 270,010           |
| Corporates  | 6,170,904                  | 2,428,459                | 873,149                  | 500,980                   | 20,194,781        | 30,168,273        |
| Regulatory Retail   | 2,714,330                  | 421,564                  | 190,395                  | 174,814                   | 12,928,539        | 16,429,642        |
| Residential Mortgages   | 556,397                    | 351                      | 1,053                    | 3,785                     | 18,522,407        | 19,083,993        |
| Higher Risk Assets  | -                          | -                        | -                        | 22                        | 4,573             | 4,595             |
| Other Assets  | 278,098                    | 10,277                   | 11,601                   | 7,794                     | 1,199,777         | 1,507,547         |
| Defaulted Exposures   | 137,256                    | 349                      | 6,581                    | 13,205                    | 479,679           | 637,070           |
| <b>Total On-Balance Sheet<br/>Exposures</b>                   | <b>14,647,490</b>          | <b>3,517,754</b>         | <b>1,316,810</b>         | <b>1,251,613</b>          | <b>64,095,296</b> | <b>84,828,963</b> |
| <b>BANK<br/>2025</b>  |                            |                          |                          |                           |                   |                   |
| <b>Exposure Class</b>   |                            |                          |                          |                           |                   |                   |
| Sovereigns/Central Banks                                      | 1,029,047                  | -                        | 172,077                  | 504,098                   | 7,707,477         | 9,412,699         |
| Public Sector Entities  | 33                         | -                        | 39,493                   | -                         | 405,957           | 445,483           |
| Banks, DFIs and Multilateral<br>Development Banks             | 2,211,545                  | 301,896                  | 12,346                   | -                         | 669,847           | 3,195,634         |
| Insurance Companies,<br>Securities Firms and<br>Fund Managers | 131,594                    | -                        | -                        | -                         | 114,277           | 245,871           |
| Corporates  | 5,045,739                  | 1,863,336                | 672,208                  | 405,503                   | 15,598,368        | 23,585,154        |
| Regulatory Retail   | 2,227,363                  | 291,638                  | 130,147                  | 146,267                   | 9,403,897         | 12,199,312        |
| Residential Mortgages   | 231,514                    | 319                      | 920                      | 3,340                     | 14,436,281        | 14,672,374        |
| Higher Risk Assets  | -                          | -                        | -                        | 22                        | 3,686             | 3,708             |
| Other Assets  | 363,474                    | 9,734                    | 10,786                   | 6,502                     | 1,094,625         | 1,485,121         |
| Defaulted Exposures   | 120,044                    | 64                       | 6,529                    | 11,351                    | 312,428           | 450,416           |
| <b>Total On-Balance Sheet<br/>Exposures</b>                   | <b>11,360,353</b>          | <b>2,466,987</b>         | <b>1,044,506</b>         | <b>1,077,083</b>          | <b>49,746,843</b> | <b>65,695,772</b> |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONTD.)

#### 4.1 Distribution of Credit Exposures (cont'd.)

##### (c) Residual Contractual Maturity (cont'd.)

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Group and the Bank. (cont'd.)

| GROUP<br>2024   | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1 year<br>RM'000 | Total<br>RM'000   |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------|-------------------|
| <b>Exposure Class</b>   |                            |                          |                          |                           |                   |                   |
| Sovereigns/Central Banks                                      | 927,535                    | 192,089                  | 161,915                  | 359,315                   | 9,136,422         | 10,777,276        |
| Public Sector Entities  | 20,108                     | -                        | -                        | 10,639                    | 626,549           | 657,296           |
| Banks, DFIs and Multilateral<br>Development Banks             | 3,611,333                  | -                        | -                        | 10,055                    | 449,041           | 4,070,429         |
| Insurance Companies,<br>Securities Firms and<br>Fund Managers | 141,579                    | 2,729                    | 263                      | 87                        | 9,503             | 154,161           |
| Corporates  | 5,332,496                  | 2,347,410                | 828,224                  | 355,736                   | 17,249,030        | 26,112,896        |
| Regulatory Retail   | 2,568,608                  | 395,375                  | 163,058                  | 96,620                    | 11,585,238        | 14,808,899        |
| Residential Mortgages   | 678,590                    | 655                      | 1,635                    | 3,439                     | 16,638,579        | 17,322,898        |
| Higher Risk Assets  | -                          | -                        | -                        | -                         | 4,677             | 4,677             |
| Other Assets  | 1,016,857                  | 12,127                   | 11,813                   | 10,508                    | 888,191           | 1,939,496         |
| Defaulted Exposures   | 99,472                     | 17,601                   | 205                      | 7,423                     | 519,944           | 644,645           |
| <b>Total On-Balance Sheet<br/>Exposures</b>                   | <b>14,396,578</b>          | <b>2,967,986</b>         | <b>1,167,113</b>         | <b>853,822</b>            | <b>57,107,174</b> | <b>76,492,673</b> |
| <b>BANK<br/>2024</b>  |                            |                          |                          |                           |                   |                   |
| <b>Exposure Class</b>   |                            |                          |                          |                           |                   |                   |
| Sovereigns/Central Banks                                      | 329,578                    | 192,089                  | 161,915                  | 308,161                   | 7,556,016         | 8,547,759         |
| Public Sector Entities  | 54                         | -                        | -                        | -                         | 466,545           | 466,599           |
| Banks, DFIs and Multilateral<br>Development Banks             | 2,972,685                  | -                        | -                        | 10,055                    | 633,033           | 3,615,773         |
| Insurance Companies,<br>Securities Firms and<br>Fund Managers | 70,929                     | -                        | -                        | 87                        | 5,460             | 76,476            |
| Corporates  | 4,260,941                  | 1,815,927                | 635,154                  | 264,394                   | 13,094,417        | 20,070,833        |
| Regulatory Retail   | 2,102,551                  | 284,986                  | 119,287                  | 75,375                    | 8,251,455         | 10,833,654        |
| Residential Mortgages   | 281,201                    | 621                      | 1,558                    | 3,171                     | 12,635,418        | 12,921,969        |
| Higher Risk Assets  | -                          | -                        | -                        | -                         | 3,717             | 3,717             |
| Other Assets  | 1,087,639                  | 11,327                   | 10,614                   | 8,661                     | 793,199           | 1,911,440         |
| Defaulted Exposures   | 85,689                     | 17,508                   | 50                       | 7,268                     | 334,532           | 445,047           |
| <b>Total On-Balance Sheet<br/>Exposures</b>                   | <b>11,191,267</b>          | <b>2,322,458</b>         | <b>928,578</b>           | <b>677,172</b>            | <b>43,773,792</b> | <b>58,893,267</b> |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis

Impaired loans, advances and financing are exposures where the customers have failed to make a principal and/or interest payment for more than three months. In addition, where customers are deemed incapable of continuing repayment obligations, the exposures will be judgmentally impaired. Where exposures are restructured or rescheduled due to increase in credit risk, the exposures are also classified as impaired.

##### Past Due but Not Impaired Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but not more than three months. Under MFRS 9, exposures more than 30 days past due are transferred to Stage 2. For loans that are structured to pay principal and/or interest at quarterly intervals or longer, a default of payment will trigger an impairment.

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Industry Analysis

| GROUP<br>2025  | Impaired Loans,<br>Advances and<br>Financing<br>RM'000 | Past Due<br>Loan<br>RM'000 | 12 months<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>Not-credit<br>Impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>Credit<br>Impaired<br>(Stage 3)<br>RM'000 | Stage 3 ECL<br>charged/<br>(write-back)<br>(net)<br>RM'000 | Stage 3<br>write-off<br>(net)<br>RM'000 |
|--|--|----------------------------|---|---|---|--|---|
| Financial, Insurance<br>& Business Services<br>and Real Estate | 52,824   | 101,088                    | 19,407                                  | 18,481  | 28,482  | 12,351   | (13,092)                                |
| Transport, Storage &<br>Communication                          | 9,158  | 2,534                      | 3,888                                   | 2,617   | 5,918   | 701  | (112)                                   |
| Agriculture,<br>Manufacturing,<br>Wholesale & Retail<br>Trade  | 272,716  | 234,315                    | 76,575                                  | 99,063  | 142,024   | 29,587   | (29,263)                                |
| Construction   | 257,900  | 9,440                      | 6,504                                   | 13,405  | 163,587   | 31,858   | (121)                                   |
| Household  | 534,260  | 1,279,374                  | 146,597                                 | 316,400   | 168,518   | 143,563  | (197,355)                               |
| Others   | 18,172   | 5,529                      | 1,769                                   | 2,921   | 4,562   | 2,050  | (2,044)                                 |
| <b>Total</b>   | <b>1,145,030</b>                                       | <b>1,632,280</b>           | <b>254,740</b>                          | <b>452,887</b>  | <b>513,091</b>  | <b>220,110</b>   | <b>(241,987)</b>                        |
| <b>BANK<br/>2025</b>   |  |                            |   |   |   |  |   |
| Financial, Insurance<br>& Business Services<br>and Real Estate | 50,899   | 72,762                     | 16,075                                  | 12,327  | 27,159  | 12,089   | (13,092)                                |
| Transport, Storage &<br>Communication                          | 8,231  | 2,534                      | 3,151                                   | 1,606   | 5,468   | 560  | (52)                                    |
| Agriculture,<br>Manufacturing,<br>Wholesale & Retail<br>Trade  | 234,334  | 211,537                    | 54,566                                  | 77,373  | 126,313   | 26,729   | (22,885)                                |
| Construction   | 245,996  | 7,476                      | 4,006                                   | 8,769   | 153,619   | 31,651   | (121)                                   |
| Household  | 305,088  | 838,727                    | 79,932                                  | 164,263   | 96,486  | 68,069   | (109,692)                               |
| Others   | 13,080   | 4,524                      | 1,307                                   | 1,795   | 2,595   | 1,722  | (1,580)                                 |
| <b>Total</b>   | <b>857,628</b>   | <b>1,137,560</b>           | <b>159,037</b>                          | <b>266,133</b>  | <b>411,640</b>  | <b>140,820</b>   | <b>(147,422)</b>                        |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONTD.)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd.)

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Industry Analysis (cont'd.)

| GROUP<br>2024  | Impaired Loans,<br>Advances and<br>Financing<br>RM'000 | Past Due<br>Loan<br>RM'000 | 12 months<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>Not-credit<br>Impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>Credit<br>Impaired<br>(Stage 3)<br>RM'000 | Stage 3 ECL<br>charged/<br>(write-back)<br>(net)<br>RM'000 | Stage 3<br>write-off<br>(net)<br>RM'000 |
|--|--|----------------------------|---|---|---|--|---|
| Financial, Insurance<br>& Business Services<br>and Real Estate | 53,938   | 73,423                     | 14,011                                  | 24,119  | 29,408  | (264)  | (5,702)                                 |
| Transport, Storage &<br>Communication                          | 8,016  | 4,749                      | 3,893                                   | 4,336   | 5,329   | 2,197  | (860)                                   |
| Agriculture,<br>Manufacturing,<br>Wholesale & Retail<br>Trade  | 259,570  | 126,729                    | 70,664                                  | 69,913  | 142,371   | 46,505   | (60,938)                                |
| Construction   | 207,535  | 28,259                     | 5,072                                   | 21,141  | 131,814   | 9,827  | (14,585)                                |
| Household  | 632,474  | 948,018                    | 126,489                                 | 303,989   | 222,311   | 133,760  | (148,279)                               |
| Others   | 16,494   | 1,755                      | 3,222                                   | 2,908   | 3,735   | 1,978  | (461)                                   |
| <b>Total</b>   | <b>1,178,027</b>                                       | <b>1,182,933</b>           | <b>223,351</b>                          | <b>426,406</b>  | <b>534,968</b>  | <b>194,003</b>   | <b>(230,825)</b>                        |
| <b>BANK<br/>2024</b>   |  |                            |   |   |   |  |   |
| Financial, Insurance<br>& Business Services<br>and Real Estate | 52,235   | 46,524                     | 10,705                                  | 20,969  | 28,237  | (690)  | (5,702)                                 |
| Transport, Storage &<br>Communication                          | 7,040  | 4,649                      | 3,036                                   | 3,906   | 4,960   | 2,150  | (515)                                   |
| Agriculture,<br>Manufacturing,<br>Wholesale & Retail<br>Trade  | 216,097  | 114,366                    | 50,695                                  | 59,631  | 122,770   | 39,337   | (47,495)                                |
| Construction   | 196,470  | 21,180                     | 3,127                                   | 14,301  | 122,054   | 10,736   | (13,252)                                |
| Household  | 379,121  | 608,250                    | 63,831                                  | 160,311   | 138,108   | 74,740   | (83,297)                                |
| Others   | 11,607   | 1,431                      | 2,351                                   | 1,442   | 2,113   | 1,704  | (461)                                   |
| <b>Total</b>   | <b>862,570</b>   | <b>796,400</b>             | <b>133,745</b>                          | <b>260,560</b>  | <b>418,242</b>  | <b>127,977</b>   | <b>(150,722)</b>                        |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd.)

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Geographical

| GROUP<br>2025        | Impaired Loans,<br>Advances and<br>Financing<br>RM'000 | Past Due<br>Loan<br>RM'000 | 12 months<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>Not-credit<br>Impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>Credit<br>Impaired<br>(Stage 3)<br>RM'000 | Stage 3 ECL<br>charged/<br>(write-back)<br>(net)<br>RM'000 | Stage 3<br>write-off<br>(net)<br>RM'000 |
|----------------------|--|----------------------------|---|---|---|--|---|
| Northern Region      | 107,547  | 106,074                    | 27,964                                  | 38,548  | 47,665  | 18,946   | (17,020)                                |
| Central Region       | 903,382  | 1,250,039                  | 185,310                                 | 349,685   | 405,707   | 184,891  | (190,249)                               |
| Southern Region      | 88,426   | 144,180                    | 22,544                                  | 30,796  | 39,935  | 9,300  | (18,468)                                |
| Sabah Region         | 34,792   | 115,150                    | 12,334                                  | 25,582  | 13,348  | 3,550  | (13,757)                                |
| Sarawak Region       | 10,883   | 16,837                     | 6,588                                   | 8,276   | 6,436   | 3,423  | (2,493)                                 |
| <b>Total</b>         | <b>1,145,030</b>                                       | <b>1,632,280</b>           | <b>254,740</b>                          | <b>452,887</b>  | <b>513,091</b>  | <b>220,110</b>   | <b>(241,987)</b>                        |
| <b>BANK<br/>2025</b> |  |                            |   |   |   |  |   |
| Northern Region      | 69,133   | 81,765                     | 16,205                                  | 22,142  | 29,118  | 11,653   | (9,202)                                 |
| Central Region       | 689,628  | 846,085                    | 114,503                                 | 203,423   | 334,602   | 113,478  | (111,247)                               |
| Southern Region      | 72,143   | 108,059                    | 15,997                                  | 17,651  | 35,015  | 9,229  | (11,093)                                |
| Sabah Region         | 17,004   | 87,471                     | 7,471                                   | 18,627  | 6,969   | 3,046  | (13,434)                                |
| Sarawak Region       | 9,720  | 14,180                     | 4,861                                   | 4,290   | 5,936   | 3,414  | (2,446)                                 |
| <b>Total</b>         | <b>857,628</b>   | <b>1,137,560</b>           | <b>159,037</b>                          | <b>266,133</b>  | <b>411,640</b>  | <b>140,820</b>   | <b>(147,422)</b>                        |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd.)

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Geographical (cont'd.)

| GROUP<br>2024        | Impaired Loans,<br>Advances and<br>Financing<br>RM'000 | Past Due<br>Loan<br>RM'000 | 12 months<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>Not-credit<br>Impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>Credit<br>Impaired<br>(Stage 3)<br>RM'000 | Stage 3 ECL<br>charged/<br>(write-back)<br>(net)<br>RM'000 | Stage 3<br>write-off<br>(net)<br>RM'000 |
|----------------------|--|----------------------------|---|---|---|--|---|
| Northern Region      | 103,907  | 79,523                     | 23,718                                  | 33,773  | 45,738  | 16,864   | (21,909)                                |
| Central Region       | 907,287  | 902,834                    | 161,371                                 | 335,771   | 411,066   | 166,257  | (176,707)                               |
| Southern Region      | 113,765  | 128,785                    | 20,623                                  | 35,046  | 49,102  | 6,000  | (28,989)                                |
| Sabah Region         | 43,833   | 57,610                     | 11,748                                  | 14,411  | 23,556  | 2,398  | (2,327)                                 |
| Sarawak Region       | 9,235  | 14,181                     | 5,891                                   | 7,405   | 5,506   | 2,484  | (893)                                   |
| <b>Total</b>         | <b>1,178,027</b>                                       | <b>1,182,933</b>           | <b>223,351</b>                          | <b>426,406</b>  | <b>534,968</b>  | <b>194,003</b>   | <b>(230,825)</b>                        |
| <b>BANK<br/>2024</b> |  |                            |   |   |   |  |   |
| Northern Region      | 63,187   | 57,516                     | 12,656                                  | 21,629  | 26,666  | 10,272   | (17,201)                                |
| Central Region       | 682,833  | 591,537                    | 96,527                                  | 200,184   | 332,372   | 110,725  | (117,536)                               |
| Southern Region      | 83,492   | 96,817                     | 13,847                                  | 23,896  | 36,880  | 3,490  | (13,242)                                |
| Sabah Region         | 25,060   | 39,358                     | 6,559                                   | 9,130   | 17,356  | 1,354  | (1,902)                                 |
| Sarawak Region       | 7,998  | 11,172                     | 4,156                                   | 5,721   | 4,968   | 2,136  | (841)                                   |
| <b>Total</b>         | <b>862,570</b>   | <b>796,400</b>             | <b>133,745</b>                          | <b>260,560</b>  | <b>418,242</b>  | <b>127,977</b>   | <b>(150,722)</b>                        |



## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd.)

Movements in the allowance for ECL on loans, advances and financing are as follows:

| GROUP  | 12 months<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>Not-credit<br>Impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>Credit Impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|--|---|---|--|-----------------|
|  |   |   |  |                 |
| At 1 April 2024                                    | 223,351                                 | 426,406   | 534,968  | 1,184,725       |
| Transfer to Stage 1                                | 138,821                                 | (364,749)   | (2,268)  | (228,196)       |
| Transfer to Stage 2                                | (140,015)                               | 663,390   | (193,859)  | 329,516         |
| Transfer to Stage 3                                | (226)                                   | (311,159)   | 382,537  | 71,152          |
| New financial assets originated or purchased       | 133,337                                 | 100,806   | 4,463  | 238,606         |
| Financial assets derecognised other than write-off | (79,211)                                | (112,061)   | (21,868)   | (213,140)       |
| Changes due to change in credit risk               | (21,415)                                | 54,403  | 2,963  | 35,951          |
| Other adjustment                                   | 112                                     | (45)  | -  | 67              |
|  | 31,403                                  | 30,585  | 171,968  | 233,956         |
| Unwinding of discount                              | -                                       | -   | 48,142   | 48,142          |
| Total charge to/(write-back from) income statement | 31,403                                  | 30,585  | 220,110  | 282,098         |
| Write-off  | (14)                                    | (4,104)   | (241,987)  | (246,105)       |
| At 31 March 2025                                   | 254,740                                 | 452,887   | 513,091  | 1,220,718       |
| At 1 April 2023                                    | 171,832                                 | 523,852   | 571,790  | 1,267,474       |
| Transfer to Stage 1                                | 137,220                                 | (331,584)   | (1,926)  | (196,290)       |
| Transfer to Stage 2                                | (118,337)                               | 542,981   | (194,146)  | 230,498         |
| Transfer to Stage 3                                | (933)                                   | (275,270)   | 362,341  | 86,138          |
| New financial assets originated or purchased       | 112,549                                 | 104,043   | 8,394  | 224,986         |
| Financial assets derecognised other than write-off | (40,643)                                | (131,613)   | (29,954)   | (202,210)       |
| Changes due to change in credit risk               | (38,351)                                | (2,063)   | 20,158   | (20,256)        |
| Other adjustment                                   | 14                                      | 49  | -  | 63              |
|  | 51,519                                  | (93,457)  | 164,867  | 122,929         |
| Unwinding of discount                              | -                                       | 29  | 29,136   | 29,165          |
| Total charge to/(write-back from) income statement | 51,519                                  | (93,428)  | 194,003  | 152,094         |
| Write-off  | -                                       | (4,018)   | (230,825)  | (234,843)       |
| At 31 March 2024                                   | 223,351                                 | 426,406   | 534,968  | 1,184,725       |

Note: The transfers between stages are inclusive of net remeasurement of allowances.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONTD.)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd.)

Movements in the allowance for ECL on loans, advances and financing are as follows: (cont'd.)

| BANK   | 12 months<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL<br>Not-credit<br>Impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>Credit Impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|--|---|---|--|-----------------|
| At 1 April 2024                                    | 133,745                                 | 260,560   | 418,242  | 812,547         |
| Transfer to Stage 1                                | 75,037                                  | (212,218)   | (1,352)  | (138,533)       |
| Transfer to Stage 2                                | (78,332)                                | 384,365   | (120,503)  | 185,530         |
| Transfer to Stage 3                                | (208)                                   | (190,632)   | 234,299  | 43,459          |
| New financial assets originated or purchased       | 88,001                                  | 71,981  | 1,346  | 161,328         |
| Financial assets derecognised other than write-off | (53,439)                                | (77,504)  | (9,650)  | (140,593)       |
| Changes due to change in credit risk               | (5,874)                                 | 31,952  | 253  | 26,331          |
| Other adjustment                                   | 111                                     | (45)  | -  | 66              |
|  | 25,296                                  | 7,899   | 104,393  | 137,588         |
| Unwinding of discount                              | -                                       | -   | 36,427   | 36,427          |
| Total charge to/(write-back from) income statement | 25,296                                  | 7,899   | 140,820  | 174,015         |
| Write-off  | (4)                                     | (2,326)   | (147,422)  | (149,752)       |
| At 31 March 2025                                   | 159,037                                 | 266,133   | 411,640  | 836,810         |
| At 1 April 2023                                    | 105,782                                 | 302,859   | 440,987  | 849,628         |
| Effect of business transfer                        | 5                                       | 1,373   | 57   | 1,435           |
| Transfer to Stage 1                                | 81,383                                  | (202,069)   | (1,905)  | (122,591)       |
| Transfer to Stage 2                                | (69,675)                                | 329,596   | (113,567)  | 146,354         |
| Transfer to Stage 3                                | (104)                                   | (155,493)   | 225,551  | 69,954          |
| New financial assets originated or purchased       | 70,950                                  | 78,108  | 4,453  | 153,511         |
| Financial assets derecognised other than write-off | (27,214)                                | (90,134)  | (18,807)   | (136,155)       |
| Changes due to change in credit risk               | (27,396)                                | (1,409)   | 11,385   | (17,420)        |
| Other adjustment                                   | 14                                      | 49  | -  | 63              |
|  | 27,958                                  | (41,352)  | 107,110  | 93,716          |
| Unwinding of discount                              | -                                       | 29  | 20,810   | 20,839          |
| Total charge to/(write-back from) income statement | 27,958                                  | (41,323)  | 127,920  | 114,555         |
| Write-off  | -                                       | (2,349)   | (150,722)  | (153,071)       |
| At 31 March 2024                                   | 133,745                                 | 260,560   | 418,242  | 812,547         |

Note: The transfers between stages are inclusive of net remeasurement of allowances.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach

The following tables represent the credit exposures by risk-weights and after credit risk mitigation:

| Exposures after netting and credit risk mitigation |                   |                           |         |                        |         |                                      |            |  |            |                  |            |                       |                                   |                   |        |                       |        |                    |        |              |        |
|--|-------------------|---------------------------|---------|------------------------|---------|--------------------------------------|------------|--|------------|------------------|------------|-----------------------|-----------------------------------|-------------------|--------|-----------------------|--------|--------------------|--------|--------------|--------|
| GROUP  | 2025 Risk-Weights | Insurance                 |         |                        |         |                                      |            |  |            |                  |            | Total Exposures after | Total Risk-Weighted Assets RM'000 |                   |        |                       |        |                    |        |              |        |
|  |                   | Sovereigns /Central Banks |         | Public Sector Entities |         | Banks Multilateral Development Banks |            | Banks, Companies, DFIs and Securities Firms and Managers |            | Funds Corporates |            |                       |                                   | Regulatory Retail |        | Residential Mortgages |        | Higher Risk Assets |        | Other Assets |        |
|  |                   | RM'000                    | RM'000  | RM'000                 | RM'000  | RM'000                               | RM'000     | RM'000   | RM'000     | RM'000           | RM'000     |                       |                                   | RM'000            | RM'000 | RM'000                | RM'000 | RM'000             | RM'000 | RM'000       | RM'000 |
| 0%   |                   | 12,021,199                | 595,731 | 5,045                  | 1,144   | 2,545,806                            | 727,627    | -  | -          | 269,179          | 16,165,731 | -                     |                                   |                   |        |                       |        |                    |        | -            |        |
| 20%  |                   | 7,691                     | 311,278 | 5,043,613              | 413     | 3,552,033                            | 784,373    | 5,572  | -          | 142              | 9,705,115  | 1,941,023             |                                   |                   |        |                       |        |                    |        |              |        |
| 35%  |                   | -                         | -       | -                      | -       | -                                    | -          | -  | 14,314,720 | -                | 14,314,720 | 5,010,152             |                                   |                   |        |                       |        |                    |        |              |        |
| 50%  |                   | -                         | -       | 339,218                | 262     | 58,413                               | 47,415     | 3,426,525  | -          | -                | 3,871,833  | 1,935,917             |                                   |                   |        |                       |        |                    |        |              |        |
| 75%  |                   | -                         | -       | -                      | -       | -                                    | 14,078,406 | 3,501  | -          | -                | 14,081,907 | 10,561,430            |                                   |                   |        |                       |        |                    |        |              |        |
| 100%   |                   | -                         | -       | 11                     | 300,221 | 24,133,476                           | 2,964,286  | 1,792,614  | -          | 1,238,226        | 30,428,834 | 30,428,834            |                                   |                   |        |                       |        |                    |        |              |        |
| 150%   |                   | -                         | -       | -                      | -       | 107,875                              | 15,466     | 1,762  | 6,057      | -                | 131,160    | 196,740               |                                   |                   |        |                       |        |                    |        |              |        |
| Total Exposures                                    |                   | 12,028,890                | 907,009 | 5,387,887              | 302,040 | 30,397,603                           | 18,617,573 | 19,544,694   | 6,057      | 1,507,547        | 88,699,300 | 50,074,096            |                                   |                   |        |                       |        |                    |        |              |        |
| Risk-Weighted Assets by Exposures                  |                   | 1,538                     | 62,256  | 1,178,343              | 300,435 | 25,034,902                           | 13,726,871 | 8,522,411  | 9,086      | 1,238,254        | 50,074,096 |                       |                                   |                   |        |                       |        |                    |        |              |        |
| Average Risk-Weight                                |                   | 0%                        | 7%      | 22%                    | 99%     | 82%                                  | 74%        | 44%  | 150%       | 82%              | 56%        |                       |                                   |                   |        |                       |        |                    |        |              |        |
| Deduction from Capital Base                        |                   | -                         | -       | -                      | -       | -                                    | -          | -  | -          | -                | -          | -                     |                                   |                   |        |                       |        |                    |        |              |        |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 4.0 CREDIT RISK (CONT'D.)

## 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd.)

| Exposures after netting and credit risk mitigation |                                 |         |                              |         |   |            |   |        |            |            |                             |        |  |  |
|--|---------------------------------|---------|------------------------------|---------|---|------------|---|--------|------------|------------|-----------------------------|--------|--|--|
| BANK<br>2025<br>Risk-<br>Weights                   | Insurance                       |         |                              |         |   |            |   |        |            |            | Total<br>Exposures<br>after |        | Total<br>Risk-<br>Weighted<br>Assets<br>RM'000 |  |
|  | Sovereigns<br>/Central<br>Banks |         | Public<br>Sector<br>Entities |         | Banks<br>Multilateral<br>Development<br>Banks |            | Banks, Companies,<br>DFIs and Securities<br>Firms and<br>Fund<br>Managers |        | Corporates |            | Higher<br>Risk<br>Assets    |        |  | Netting and<br>Credit Risk<br>Mitigation<br>RM'000 |
|  | RM'000                          | RM'000  | RM'000                       | RM'000  | RM'000  | RM'000     | RM'000  | RM'000 | RM'000     | RM'000     | RM'000                      | RM'000 |  |  |
| 0%   | 9,456,818                       | 389,953 | -                            | 1,144   | 1,821,200                                     | 574,169    | -   | -      | 269,179    | 12,512,463 | -                           | -      |  |  |
| 20%  | 7,691                           | 145,995 | 4,071,283                    | 413     | 2,894,983                                     | 689,338    | 4,019   | -      | 142        | 7,813,864  | 1,562,773                   | -      |  |  |
| 35%  | -                               | -       | -                            | -       | -   | -          | 10,779,071  | -      | -          | 10,779,071 | 3,772,675                   | -      |  |  |
| 50%  | -                               | -       | 572,825                      | 262     | 53,173  | 34,796     | 2,754,112   | -      | -          | 3,415,168  | 1,707,584                   | -      |  |  |
| 75%  | -                               | -       | -                            | -       | -   | 11,614,536 | 3,156   | -      | -          | 11,617,692 | 8,713,269                   | -      |  |  |
| 100%   | -                               | -       | 11                           | 266,482 | 18,460,545                                    | 1,268,502  | 1,426,115   | -      | 1,215,800  | 22,637,455 | 22,637,454                  | -      |  |  |
| 150%   | -                               | -       | -                            | -       | 101,410                                       | 12,681     | 779   | 4,842  | -          | 119,712    | 179,568                     | -      |  |  |
| Total Exposures                                    | 9,464,509                       | 535,948 | 4,644,119                    | 268,301 | 23,331,311                                    | 14,194,022 | 14,967,252  | 4,842  | 1,485,121  | 68,895,425 | 38,573,323                  | -      |  |  |
| Risk-Weighted<br>Assets by<br>Exposures            | 1,538                           | 29,199  | 1,100,680                    | 266,696 | 19,218,243                                    | 10,153,691 | 6,580,185   | 7,263  | 1,215,828  | 38,573,323 | -                           | -      |  |  |
| Average Risk-<br>Weight                            | 0%                              | 5%      | 24%                          | 99%     | 82%   | 72%        | 44%   | 150%   | 82%        | 56%        | -                           | -      |  |  |
| Deduction from<br>Capital Base                     | -                               | -       | -                            | -       | -   | -          | -   | -      | -          | -          | -                           | -      |  |  |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd.)

| Exposures after netting and credit risk mitigation |      |              |                           |        |                        |         |                                |            |  |            |           |            |            |  |                    |        |        |
|--|------|--------------|---------------------------|--------|------------------------|---------|--------------------------------|------------|--|------------|-----------|------------|------------|--|--------------------|--------|--------|
| GROUP  | 2024 | Risk-Weights | Insurance                 |        |                        |         |                                |            |  |            |           |            |            | Total Exposures after Risk-Weighted Assets |                    |        |        |
|  |      |              | Sovereigns /Central Banks |        | Public Sector Entities |         | Multilateral Development Banks |            | Banks, Companies, DFIs and Securities Firms and Managers |            | Corporate |            | Regulatory |  | Higher Risk Assets |        |        |
|  |      |              | RM'000                    | RM'000 | RM'000                 | RM'000  | RM'000                         | RM'000     | RM'000   | RM'000     | RM'000    | RM'000     | RM'000     |  | RM'000             | RM'000 | RM'000 |
|  |      |              | RM'000                    | RM'000 | RM'000                 | RM'000  | RM'000                         | RM'000     | RM'000   | RM'000     | RM'000    | RM'000     | RM'000     |  | RM'000             | RM'000 | RM'000 |
| 0%   |      | 10,868,441   | 576,783                   |        | 5,037                  | 3,660   | 1,731,779                      | 528,624    | -  | -          | 297,523   | 14,011,847 | -          |  |                    |        |        |
| 20%  |      | 29,432       | 221,167                   |        | 4,934,722              | 237     | 3,205,168                      | 926,428    | 5,958  | -          | 736,144   | 10,059,256 | 2,011,851  |  |                    |        |        |
| 35%  |      | -            | -                         | -      | -                      | -       | -                              | -          | -  | 13,916,615 | -         | 13,916,615 | 4,870,816  |  |                    |        |        |
| 50%  |      | -            | -                         | -      | 348,276                | -       | 61,039                         | 48,319     | 2,502,162  | -          | -         | 2,959,796  | 1,479,898  |  |                    |        |        |
| 75%  |      | -            | -                         | -      | -                      | -       | -                              | 12,491,056 | 7,920  | -          | -         | 12,498,976 | 9,374,232  |  |                    |        |        |
| 100%   |      | -            | -                         | -      | 13                     | 114,626 | 21,770,642                     | 2,686,470  | 1,461,906  | -          | 905,829   | 26,939,486 | 26,939,484 |  |                    |        |        |
| 150%   |      | -            | -                         | -      | -                      | -       | 83,900                         | 18,306     | -  | 6,159      | -         | 108,365    | 162,546    |  |                    |        |        |
| Total Exposures                                    |      | 10,897,873   | 797,950                   |        | 5,288,048              | 118,523 | 26,852,528                     | 16,699,203 | 17,894,561   | 6,159      | 1,939,496 | 80,494,341 | 44,838,827 |  |                    |        |        |
| Risk-Weighted Assets by Exposures                  |      | 5,886        | 44,233                    |        | 1,161,095              | 114,673 | 22,568,045                     | 12,291,665 | 7,590,934  | 9,238      | 1,053,058 | 44,838,827 |            |  |                    |        |        |
| Average Risk-Weight                                |      | 0%           | 6%                        |        | 22%                    | 97%     | 84%                            | 74%        | 42%  | 150%       | 54%       | 56%        |            |  |                    |        |        |
| Deduction from Capital Base                        |      | -            | -                         | -      | -                      | -       | -                              | -          | -  | -          | -         | -          | -          |  |                    |        |        |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 4.0 CREDIT RISK (CONT'D.)

## 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd.)

| Exposures after netting and credit risk mitigation |                                 |         |           |        |                              |            |   |            |   |            |            |            |                                   |        |  |                          |        |
|--|---------------------------------|---------|-----------|--------|------------------------------|------------|---|------------|---|------------|------------|------------|-----------------------------------|--------|--|--------------------------|--------|
| BANK<br>2024<br>Risk-<br>Weights                   | Insurance                       |         |           |        |                              |            |   |            |   |            |            |            | Total<br>Exposures                |        | Total<br>Risk-<br>Weighted<br>Assets<br>RM'000 |                          |        |
|  | Sovereigns<br>/Central<br>Banks |         |           |        | Public<br>Sector<br>Entities |            | Banks<br>Multilateral<br>Development<br>Banks |            | Banks,<br>Companies,<br>DFIs and<br>Securities<br>Firms and<br>Fund<br>Managers |            | Corporates |            | Regulatory<br>Retail<br>Mortgages |        |  | Higher<br>Risk<br>Assets |        |
|  | RM'000                          |         | RM'000    |        | RM'000                       |            | RM'000  |            | RM'000  |            | RM'000     |            | RM'000                            |        |  | RM'000                   |        |
|  | RM'000                          | RM'000  | RM'000    | RM'000 | RM'000                       | RM'000     | RM'000  | RM'000     | RM'000  | RM'000     | RM'000     | RM'000     | RM'000                            | RM'000 |  | RM'000                   | RM'000 |
| 0%   | 8,638,924                       | 407,275 | -         | 2,103  | 1,244,506                    | 421,496    | -   | -          | 297,522   | -          | -          | 11,011,826 | -                                 | -      | -  | -                        | -      |
| 20%  | 29,432                          | 160,475 | 4,250,772 | 237    | 2,420,949                    | 783,799    | 4,144   | -          | 736,143   | -          | -          | 8,385,951  | 1,677,190                         | -      | -  | -                        | -      |
| 35%  | -                               | -       | -         | -      | -                            | -          | -   | 10,367,765 | -   | -          | -          | 10,367,765 | 3,628,718                         | -      | -  | -                        | -      |
| 50%  | -                               | -       | -         | -      | 581,608                      | -          | 56,170  | 34,169     | 1,794,456   | -          | -          | 2,466,403  | 1,233,202                         | -      | -  | -                        | -      |
| 75%  | -                               | -       | -         | -      | -                            | -          | -   | 10,125,520 | 6,160   | -          | -          | 10,131,680 | 7,598,760                         | -      | -  | -                        | -      |
| 100%   | -                               | -       | 13        | 38,043 | 16,554,176                   | 1,136,198  | 1,124,221                                     | -          | 877,774   | -          | -          | 19,730,425 | 19,730,424                        | -      | -  | -                        | -      |
| 150%   | -                               | -       | -         | -      | 78,437                       | 14,342     | -   | 4,872      | -   | -          | -          | 97,651     | 146,476                           | -      | -  | -                        | -      |
| Total Exposures                                    | 8,668,356                       | 567,750 | 4,832,393 | 40,383 | 20,354,238                   | 12,515,524 | 13,296,746                                    | 4,872      | 1,911,439   | 62,191,701 | 34,014,770 | -          | -                                 | -      | -  | -                        | -      |
| Risk-Weighted<br>Assets by<br>Exposures            | 5,886                           | 32,095  | 1,140,971 | 38,091 | 17,184,105                   | 8,925,695  | 5,655,616                                     | 7,308      | 1,025,003   | 34,014,770 | -          | -          | -                                 | -      | -  | -                        | -      |
| Average Risk-<br>Weight                            | 0%                              | 6%      | 24%       | 94%    | 84%                          | 71%        | 43%   | 150%       | 54%   | 55%        | -          | -          | -                                 | -      | -  | -                        | -      |
| Deduction from<br>Capital Base                     | -                               | -       | -         | -      | -                            | -          | -   | -          | -   | -          | -          | -          | -                                 | -      | -  | -                        | -      |

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For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

For the purpose of determining counterparty risk-weights, the Group uses external credit assessments from Rating Agency Malaysia (“RAM”), Malaysian Rating Corporation Berhad (“MARC”), Standard and Poor’s (“S&P”), Moody’s, Fitch Ratings, and Rating and Investment Information, Inc. (“R&I” [Refer to Note 1]). In the context of the Group’s portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Group follows the process prescribed under BNM’s Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated credit exposures according to ratings by approved External Credit Assessment Institutions (“ECAIs”) or as prescribed under the RWCAF:

##### Long-Term Rating

| Rating Category | S&P         | Moody's     | Fitch       | RAM         | MARC        | R&I*        |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1               | AAA to AA-  | Aaa to Aa3  | AAA to AA-  | AAA to AA3  | AAA to AA-  | AAA to AA-  |
| 2               | A+ to A-    | A1 to A3    | A+ to A-    | A+ to A3    | A+ to A-    | A+ to A-    |
| 3               | BBB+ to BB- | Baa1 to Ba3 | BBB+ to BB- | BBB1 to BB3 | BBB+ to BB- | BBB+ to BB- |
| 4               | B+ to D     | B1 to C     | B+ to D     | B to D      | B+ to D     | B+ to D     |
| 5               | Unrated     |             |             |             |             |             |

##### Short-Term Rating

| Rating Category | S&P     | Moody's | Fitch   | RAM | MARC   | R&I*      |
|-----------------|---------|---------|---------|-----|--------|-----------|
| 1               | A-1     | P-1     | F1+, F1 | P-1 | MARC-1 | a-1+, a-1 |
| 2               | A-2     | P-2     | F2+, F2 | P-2 | MARC-2 | a-2       |
| 3               | A-3     | P-3     | F3      | P-3 | MARC-3 | a-3       |
| 4               | Others  | Others  | B to D  | NP  | MARC-4 | b, c      |
| 5               | Unrated |         |         |     |        |           |

\* Note 1: R&I rating is not recognised for Islamic debt securities.



## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 4.0 CREDIT RISK (CONTD.)

## 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables show the rated credit exposures according to ratings by approved ECAs or as prescribed under the RWCAF: (cont'd.)

GROUP  
2025

| Exposure Class  | Rating Categories |            |        |        |            | Total      |
|---|-------------------|------------|--------|--------|------------|------------|
|   | 1                 | 2          | 3      | 4      | 5          |            |
|   | RM'000            | RM'000     | RM'000 | RM'000 | RM'000     | RM'000     |
| <b>On and Off-Balance Sheet Exposures</b>                                       |                   |            |        |        |            |            |
| <b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>    |                   |            |        |        |            |            |
| Public Sector Entities  | -                 | 595,731    | -      | -      | -          | 595,731    |
| Sovereigns and Central Banks<br>(Refer to Note 2)                               | -                 | 12,028,890 | -      | -      | -          | 12,028,890 |
| Corporates  | -                 | 1,541,686  | -      | -      | -          | 1,541,686  |
| Banks, DFIs and Multilateral<br>Development Banks                               | -                 | 5,045      | -      | -      | -          | 5,045      |
| <b>Total</b>  | -                 | 14,171,352 | -      | -      | -          | 14,171,352 |
| <b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b> |                   |            |        |        |            |            |
| Banks, DFIs and Multilateral<br>Development Banks                               | 3,461,974         | 1,122,167  | 3,567  | -      | 740,554    | 5,328,262  |
| <b>Exposures risk-weighted using Banking Institutions short-term rating</b>     |                   |            |        |        |            |            |
| Banks, DFIs and Multilateral<br>Development Banks                               | 54,580            | -          | -      | -      | -          | 54,580     |
| <b>Total</b>  | 3,516,554         | 1,122,167  | 3,567  | -      | 740,554    | 5,382,842  |
| <b>(iii) Exposures risk-weighted using Corporate long-term rating</b>           |                   |            |        |        |            |            |
| Public Sector Entities  | 21,125            | -          | -      | -      | 250,661    | 271,786    |
| Corporates  | 3,350,232         | 8,901      | 1      | -      | 28,124,702 | 31,483,836 |
| Insurance Companies, Securities<br>Firms & Fund Managers                        | -                 | -          | -      | -      | 302,845    | 302,845    |
| <b>Exposures risk-weighted using Corporate short-term rating</b>                |                   |            |        |        |            |            |
| Public Sector Entities  | 39,493            | -          | -      | -      | -          | 39,493     |
| Corporates  | 19,840            | -          | -      | -      | -          | 19,840     |
| Insurance Companies, Securities<br>Firms & Fund Managers                        | -                 | -          | -      | -      | -          | -          |
| <b>Total</b>  | 3,430,690         | 8,901      | 1      | -      | 28,678,208 | 32,117,800 |

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables show the rated credit exposures according to ratings by approved ECALs or as prescribed under the RWCAF: (cont'd.)

#### BANK 2025

| Exposure Class  | Rating Categories |            |        |        |            | Total      |
|---|-------------------|------------|--------|--------|------------|------------|
|   | 1                 | 2          | 3      | 4      | 5          |            |
|   | RM'000            | RM'000     | RM'000 | RM'000 | RM'000     | RM'000     |
| <b>On and Off-Balance Sheet Exposures</b>                                       |                   |            |        |        |            |            |
| <b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>    |                   |            |        |        |            |            |
| Public Sector Entities  | -                 | 389,953    | -      | -      | -          | 389,953    |
| Sovereigns and Central Banks<br>(Refer to Note 2)                               | -                 | 9,464,509  | -      | -      | -          | 9,464,509  |
| Corporates  | -                 | 1,096,768  | -      | -      | -          | 1,096,768  |
| Banks, DFIs and Multilateral<br>Development Banks                               | -                 | -          | -      | -      | -          | -          |
| <b>Total</b>  | -                 | 10,951,230 | -      | -      | -          | 10,951,230 |
| <b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b> |                   |            |        |        |            |            |
| Banks, DFIs and Multilateral<br>Development Banks                               | 2,543,761         | 1,356,974  | 3,567  | -      | 685,237    | 4,589,539  |
| <b>Exposures risk-weighted using Banking Institutions short-term rating</b>     |                   |            |        |        |            |            |
| Banks, DFIs and Multilateral<br>Development Banks                               | 54,580            | -          | -      | -      | -          | 54,580     |
| <b>Total</b>  | 2,598,341         | 1,356,974  | 3,567  | -      | 685,237    | 4,644,119  |
| <b>(iii) Exposures risk-weighted using Corporate long-term rating</b>           |                   |            |        |        |            |            |
| Public Sector Entities  | 15,844            | -          | -      | -      | 90,659     | 106,503    |
| Corporates  | 2,730,025         | 8,901      | 1      | -      | 21,880,543 | 24,619,470 |
| Insurance Companies, Securities<br>Firms & Fund Managers                        | -                 | -          | -      | -      | 269,107    | 269,107    |
| <b>Exposures risk-weighted using Corporate short-term rating</b>                |                   |            |        |        |            |            |
| Public Sector Entities  | 39,493            | -          | -      | -      | -          | 39,493     |
| Corporates  | 19,840            | -          | -      | -      | -          | 19,840     |
| Insurance Companies, Securities<br>Firms & Fund Managers                        | -                 | -          | -      | -      | -          | -          |
| <b>Total</b>  | 2,805,202         | 8,901      | 1      | -      | 22,240,309 | 25,054,413 |

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

## Basel II Pillar 3 Report

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### 4.0 CREDIT RISK (CONTD.)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables show the rated credit exposures according to ratings by approved ECAs or as prescribed under the RWCAF: (cont'd.)

#### GROUP 2024

| Exposure Class  | Rating Categories |            |        |        |            | Total      |
|---|-------------------|------------|--------|--------|------------|------------|
|   | 1                 | 2          | 3      | 4      | 5          |            |
|   | RM'000            | RM'000     | RM'000 | RM'000 | RM'000     | RM'000     |
| <b><u>On and Off-Balance Sheet Exposures</u></b>                                |                   |            |        |        |            |            |
| <b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>    |                   |            |        |        |            |            |
| Public Sector Entities  | -                 | 576,783    | -      | -      | -          | 576,783    |
| Sovereigns and Central Banks<br>(Refer to Note 2)                               | -                 | 10,897,873 | -      | -      | -          | 10,897,873 |
| Corporates  | -                 | 1,172,419  | -      | -      | -          | 1,172,419  |
| Banks, DFIs and Multilateral<br>Development Banks                               | -                 | 5,037      | -      | -      | -          | 5,037      |
| <b>Total</b>  | -                 | 12,652,112 | -      | -      | -          | 12,652,112 |
| <b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b> |                   |            |        |        |            |            |
| Banks, DFIs and Multilateral<br>Development Banks                               | 2,455,915         | 1,988,467  | 1,671  | -      | 836,957    | 5,283,010  |
| <b>Exposures risk-weighted using Banking Institutions short-term rating</b>     |                   |            |        |        |            |            |
| Banks, DFIs and Multilateral<br>Development Banks                               | -                 | -          | -      | -      | -          | -          |
| <b>Total</b>  | 2,455,915         | 1,988,467  | 1,671  | -      | 836,957    | 5,283,010  |
| <b>(iii) Exposures risk-weighted using Corporate long-term rating</b>           |                   |            |        |        |            |            |
| Public Sector Entities  | 20,081            | -          | -      | -      | 201,086    | 221,167    |
| Corporates  | 2,992,817         | 8,818      | -      | -      | 24,906,983 | 27,908,618 |
| Insurance Companies, Securities<br>Firms & Fund Managers                        | -                 | -          | -      | -      | 161,368    | 161,368    |
| <b>Exposures risk-weighted using Corporate short-term rating</b>                |                   |            |        |        |            |            |
| Public Sector Entities  | -                 | -          | -      | -      | -          | -          |
| Corporates  | -                 | -          | -      | -      | -          | -          |
| Insurance Companies, Securities<br>Firms & Fund Managers                        | -                 | -          | -      | -      | -          | -          |
| <b>Total</b>  | 3,012,898         | 8,818      | -      | -      | 25,269,437 | 28,291,153 |

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables show the rated credit exposures according to ratings by approved ECAIs or as prescribed under the RWCAF: (cont'd.)

**BANK  
2024**

| Exposure Class  | Rating Categories |           |        |        |            | Total      |
|---|-------------------|-----------|--------|--------|------------|------------|
|   | 1                 | 2         | 3      | 4      | 5          |            |
|   | RM'000            | RM'000    | RM'000 | RM'000 | RM'000     | RM'000     |
| <b><u>On and Off-Balance Sheet Exposures</u></b>                                |                   |           |        |        |            |            |
| <b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>    |                   |           |        |        |            |            |
| Public Sector Entities  | -                 | 407,275   | -      | -      | -          | 407,275    |
| Sovereigns and Central Banks (Refer to Note 2)                                  | -                 | 8,668,356 | -      | -      | -          | 8,668,356  |
| Corporates  | -                 | 845,953   | -      | -      | -          | 845,953    |
| Banks, DFIs and Multilateral Development Banks                                  | -                 | -         | -      | -      | -          | -          |
| <b>Total</b>  | -                 | 9,921,584 | -      | -      | -          | 9,921,584  |
| <b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b> |                   |           |        |        |            |            |
| Banks, DFIs and Multilateral Development Banks                                  | 1,692,439         | 2,307,336 | 1,671  | -      | 830,946    | 4,832,392  |
| <b>Exposures risk-weighted using Banking Institutions short-term rating</b>     |                   |           |        |        |            |            |
| Banks, DFIs and Multilateral Development Banks                                  | -                 | -         | -      | -      | -          | -          |
| <b>Total</b>  | 1,692,439         | 2,307,336 | 1,671  | -      | 830,946    | 4,832,392  |
| <b>(iii) Exposures risk-weighted using Corporate long-term rating</b>           |                   |           |        |        |            |            |
| Public Sector Entities  | 20,081            | -         | -      | -      | 140,394    | 160,475    |
| Corporates  | 2,255,854         | 8,818     | -      | -      | 19,242,940 | 21,507,612 |
| Insurance Companies, Securities Firms & Fund Managers                           | -                 | -         | -      | -      | 83,228     | 83,228     |
| <b>Exposures risk-weighted using Corporate short-term rating</b>                |                   |           |        |        |            |            |
| Public Sector Entities  | -                 | -         | -      | -      | -          | -          |
| Corporates  | -                 | -         | -      | -      | -          | -          |
| Insurance Companies, Securities Firms & Fund Managers                           | -                 | -         | -      | -      | -          | -          |
| <b>Total</b>  | 2,275,935         | 8,818     | -      | -      | 19,466,562 | 21,751,315 |

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

There is no outstanding securitisation contract in the Bank that requires disclosure of ratings and short-term rating of securitisation by approved ECAIs.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

## 4.0 CREDIT RISK (CONTD.)

## 4.4 Credit Risk Mitigation ("CRM")

The Group generally does not extend credit solely based on collateral. Instead, credit facilities are granted based on borrowers' creditworthiness. Collaterals that are eligible for credit risk mitigation will be accepted only after their marketability, liquidity, legal enforceability, transferability and stability of values are accessed in accordance with the Group's policy on collateral valuation. The policy also prescribes the frequency of valuation for different collateral/security types, based on liquidity and volatility of the collateral value and the underlying product or risk exposures.

As a practical approach towards mitigating credit risk, the Group accepts a wide range of collaterals. The main types of collateral acceptable to the Group include cash, guarantees, commercial and residential real estate, and physical collateral/financial collateral, e.g. motor vehicles or shares. Guarantees are accepted only when the financial standing of the guarantors have been ascertained.

However, for capital computation purposes, the BNM's Capital Adequacy Framework applies more restrictive rules on collaterals that qualify as credit risk mitigants. As a result, not all of the collaterals accepted by the Group can be used to reduce our capital adequacy requirement.

The following tables represent the Group's/Bank's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

| GROUP<br>2025   | Exposures<br>before CRM<br>RM'000 | Exposures<br>covered by<br>guarantees/<br>credit<br>derivatives<br>(Note 1)<br>RM'000 | Exposures<br>covered by<br>eligible<br>financial<br>collateral<br>RM'000 | Exposures<br>covered by<br>other eligible<br>collateral<br>RM'000 |
|---|-----------------------------------|---|--|---|
| <b>Credit Risk</b>  |                                   |   |  |   |
| <b>Exposure Class</b>   |                                   |   |  |   |
| On-Balance Sheet Exposures:   |                                   |   |  |   |
| Sovereigns/Central Banks  | 11,977,081                        | -   | -  | -   |
| Public Sector Entities  | 812,550                           | -   | -  | -   |
| Banks, DFIs and Multilateral<br>Development Banks   | 3,938,202                         | -   | -  | -   |
| Insurance Companies, Securities<br>Firms and Fund Managers  | 270,010                           | 1,491   | 570  | -   |
| Corporates  | 30,168,273                        | 1,133,751   | 2,296,428  | -   |
| Regulatory Retail   | 16,429,642                        | 1,476,180   | 1,101,892  | -   |
| Residential Mortgages   | 19,083,993                        | 5,572   | 12,141   | -   |
| Higher Risk Assets  | 4,595                             | -   | -  | -   |
| Other Assets  | 1,507,547                         | -   | -  | -   |
| Defaulted Exposures   | 637,070                           | 27,095  | 2,270  | -   |
| Total On-Balance Sheet Exposures  | 84,828,963                        | 2,644,089   | 3,413,301  | -   |
| Off-Balance Sheet Exposures:  |                                   |   |  |   |
| Off-Balance Sheet Exposures other than<br>Over The Counter ("OTC") Derivatives or<br>Credit Derivatives | 8,038,757                         | 61,119  | 756,856  | -   |
| Defaulted Exposures   | 1,737                             | 1   | -  | -   |
| Total Off-Balance Sheet Exposures   | 8,040,494                         | 61,120  | 756,856  | -   |
| Total On and Off-Balance Sheet Exposures  | 92,869,457                        | 2,705,209   | 4,170,157  | -   |

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.4 Credit Risk Mitigation ("CRM") (cont'd.)

| BANK<br>2025  | Exposures<br>before CRM<br>RM'000 | Exposures<br>covered by<br>guarantees/<br>credit<br>derivatives<br>(Note 1)<br>RM'000 | Exposures<br>covered by<br>eligible<br>financial<br>collateral<br>RM'000 | Exposures<br>covered by<br>other eligible<br>collateral<br>RM'000 |
|---|-----------------------------------|---|--|---|
| <b>Credit Risk</b>  |                                   |   |  |   |
| <b>Exposure Class</b>   |                                   |   |  |   |
| On-Balance Sheet Exposures:   |                                   |   |  |   |
| Sovereigns/Central Banks  | 9,412,699                         | -   | -  | -   |
| Public Sector Entities  | 445,483                           | -   | -  | -   |
| Banks, DFIs and Multilateral<br>Development Banks                               | 3,195,634                         | -   | -  | -   |
| Insurance Companies, Securities<br>Firms and Fund Managers                      | 245,871                           | 1,491   | 570  | -   |
| Corporates  | 23,585,154                        | 839,451   | 2,124,361  | -   |
| Regulatory Retail   | 12,199,312                        | 1,236,270   | 998,461  | -   |
| Residential Mortgages   | 14,672,374                        | 4,019   | 11,287   | -   |
| Higher Risk Assets  | 3,708                             | -   | -  | -   |
| Other Assets  | 1,485,121                         | -   | -  | -   |
| Defaulted Exposures   | 450,416                           | 23,251  | 2,199  | -   |
| <b>Total On-Balance Sheet Exposures</b>   | <b>65,695,772</b>                 | <b>2,104,482</b>  | <b>3,136,878</b>   | <b>-</b>  |
| Off-Balance Sheet Exposures:  |                                   |   |  |   |
| Off-Balance Sheet Exposures other than<br>OTC Derivatives or Credit Derivatives | 7,009,120                         | 34,153  | 673,903  | -   |
| Defaulted Exposures   | 1,314                             | -   | -  | -   |
| <b>Total Off-Balance Sheet Exposures</b>  | <b>7,010,434</b>                  | <b>34,153</b>   | <b>673,903</b>   | <b>-</b>  |
| <b>Total On and Off-Balance Sheet Exposures</b>                                 | <b>72,706,206</b>                 | <b>2,138,635</b>  | <b>3,810,781</b>   | <b>-</b>  |

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONTD.)

#### 4.4 Credit Risk Mitigation ("CRM") (cont'd.)

| GROUP<br>2024   | Exposures<br>before CRM<br>RM'000 | Exposures<br>covered by<br>guarantees/<br>credit<br>derivatives<br>(Note 1)<br>RM'000 | Exposures<br>covered by<br>eligible<br>financial<br>collateral<br>RM'000 | Exposures<br>covered by<br>other eligible<br>collateral<br>RM'000 |
|---|-----------------------------------|---|--|---|
| <b>Credit Risk</b>  |                                   |   |  |   |
| <b>Exposure Class</b>   |                                   |   |  |   |
| On-Balance Sheet Exposures:   |                                   |   |  |   |
| Sovereigns/Central Banks  | 10,777,276                        | -   | -  | -   |
| Public Sector Entities  | 657,296                           | -   | -  | -   |
| Banks, DFIs and Multilateral<br>Development Banks                               | 4,070,429                         | -   | -  | -   |
| Insurance Companies, Securities<br>Firms and Fund Managers                      | 154,161                           | 3,829   | 40,885   | -   |
| Corporates  | 26,112,896                        | 730,383   | 1,943,582  | -   |
| Regulatory Retail   | 14,808,899                        | 1,430,655   | 1,033,485  | -   |
| Residential Mortgages   | 17,322,898                        | 5,958   | 10,022   | -   |
| Higher Risk Assets  | 4,677                             | -   | -  | -   |
| Other Assets  | 1,939,496                         | -   | -  | -   |
| Defaulted Exposures   | 644,645                           | 17,807  | 612  | -   |
| Total On-Balance Sheet Exposures  | 76,492,673                        | 2,188,632   | 3,028,586  | -   |
| Off-Balance Sheet Exposures:  |                                   |   |  |   |
| Off-Balance Sheet Exposures other than<br>OTC Derivatives or Credit Derivatives |                                   |   |  |   |
|   | 7,697,922                         | 47,970  | 669,110  | -   |
| Defaulted Exposures   | 1,443                             | 16  | 1  | -   |
| Total Off-Balance Sheet Exposures   | 7,699,365                         | 47,986  | 669,111  | -   |
| Total On and Off-Balance Sheet Exposures  | 84,192,038                        | 2,236,618   | 3,697,697  | -   |

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.



## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.4 Credit Risk Mitigation ("CRM") (cont'd.)

| BANK<br>2024  | Exposures<br>before CRM<br>RM'000 | Exposures<br>covered by<br>guarantees/<br>credit<br>derivatives<br>(Note 1)<br>RM'000 | Exposures<br>covered by<br>eligible<br>financial<br>collateral<br>RM'000 | Exposures<br>covered by<br>other eligible<br>collateral<br>RM'000 |
|---|-----------------------------------|---|--|---|
| <b>Credit Risk</b>  |                                   |   |  |   |
| <b>Exposure Class</b>   |                                   |   |  |   |
| On-Balance Sheet Exposures:   |                                   |   |  |   |
| Sovereigns/Central Banks  | 8,547,759                         | -   | -  | -   |
| Public Sector Entities  | 466,599                           | -   | -  | -   |
| Banks, DFIs and Multilateral<br>Development Banks                               | 3,615,773                         | -   | -  | -   |
| Insurance Companies, Securities<br>Firms and Fund Managers                      | 76,476                            | 2,272   | 40,885   | -   |
| Corporates  | 20,070,833                        | 537,833   | 1,767,712  | -   |
| Regulatory Retail   | 10,833,654                        | 1,187,742   | 938,462  | -   |
| Residential Mortgages   | 12,921,969                        | 4,144   | 9,523  | -   |
| Higher Risk Assets  | 3,717                             | -   | -  | -   |
| Other Assets  | 1,911,440                         | -   | -  | -   |
| Defaulted Exposures   | 445,047                           | 15,539  | 221  | -   |
| <b>Total On-Balance Sheet Exposures</b>   | <b>58,893,267</b>                 | <b>1,747,530</b>  | <b>2,756,803</b>   | <b>-</b>  |
| Off-Balance Sheet Exposures:  |                                   |   |  |   |
| Off-Balance Sheet Exposures other than<br>OTC Derivatives or Credit Derivatives | 6,657,853                         | 27,897  | 603,803  | -   |
| Defaulted Exposures   | 1,187                             | -   | -  | -   |
| <b>Total Off-Balance Sheet Exposures</b>  | <b>6,659,040</b>                  | <b>27,897</b>   | <b>603,803</b>   | <b>-</b>  |
| <b>Total On and Off-Balance Sheet Exposures</b>                                 | <b>65,552,307</b>                 | <b>1,775,427</b>  | <b>3,360,606</b>   | <b>-</b>  |

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONTD.)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk

Counterparty Credit Risk (“CCR”) is the risk that the counterparty to a transaction involving financial instruments such as foreign exchange and derivatives could default before the final settlement of the transaction’s cash flows. Unlike a loan where the credit risk is unilateral i.e. only the lending bank faces the risk of loss, CCR on derivatives creates bilateral risk of loss. This means either party of the transaction can incur losses depending on the market value of the derivative, which can vary over time with the movement of underlying market factors.

For derivatives, the Group is not exposed to credit risk for the full face value of the contracts. CCR is limited to the potential cost of replacing the cash-flow if the counterparty defaults. As such, the credit equivalent amount will depend, inter alia, on the maturity of the contract and on the volatility of the rates underlying that type of instrument.

Derivatives are mainly utilised for hedging purposes with minimal trading exposures. CCR arising from the derivatives is managed via counterparty limits, which is set based on the counterparty’s size and credit rating. These limits are monitored daily by Group Risk Management.

CCR is further mitigated via netting agreements, e.g. under the International Swaps and Derivatives Association (“ISDA”) master agreement. The ISDA agreement contractually binds both parties to apply close-out netting across all outstanding transactions covered by this agreement should either party default or other such predetermined credit events occur.

CCR is measured via the current exposure method whereby the credit equivalent exposure for derivatives is the sum of the positive mark-to-market exposure plus the potential future exposure which is equivalent to an add-on factor multiplied by the notional amount. The add-on factors are as stipulated by BNM.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

The off-balance sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

| GROUP<br>2025   | Principal<br>Amount<br>RM'000 | Positive<br>Fair Value<br>of Derivative<br>Contracts<br>RM'000 | Credit<br>Equivalent<br>Amount<br>RM'000 | Risk-<br>Weighted<br>Assets<br>RM'000 |
|---|-------------------------------|--|--|---------------------------------------|
| <u>Credit-Related Exposures</u>   |                               |  |  |                                       |
| Direct Credit Substitutes   | 536,155                       | -  | 536,155                                  | 407,873                               |
| Transaction-Related Contingent Items  | 714,231                       | -  | 352,638                                  | 207,065                               |
| Short-Term Self-Liquidating Trade-<br>Related Contingencies   | 118,673                       | -  | 23,735                                   | 18,336                                |
| Forward Asset Purchase  | -                             | -  | -  | -                                     |
| Lending of banks' securities or the<br>posting of securities as collateral by<br>banks, including instances where these<br>arise out of repo-style transactions.<br>(i.e. repurchase/reverse repurchase<br>and securities lending/borrowing<br>transactions.) | 1,689,046                     | -  | 104,059                                  | 11,988                                |
| Irrevocable Commitments to<br>Extend Credit:  |                               |  |  |                                       |
| - Maturity exceeding one year   | 5,051,678                     | -  | 2,524,478                                | 1,922,647                             |
| - Maturity not exceeding one year   | 12,923,384                    | -  | 2,584,093                                | 1,808,673                             |
| Unutilised Credit Card Lines  | 2,115,549                     | -  | 423,103                                  | 321,261                               |
|   | 23,148,716                    | -  | 6,548,261                                | 4,697,843                             |
| <u>Derivative Financial Instruments</u>   |                               |  |  |                                       |
| Foreign Exchange Related Contracts:   |                               |  |  |                                       |
| - One year or less  | 14,982,172                    | 68,906   | 257,351                                  | 75,368                                |
| - Over one year to three years  | 400,299                       | 3,945  | 26,542                                   | 14,985                                |
| - Over three years  | 8,862                         | -  | 709                                      | 709                                   |
| Interest Rate Related Contracts:  |                               |  |  |                                       |
| - One year or less  | 4,118,349                     | 5,609  | 74,671                                   | 18,241                                |
| - Over one year to three years  | 8,601,276                     | 20,050   | 249,034                                  | 67,970                                |
| - Over three years  | 14,298,218                    | 52,660   | 856,512                                  | 223,224                               |
| Equity Related Contracts:   |                               |  |  |                                       |
| - One year or less  | 316,353                       | 91   | 19,451                                   | 4,884                                 |
| - Over one year to three years  | 98,607                        | -  | 7,963                                    | 2,124                                 |
|   | 42,824,136                    | 151,261  | 1,492,233                                | 407,505                               |
|   | 65,972,852                    | 151,261  | 8,040,494                                | 5,105,348                             |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONTD.)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

| BANK<br>2025  | Principal<br>Amount<br>RM'000 | Positive<br>Fair Value<br>of Derivative<br>Contracts<br>RM'000 | Credit<br>Equivalent<br>Amount<br>RM'000 | Risk-<br>Weighted<br>Assets<br>RM'000 |
|---|-------------------------------|--|--|---------------------------------------|
| <u>Credit-Related Exposures</u>   |                               |  |  |                                       |
| Direct Credit Substitutes   | 448,167                       | -  | 448,167                                  | 338,065                               |
| Transaction-Related Contingent Items  | 579,231                       | -  | 285,138                                  | 175,234                               |
| Short-Term Self-Liquidating Trade-<br>Related Contingencies   | 103,660                       | -  | 20,732                                   | 16,634                                |
| Forward Asset Purchase  | -                             | -  | -  | -                                     |
| Lending of banks' securities or the<br>posting of securities as collateral by<br>banks, including instances where these<br>arise out of repo-style transactions.<br>(i.e. repurchase/reverse repurchase<br>and securities lending/borrowing<br>transactions.) | 1,689,046                     | -  | 104,059                                  | 11,988                                |
| Irrevocable Commitments to<br>Extend Credit:  |                               |  |  |                                       |
| - Maturity exceeding one year   | 4,466,785                     | -  | 2,232,317                                | 1,691,954                             |
| - Maturity not exceeding one year   | 10,023,710                    | -  | 2,004,685                                | 1,314,479                             |
| Unutilised Credit Card Lines  | 2,115,549                     | -  | 423,103                                  | 320,924                               |
|   | 19,426,148                    | -  | 5,518,201                                | 3,869,278                             |
| <u>Derivative Financial Instruments</u>   |                               |  |  |                                       |
| Foreign Exchange Related Contracts:   |                               |  |  |                                       |
| - One year or less  | 14,982,172                    | 68,906   | 257,351                                  | 75,368                                |
| - Over one year to three years  | 400,299                       | 3,945  | 26,542                                   | 14,985                                |
| - Over three years  | 8,862                         | -  | 709                                      | 709                                   |
| Interest Rate Related Contracts:  |                               |  |  |                                       |
| - One year or less  | 4,118,349                     | 5,609  | 74,671                                   | 18,241                                |
| - Over one year to three years  | 8,601,276                     | 20,050   | 249,034                                  | 67,970                                |
| - Over three years  | 14,298,218                    | 52,660   | 856,512                                  | 223,224                               |
| Equity Related Contracts:   |                               |  |  |                                       |
| - One year or less  | 316,353                       | 91   | 19,451                                   | 4,884                                 |
| - Over one year to three years  | 98,607                        | -  | 7,963                                    | 2,124                                 |
|   | 42,824,136                    | 151,261  | 1,492,233                                | 407,505                               |
|   | 62,250,284                    | 151,261  | 7,010,434                                | 4,276,783                             |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONT'D.)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

| GROUP<br>2024   | Principal<br>Amount<br>RM'000 | Positive<br>Fair Value<br>of Derivative<br>Contracts<br>RM'000 | Credit<br>Equivalent<br>Amount<br>RM'000 | Risk-<br>Weighted<br>Assets<br>RM'000 |
|---|-------------------------------|--|--|---------------------------------------|
| <u>Credit-Related Exposures</u>   |                               |  |  |                                       |
| Direct Credit Substitutes   | 504,102                       | -  | 504,077                                  | 374,665                               |
| Transaction-Related Contingent Items  | 716,707                       | -  | 358,353                                  | 228,050                               |
| Short-Term Self-Liquidating Trade-<br>Related Contingencies   | 242,230                       | -  | 48,446                                   | 43,016                                |
| Forward Asset Purchase  | 90,285                        | -  | 90,285                                   | -                                     |
| Lending of banks' securities or the<br>posting of securities as collateral by<br>banks, including instances where these<br>arise out of repo-style transactions.<br>(i.e. repurchase/reverse repurchase<br>and securities lending/borrowing<br>transactions.) | 2,117,331                     | -  | 143,137                                  | 26,551                                |
| Irrevocable Commitments to<br>Extend Credit:  |                               |  |  |                                       |
| - Maturity exceeding one year   | 5,165,112                     | -  | 2,581,238                                | 1,987,472                             |
| - Maturity not exceeding one year   | 11,640,352                    | -  | 2,328,011                                | 1,637,242                             |
| Unutilised Credit Card Lines  | 1,889,873                     | -  | 377,974                                  | 287,322                               |
|   | 22,365,992                    | -  | 6,431,521                                | 4,584,318                             |
| <u>Derivative Financial Instruments</u>   |                               |  |  |                                       |
| Foreign Exchange Related Contracts:   |                               |  |  |                                       |
| - One year or less  | 16,304,813                    | 97,429   | 287,820                                  | 100,145                               |
| - Over one year to three years  | 987,439                       | 14,458   | 72,322                                   | 47,994                                |
| - Over three years  | 120,483                       | 1,038  | 10,771                                   | 7,897                                 |
| Interest Rate Related Contracts:  |                               |  |  |                                       |
| - One year or less  | 1,633,954                     | 10,781   | 35,457                                   | 7,473                                 |
| - Over one year to three years  | 6,177,524                     | 31,759   | 284,683                                  | 78,153                                |
| - Over three years  | 10,316,175                    | 26,581   | 545,526                                  | 148,975                               |
| Equity Related Contracts:   |                               |  |  |                                       |
| - One year or less  | 311,349                       | 910  | 19,822                                   | 5,403                                 |
| - Over one year to three years  | 142,040                       | 79   | 11,443                                   | 2,636                                 |
|   | 35,993,777                    | 183,035  | 1,267,844                                | 398,676                               |
|   | 58,359,769                    | 183,035  | 7,699,365                                | 4,982,994                             |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 4.0 CREDIT RISK (CONTD.)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

| BANK<br>2024  | Principal<br>Amount<br>RM'000 | Positive<br>Fair Value<br>of Derivative<br>Contracts<br>RM'000 | Credit<br>Equivalent<br>Amount<br>RM'000 | Risk-<br>Weighted<br>Assets<br>RM'000 |
|---|-------------------------------|--|--|---------------------------------------|
| <u>Credit-Related Exposures</u>   |                               |  |  |                                       |
| Direct Credit Substitutes   | 415,371                       | -  | 415,346                                  | 304,885                               |
| Transaction-Related Contingent Items  | 624,324                       | -  | 312,162                                  | 197,787                               |
| Short-Term Self-Liquidating Trade-<br>Related Contingencies   | 225,444                       | -  | 45,089                                   | 40,628                                |
| Forward Asset Purchase  | 80,783                        | -  | 80,783                                   | -                                     |
| Lending of banks' securities or the<br>posting of securities as collateral by<br>banks, including instances where these<br>arise out of repo-style transactions.<br>(i.e. repurchase/reverse repurchase<br>and securities lending/borrowing<br>transactions.) | 2,117,331                     | -  | 143,137                                  | 26,551                                |
| Irrevocable Commitments to<br>Extend Credit:  |                               |  |  |                                       |
| - Maturity exceeding one year   | 4,472,982                     | -  | 2,235,460                                | 1,715,001                             |
| - Maturity not exceeding one year   | 8,906,524                     | -  | 1,781,245                                | 1,192,412                             |
| Unutilised Credit Card Lines  | 1,889,873                     | -  | 377,974                                  | 287,007                               |
|   | 18,732,632                    | -  | 5,391,196                                | 3,764,271                             |
| <u>Derivative Financial Instruments</u>   |                               |  |  |                                       |
| Foreign Exchange Related Contracts:   |                               |  |  |                                       |
| - One year or less  | 16,304,813                    | 97,429   | 287,820                                  | 100,145                               |
| - Over one year to three years  | 987,439                       | 14,458   | 72,322                                   | 47,994                                |
| - Over three years  | 120,483                       | 1,038  | 10,771                                   | 7,897                                 |
| Interest Rate Related Contracts:  |                               |  |  |                                       |
| - One year or less  | 1,633,954                     | 10,781   | 35,457                                   | 7,473                                 |
| - Over one year to three years  | 6,177,524                     | 31,759   | 284,683                                  | 78,153                                |
| - Over three years  | 10,316,175                    | 26,581   | 545,526                                  | 148,975                               |
| Equity Related Contracts:   |                               |  |  |                                       |
| - One year or less  | 311,349                       | 910  | 19,822                                   | 5,403                                 |
| - Over one year to three years  | 142,040                       | 79   | 11,443                                   | 2,636                                 |
|   | 35,993,777                    | 183,035  | 1,267,844                                | 398,676                               |
|   | 54,726,409                    | 183,035  | 6,659,040                                | 4,162,947                             |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 5.0 MARKET RISK

Market risk is defined as the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices such as interest rate/profit rates, foreign exchange rates and equity prices.

#### 5.1 Market Risk Management

The Board, via the GRMC provides oversight on market risk management activities. Its responsibilities include reviewing and approving risk management policies, risk exposures and limits whilst ensuring the necessary infrastructure and resources are in place.

At Senior Management level, the Group Assets and Liabilities Management Committee (“GALCO”) manages the Group’s market risk by reviewing and recommending market risk frameworks and policies; ensuring that market risk limits and parameters are within the approved thresholds; and aligning market risk management with business strategy and planning.

Organisationally, market risks are managed collectively via the Three Lines of Defence concept. Group Financial Markets, as the risk taking unit assumes ownership of the risk and manages the risk within the approved policies, risk limits and parameters as set by the GRMC or GALCO. The risk control function is undertaken by Group Risk Management which provides independent monitoring, valuation and reporting of the market exposures. This is supplemented by periodic review by Group Internal Audit.

#### 5.2 Traded Market Risk

For the Group, market risk is managed using an integrated approach which involves the following processes:

- (a) Identification of market risk in new products and changes in risk profiles of existing exposure;
- (b) Assessment of the type and magnitude of market risks which takes into account the activity and market role undertaken;
- (c) Adoption of various market risk measurement tools and techniques to quantify market risk exposure; and
- (d) Scheduled and exception reporting on market risk exposures.

Market risk exists in the Group’s activities in fixed income securities, foreign exchange and financial derivatives, which are transacted primarily by Group Financial Markets (treasury) department. Trading positions are held intentionally for short-term resale and with the intent of benefiting from actual or expected short-term price movements while banking book positions are held until maturity or as available-for-sale. Hence, these positions are susceptible to market movements.



## Basel II Pillar 3 Report

### For The Financial Year Ended 31 March 2025

#### 5.0 MARKET RISK (CONT'D.)

##### 5.2 Traded Market Risk (cont'd.)

These exposures are governed by approved policies, risk limits and parameters which are set in relation to the Group's risk appetite and strategy. Besides that, treasury activities are monitored and reported independently by Group Market Risk on a daily basis. Market risk limits, exposures as well as any limit breaches or exceptions are reported to GALCO, ERM and GRMC. The risk measures are outlined below:

- (a) Value-at-Risk ("VaR"): The Group has adopted the historical simulation approach where historical scenarios are generated based on actual past market movements. A snapshot of the end-of-day's positions is taken and full revaluation of the treasury positions is performed for each day's historical scenario versus the previous day's position. The VaR estimate is derived from the value of the 99<sup>th</sup> percentile of the loss distribution curve level and computed on a one-day holding period, i.e. the model is attempting to estimate the potential loss over the next 24 hours, based on historical market volatility. The Group currently adopts the hypothetical profit and loss ("P&L") approach for back testing purposes. Hypothetical P&L for back testing purposes refers to the simulated P&L that is generated by applying the day's price movements to the previous day's end-of-day portfolio.
- (b) Price Value of a Basis Point ("PV01") Limit: PV01 measures the sensitivity of the portfolio to adverse movements in interest rates. This limit is expressed in terms of potential losses to the entire portfolio for an adverse one basis point movement in interest rates.
- (c) The Total Net Open Position ("NOP"): The NOP limits represent the maximum permissible amount of net open position that the FX Spot & Swap Trading Desk dealers can maintain at any point in time.
- (d) Gamma and Vega Limits for FX and Interest Options: Gamma value parameter of an option is a risk parameter that measures the changes of the portfolio Delta due to changes in the underlying Spot value. Vega risk of an option measures and computes the changes in portfolio value due to parallel shift in volatility surface.
- (e) Others: Other limits include Stop Loss Limits, Tenure Limits and Transaction Limits. These limits provide additional control on the trading portfolio. In addition, stress testing is conducted to gauge and identify potential vulnerability risk areas of a bank's portfolio in accordance with a range of stressed scenarios or sensitivity analyses. It provides a forward looking assessment of risk exposures under stressed conditions which enables the Bank to assess potential worst case scenarios and develop appropriate management actions and contingency plans.

##### ***Hedging Policies and Strategies***

The Group had established a policy which outlines the broad principles and policies governing hedging activities by the Group. Generally, the Group enters into hedges to manage or reduce risk exposures. All hedging strategies in the trading and banking book are approved by the GALCO and monitored independently by Group Market Risk Management. Further, all hedging strategies are designated upfront and recorded separately under the hedging portfolios. Hedging positions and effectiveness, if any, are monitored and reported monthly to Senior Management.

The following actions describe the financial hedges that may be entered into to mitigate the interest rate risk exposures of the Group and Bank.

- (a) Fair value hedge  
The Group and the Bank use interest rate swaps to hedge its exposure to change in the fair value of bonds.
- (b) Cash flow hedge  
The Group and the Bank use foreign currency swaps (hedging instrument) to hedge the foreign exchange risks (USD) arising from the foreign currency interbank borrowing (hedged item) denominated in USD.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 5.0 MARKET RISK (CONT'D.)

#### 5.2 Traded Market Risk (cont'd.)

##### *Market Risk Capital Charge*

For the Group, the market risk charge is computed on the standardised approach and the capital charges are mainly on the fixed income securities, foreign exchange and financial derivatives portfolios, if any.

##### **Regulatory Capital Requirements**

The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

|                               | GROUP                                 |                                   | BANK                                  |                                   |
|-------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
|                               | Risk-<br>Weighted<br>Assets<br>RM'000 | Capital<br>Requirements<br>RM'000 | Risk-<br>Weighted<br>Assets<br>RM'000 | Capital<br>Requirements<br>RM'000 |
| <b>2025</b>                   |                                       |                                   |                                       |                                   |
| Interest Rate Risk            |                                       |                                   |                                       |                                   |
| - General Interest Rate Risk  | 693,746                               | 55,500                            | 693,746                               | 55,500                            |
| - Specific Interest Rate Risk | 330                                   | 26                                | 330                                   | 26                                |
|                               | 694,076                               | 55,526                            | 694,076                               | 55,526                            |
| Foreign Exchange Risk         | 267,498                               | 21,400                            | 267,198                               | 21,376                            |
| Option Risk                   | 11,550                                | 924                               | -                                     | -                                 |
|                               | 973,124                               | 77,850                            | 961,274                               | 76,902                            |
| <b>2024</b>                   |                                       |                                   |                                       |                                   |
| Interest Rate Risk            |                                       |                                   |                                       |                                   |
| - General Interest Rate Risk  | 432,287                               | 34,583                            | 432,287                               | 34,583                            |
| - Specific Interest Rate Risk | 400                                   | 32                                | 400                                   | 32                                |
|                               | 432,687                               | 34,615                            | 432,687                               | 34,615                            |
| Foreign Exchange Risk         | 127,354                               | 10,187                            | 127,113                               | 10,168                            |
| Option Risk                   | -                                     | -                                 | -                                     | -                                 |
|                               | 560,041                               | 44,802                            | 559,800                               | 44,783                            |

## Basel II Pillar 3 Report

### For The Financial Year Ended 31 March 2025

## 5.0 MARKET RISK (CONT'D.)

### 5.3 Non-Traded Market Risk

Non-traded market risk is the inherent risks arising from banking book activities. The primary risk factors in the banking book include interest rate risk/rate of return risk in the banking book.

#### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB")

Interest Rate Risk/rate of Return risk in the banking book ("IRR/RORBB") is the risk that occurs when movements in interest rates affect a banking organisation's earnings or economic value. Interest rate/profit rate changes affect the Group's earnings by altering interest rate-sensitive income and expenses, affecting its net interest income ("NII"). It also affects the underlying value of banking assets, liabilities and off-balance sheet instruments as the present value of future cash flows changes when there are changes in the interest rate/profit rate.

#### *Risk Governance*

IRR/RORBB is managed collectively by GALCO, Group Financial Markets, Group Finance and Group Risk Management. Each of these parties has clearly defined roles and responsibilities to provide oversight and manage IRR/RORBB within the defined framework and structure as approved by the GRMC/Board. GALCO assumes the overall responsibility in managing IRR/RORBB by setting the directions, strategy and risk limits/parameters for the Bank/Group. Group Financial Markets is tasked to execute the strategies as approved by GALCO to manage the assets/liabilities as well as the funding and liquidity needs of the Bank/Group where the Group and its entities have operated above the minimum regulatory requirements for Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR"). Group Finance and Group Risk Management provides support in respect of risk monitoring and reporting of the banking book exposures and ensuring regulatory as well as accounting requirements are met.

#### *IRR/RORBB Management*

The guiding principles in managing IRR/RORBB include:

- (a) Adopting a prudent approach to manage IRR/RORBB in ways that commensurate with the Group's size and business activities. This is achieved via establishing robust IRR/RORBB policies, measures and strategies, and complemented by regular monitoring and reporting;
- (b) Checking to ensure that IRR/RORBB is accurately measured and any mismatches identified, reviewed and reported monthly to GALCO;
- (c) Setting of proper gapping limits and the limits monitored closely; and
- (d) Practising comprehensive IRR/RORBB reporting and review process, with aggregated information and supporting details to facilitate the assessment of the Group's sensitivity to changes in market conditions.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 5.0 MARKET RISK (CONT'D.)

#### 5.3 Non-Traded Market Risk (cont'd.)

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd.)

###### *IRR/RORBB Management (cont'd.)*

The Bank uses a range of tools, including the following primary measures to quantify and monitor IRR/RORBB:

- (a) Repricing gap analysis to measure interest rate/profit rate from the earnings perspective, i.e. impact of interest rate/profit rate changes to earnings in the short-term;
- (b) Net interest income/profit income simulations to assess the impact of interest rate/profit rate changes on short term earnings volatility;
- (c) Economic value ("EV") simulations that measures the asset-liability impact of adverse interest rate/profit rate movements on the economic value of the Bank's capital; and
- (d) Product behavioural testing is applied regularly to ensure the risk assessment is able to withstand any market interest rate changes within the risk tolerance of the Bank.

The measures rely on key assumptions such as the behaviour of interest rates, the re-pricing characteristics and stability of indeterminate or non-maturity deposits and loans as well as changes in loan and deposit product balances influenced by various behavioural characteristics under different interest rate scenarios.

Group Risk Management performs independent monitoring of the interest rate/profit rate benchmarks to ensure compliance. Any exceptions are reported and appropriate remedial actions are taken, where necessary. Schedule reporting via risk dashboards are provided to Senior Management, GRMC and the Board. The risk dashboards provide a gauge on the IRR/RORBB of the Group.

The Group is guided by BNM's guidelines and Basel standards on management of IRR/RORBB.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 5.0 MARKET RISK (CONT'D.)

#### 5.3 Non-Traded Market Risk (cont'd.)

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd.)

##### *IRR/RORBB Management (cont'd.)*

The following tables present the Group's and the Bank's projected sensitivity shock based on standard scenario as outlined in BNM's Reporting Requirements for Interest Rate/ Rate of Return Risk in the Banking Book Policy Document issued on 30 June 2020 across all maturities applied on the Group's and the Bank's interest sensitivity gap as at reporting date.

| GROUP<br>2025                                | MYR<br>RM'000 | USD<br>RM'000 | SGD<br>RM'000 | Other<br>Foreign<br>Currencies<br>("FCY")<br>RM'000 | Total<br>RM'000 |
|--|---------------|---------------|---------------|---|-----------------|
| <b>Impact on Net Interest Income ("NII")</b> |               |               |               |   |                 |
| Parallel 200 bps up                          | 249,918       | 14,334        | (11,629)      | (25,221)  | 227,402         |
| Parallel 200 bps down                        | (249,918)     | (14,334)      | 11,629        | 25,221  | (227,402)       |
| <b>Impact on Economic Value ("EV")</b>       |               |               |               |   |                 |
| Parallel 200 bps up                          | (280,568)     | 633           | 2,886         | 3,580   | (273,469)       |
| Parallel 200 bps down                        | 280,568       | (633)         | (2,886)       | (3,580)   | 273,469         |
| Steepener                                    | (376,208)     | (331)         | (1,576)       | (2,975)   | (381,090)       |
| Flattener                                    | 337,830       | 474           | 2,009         | 3,780   | 344,093         |
| Short Rate Up                                | (17,169)      | 690           | 2,613         | 4,901   | (8,965)         |
| Short Rate Down                              | 17,169        | (690)         | (2,613)       | (4,901)   | 8,965           |
| <b>BANK<br/>2025</b>                         |               |               |               |   |                 |
| <b>Impact on NII</b>                         |               |               |               |   |                 |
| Parallel 200 bps up                          | 199,257       | 14,334        | (11,629)      | (25,221)  | 176,741         |
| Parallel 200 bps down                        | (199,257)     | (14,334)      | 11,629        | 25,221  | (176,741)       |
| <b>Impact on EV</b>                          |               |               |               |   |                 |
| Parallel 200 bps up                          | (193,964)     | 633           | 2,886         | 3,580   | (186,865)       |
| Parallel 200 bps down                        | 193,964       | (633)         | (2,886)       | (3,580)   | 186,865         |
| Steepener                                    | (270,280)     | (331)         | (1,576)       | (2,975)   | (275,162)       |
| Flattener                                    | 248,270       | 474           | 2,009         | 3,780   | 254,533         |
| Short Rate Up                                | (6,255)       | 690           | 2,613         | 4,901   | 1,949           |
| Short Rate Down                              | 6,255         | (690)         | (2,613)       | (4,901)   | (1,949)         |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 5.0 MARKET RISK (CONT'D.)

#### 5.3 Non-Traded Market Risk (cont'd.)

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd.)

##### *IRR/RORBB Management (cont'd.)*

| GROUP<br>2024         | MYR<br>RM'000 | USD<br>RM'000 | SGD<br>RM'000 | Other<br>FCY<br>RM'000 | Total<br>RM'000 |
|-----------------------|---------------|---------------|---------------|------------------------|-----------------|
| <b>Impact on NII</b>  |               |               |               |                        |                 |
| Parallel 200 bps up   | 227,252       | 38,410        | (6,822)       | (11,092)               | 247,748         |
| Parallel 200 bps down | (227,252)     | (38,410)      | 6,822         | 11,092                 | (247,748)       |
| <b>Impact on EV</b>   |               |               |               |                        |                 |
| Parallel 200 bps up   | (739,402)     | 18,006        | 4,428         | 8,345                  | (708,623)       |
| Parallel 200 bps down | 739,402       | (18,006)      | (4,428)       | (8,345)                | 708,623         |
| Steepener             | (744,435)     | (8,430)       | (1,891)       | (4,440)                | (759,196)       |
| Flattener             | 607,800       | 12,481        | 2,555         | 6,317                  | 629,153         |
| Short Rate Up         | (186,056)     | 18,713        | 3,530         | 9,157                  | (154,656)       |
| Short Rate Down       | 186,056       | (18,713)      | (3,530)       | (9,157)                | 154,656         |
| <b>BANK<br/>2024</b>  |               |               |               |                        |                 |
| <b>Impact on NII</b>  |               |               |               |                        |                 |
| Parallel 200 bps up   | 175,106       | 38,410        | (6,822)       | (11,092)               | 195,602         |
| Parallel 200 bps down | (175,106)     | (38,410)      | 6,822         | 11,092                 | (195,602)       |
| <b>Impact on EV</b>   |               |               |               |                        |                 |
| Parallel 200 bps up   | (577,596)     | 18,006        | 4,428         | 8,345                  | (546,817)       |
| Parallel 200 bps down | 577,596       | (18,006)      | (4,428)       | (8,345)                | 546,817         |
| Steepener             | (567,545)     | (8,430)       | (1,891)       | (4,440)                | (582,306)       |
| Flattener             | 464,067       | 12,482        | 2,555         | 6,317                  | 485,421         |
| Short Rate Up         | (150,541)     | 18,713        | 3,530         | 9,157                  | (119,141)       |
| Short Rate Down       | 150,541       | (18,713)      | (3,530)       | (9,157)                | 119,141         |

The reported amounts do not capture the impact of business growth or of management actions as the impact is based on the balance sheet as at reporting date. In reality, GALCO seeks to proactively change the profit attributable to interest rate risk to minimise losses and maximise revenue.

Actual dates may differ from contractual dates for both financing and deposit owing to prepayments/premature withdrawals. When possible and material, financing prepayments and deposit premature withdrawals are generally estimated based on past statistics and trends. The impact on NII and EV are measured on a monthly basis for the Bank and quarterly for the Group, both of which are reported to GALCO and the GRMC.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 5.0 MARKET RISK (CONT'D.)

#### 5.3 Non-Traded Market Risk (cont'd.)

##### 5.3.2 BNM Liquidity Coverage Ratio ("LCR")

Liquidity risk can be defined as the risk where an entity is unable to fund increases in assets and meet financial obligations as they come due without incurring unacceptable losses. Liquidity risk measures are usually expressed in the form of various liquidity risk measurement ratios and triggers.

It is essential to adopt a conservative and prudent approach in the measurement of liquidity risk. This is achieved by the establishment of robust liquidity risk management policies, measures and strategies that are complemented by regular monitoring and reporting process.

The liquidity risk management references BNM's LCR to gauge its liquidity exposure, complemented with BNM's NSFR which requires the Group to maintain sufficient liquidity, including a cushion of unencumbered, High Quality Liquid Assets ("HQLA") to withstand a range of stress events.

The Group is in compliance with the minimum regulatory requirements ratio to LCR and NSFR within the period from April 2024 to March 2025.

The following tables show the LCR and NSFR positions and are presented on average basis. The average position is calculated as the simple average of past 12 monthly observations in that financial period.

|  | GROUP             |            | BANK             |           |
|--|-------------------|------------|------------------|-----------|
|  | 2025              | 2024       | 2025             | 2024      |
| In RM'000                              |                   |            |                  |           |
| Average HQLA                           | <b>12,668,160</b> | 12,519,204 | <b>9,138,512</b> | 9,337,237 |
| Average Cash Outflow                   | <b>11,040,494</b> | 10,749,106 | <b>8,644,740</b> | 8,180,346 |
| Average Cash Inflow                    | <b>3,069,141</b>  | 2,928,569  | <b>2,576,254</b> | 2,306,818 |
| Average Net Cash Outflow               | <b>7,971,353</b>  | 7,820,538  | <b>6,068,486</b> | 5,873,528 |
| Average LCR Ratio %                    | <b>158.92%</b>    | 160.08%    | <b>150.59%</b>   | 158.97%   |
| In RM'000                              |                   |            |                  |           |
| Average Available Stable Funding (ASF) | <b>56,883,432</b> | 50,396,801 |                  |           |
| Average Required Stable Funding (RSF)  | <b>49,397,016</b> | 43,706,681 |                  |           |
| Average NSFR Ratio %                   | <b>115.16%</b>    | 115.31%    |                  |           |



## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 5.0 MARKET RISK (CONT'D.)

#### 5.4 Equity Exposures in Banking Book

The Group and the Bank hold equity positions in the banking book as a result of debt to equity conversion, for social-economic purposes, or to maintain strategic relationships. All equities are held at fair value. For quoted equities, fair value is estimated based on quoted or observable market price at the end of the reporting period. For unquoted equities, the fair value is estimated using approved valuation techniques.

Any gains and losses arising from the returns and changes in fair value of these equities holdings are reflected in the revaluation reserve and statement of income accordingly.

The following table shows the equity exposures in banking book:

|                                 | GROUP                            |                                | BANK                             |                                |
|---------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                 | Gross credit exposures<br>RM'000 | Risk-weighted assets<br>RM'000 | Gross credit exposures<br>RM'000 | Risk-weighted assets<br>RM'000 |
| <b>2025</b>                     |                                  |                                |                                  |                                |
| <b>Publicly Traded</b>          |                                  |                                |                                  |                                |
| Holding of Equity Investments   | 14                               | 14                             | 14                               | 14                             |
| <b>Privately Held</b>           |                                  |                                |                                  |                                |
| For Socio-Economic Purposes     | 303,798                          | 303,798                        | 303,798                          | 303,798                        |
| Not for Socio-Economic Purposes | -                                | -                              | -                                | -                              |
|                                 | <b>303,812</b>                   | <b>303,812</b>                 | <b>303,812</b>                   | <b>303,812</b>                 |
| <b>2024</b>                     |                                  |                                |                                  |                                |
| <b>Publicly Traded</b>          |                                  |                                |                                  |                                |
| Holding of Equity Investments   | 16                               | 16                             | 16                               | 16                             |
| <b>Privately Held</b>           |                                  |                                |                                  |                                |
| For Socio-Economic Purposes     | 277,973                          | 277,973                        | 277,973                          | 277,973                        |
| Not for Socio-Economic Purposes | -                                | -                              | -                                | -                              |
|                                 | <b>277,989</b>                   | <b>277,989</b>                 | <b>277,989</b>                   | <b>277,989</b>                 |

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 5.0 MARKET RISK (CONT'D.)

#### 5.4 Equity Exposures in Banking Book (cont'd.)

##### Gains and Losses on Equity Exposures in the Banking Book

The table below presents the gains and losses on equity exposures in banking book:

|  | GROUP          |                | BANK           |                |
|--|----------------|----------------|----------------|----------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>Publicly Traded</b>   |                |                |                |                |
| - Unrealised gains/(losses) recognised in revaluation reserve          | (2)            | 2              | (2)            | 2              |
|  | (2)            | 2              | (2)            | 2              |
| <b>Privately Held</b>  |                |                |                |                |
| <b>For Socio-Economic Purposes</b>                                     |                |                |                |                |
| - Acquisition during the year  | 200            | -              | 200            | -              |
| - Disposal during the year   | -              | -              | -              | -              |
| - Unrealised gains recognised in the statement of comprehensive income | 25,625         | 20,767         | 25,625         | 20,767         |
|  | 25,825         | 20,767         | 25,825         | 20,767         |
| - Realised gains recognised in the statement of comprehensive income   | -              | -              | -              | -              |
| <b>Not for Socio-Economic Purposes</b>                                 |                |                |                |                |
| - Write-Off during the year  | -              | -              | -              | -              |

### 6.0 OPERATIONAL RISK

Operational risk is the risk of direct or indirect financial loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputational risks.

#### Operational Risk Management

Management, escalation and reporting of operational risks are instituted through the Group Operational and Technology Risk Management Committee ("GOTRC"), ERM, GRMC as well as the Board.

The Board, via GRMC provides oversight on operational risk management activities.

At Senior Management level, GOTRC manages the day-to-day operational risk exposures. The roles and responsibilities of GOTRC include:

- Providing strategic guidance on operational issues and monitoring the implementation of the Operational Risk Management ("ORM") Framework;
- Reviewing and monitoring operational risk issues, reports and action plans;
- Evaluating and agreeing on initiatives to strengthen operational processes or infrastructure; and
- Promoting risk awareness and operational risk management culture.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 6.0 OPERATIONAL RISK (CONT'D.)

#### *Operational Risk Management (cont'd.)*

The Group practises operational risk management as outlined in the ORM Framework, in accordance with Basel and regulatory guidelines. The Group applies operational risk tools and methodologies in the identification, assessment, measurement, control and monitoring of operational risks. Other efforts by the Group include the ORM awareness training which is given to all staff, and regular business continuity and disaster recovery plans.

The Group's operational risk management process is depicted in the table below:

|                                 |   |
|---------------------------------|---|
| <b>Identification</b>           | Identify the various risks inherent to each product, process and activity, as well as adverse trends of risk parameters   |
| <b>Assessment</b>               | <ul style="list-style-type: none"> <li>- Risk Control Self-Assessment ("RCSA")</li> <li>- Control Testing ("CT")</li> <li>- Key Risk Indicators ("KRI")</li> <li>- Loss Event Data ("LED")</li> <li>- Scenario Analysis ("SA")</li> </ul> |
| <b>Mitigation &amp; Control</b> | <ul style="list-style-type: none"> <li>- Setting risk mitigation measures and controls</li> <li>- Insurance / takaful</li> <li>- Outsourcing</li> <li>- Business Continuity Management</li> </ul>   |
| <b>Reporting</b>                | <ul style="list-style-type: none"> <li>- Escalate and highlight regular operational risk reports to Senior Management and the Board</li> <li>- Highlight new/emerging risk areas and the controls in place</li> </ul>                     |
| <b>Disclosure</b>               | Provide regular risk disclosure to regulators through the Pillar 3 disclosure report and regulatory reports on operational risk, e.g. Operational Risk Reporting ("ORR") reporting  |

The customary tools employed by the Group for the management of operational risk are:

- RCSA - An operational risk tool that is used to identify and assess risks inherent in the Group's operations and to evaluate the overall effectiveness of the internal controls in mitigating the identified risks;
- CT - Complements the RCSA process by validating the effectiveness of the controls measures identified and highlight control lapses;
- KRI - A quantitative and statistical parameter, often financial in nature and focuses on business processes and activities to identify emerging risks and potential changes in operational risk profiles;
- LED - The process of collecting, evaluating, monitoring and reporting operational risk events, loss amount and irregularities; and
- SA - Assessment made to identify potential operational risk events and potential outcomes including identifying potential significant operational risks and the need for additional risk management, controls or mitigation solutions.

For operational risk capital charge, the Group applies BNM's standard computation as per the Capital Adequacy Framework (Operational Risk) policy document.

## Basel II Pillar 3 Report

### For The Financial Year Ended 31 March 2025

#### 7.0 SHARIAH GOVERNANCE DISCLOSURES

Shariah Non-Compliance Risk is the risk of loss that arises from failure to comply with Shariah rules and principles as determined by the Shariah Advisory Council of BNM and the Bank's Shariah Committee. To manage the risks, the Bank has adopted the following guiding principles:

- (a) A sound Shariah Compliance Framework which governs the operations of the Bank and outlines the roles of key functionalities within the Bank, including but not limited to the Shariah risk management process. This is in line with the Shariah governance policy document issued by BNM;
- (b) The Board of Directors, assisted by the Shariah Committee and Senior Management, provides oversight on Shariah compliance aspects of the Bank's overall operations. This, amongst others, includes:
  - Oversight and implementation of the Shariah Compliance Framework;
  - Regular review of Shariah non-compliant income and issues;
  - Addressing Shariah non-compliance findings; and
  - Ensuring compliance with regulatory and internal requirements including disclosures.
- (c) Appointment of a qualified Shariah Committee member who also serves as AIS Board member; serving as a 'bridge' between the Board and the Shariah Committee;
- (d) Ongoing Shariah reviews and training to raise risk awareness and ensure compliance to Shariah rules and principles. This includes:
  - Regular assessment on Shariah compliance in the activities and operations of the Bank. The findings of the review are reported to the Shariah Committee for deliberation and decision;
  - Performing research and studies on Shariah issues, including providing day-to-day Shariah advice and consultancy to relevant parties; and
  - Conducting Shariah-related training and ongoing engagement with relevant parties to raise awareness on Shariah non-compliance risk.
- (e) Escalation and reporting processes of Shariah non-compliant income and issues governed through designated escalation channels, which include the Board and the Shariah Committee; and
- (f) Periodic engagement between the Board and the Shariah Committee to discuss Shariah research, Shariah compliance and the views of scholars on Islamic banking activities.

## Basel II Pillar 3 Report

For The Financial Year Ended 31 March 2025

### 7.0 SHARIAH GOVERNANCE DISCLOSURES (CONT'D.)

#### *Shariah Non-Compliant Income and Events*

During the period under review, there were two actual Shariah Non-Compliance Events ("SNCE") as follows:

i. Non-Performance of Commodity Murabahah ("CM") Trading for CM Home Financing Facility-i ("CMHF-i")

The SNCE was due to operational challenges during Shariah contract transition from Bai' Bithaman Ajil ("BBA") for Home Financing-i and system enhancement to block disbursement prior to CM trading was still in progress. The Bank had taken appropriate actions by performing a look back on similar accounts, enhancing the system and refunding the profit amounting to RM7,973 to the affected customers.

ii. Telegraphic Transfer for Purchase of Praying Materials

The SNCE was due to oversight by the designated team members and dual control weakness in operations. The profit amounting to RM2 has been channelled to charity.

In addition to the above SNCE, there was an SNCE which materialised in FY2024 pertaining to AIS house financing product based on BBA for properties under construction that breached BNM's Murabahah Policy Document and Circular on Implementation of Shariah Advisory Council's Resolution on Bai' Inah. The remediation and purification actions are currently in progress. As of 31 March 2025, the Bank had successfully remediated 84% of affected active accounts and had purified RM1,080,600 of the Shariah non-compliant income generated from closed accounts to charitable or religious bodies. A total of RM16,025,835 of profit had been provisioned for contingencies related to the remediation action.

## List Of Properties

As at 31 March 2025

| No. | Location   | Current Use                            | Year of Purchase <sup>1</sup> | Tenure              | Remaining Lease Period (Expiry Year) | Age of Property (Years) <sup>2</sup> | Built-Up Area (Sq. m) <sup>3</sup> | Net Book Value (RM'000) <sup>4</sup> |
|-----|--|--|-------------------------------|---------------------|--------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| 1.  | 1, Jalan Tembaga SD5/2A Bandar Sri Damansara 52100 Kepong, Kuala Lumpur  | Alliance Bank's branch/office premises | 1991                          | Freehold            | -                                    | 32                                   | 1,039                              | 601                                  |
| 2.  | 150 - 152, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur   | Alliance Bank's branch/office premises | 1997                          | Leasehold 99 years  | 53 years 2078                        | 46                                   | 1,124                              | 1,904                                |
| 3.  | 43 & 45, Jalan Bunga Tanjung 6A Taman Putra 68000 Ampang, Selangor   | Alliance Bank's branch/office premises | 1998                          | Leasehold 99 years  | 56 years 2081                        | 43                                   | 780                                | 959                                  |
| 4.  | 1960 E & F, Jalan Stadium 05100 Alor Setar, Kedah <sup>5</sup>   | Alliance Bank's premises               | 1979                          | Leasehold 60 years  | 14 years 2039                        | 46                                   | 446                                | 273                                  |
| 5.  | Ground & Mezzanine Floor Wisma Malvest 20 & 20A Jalan Tun Dr Awang Sungai Nibong Kecil 11900 Bayan Lepas, Pulau Pinang | Alliance Bank's branch/office premises | 1994                          | Freehold            | -                                    | 31                                   | 567                                | 1,403                                |
| 6.  | 70 & 71, Block 10 Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak  | Alliance Bank's branch/office premises | 2007                          | Leasehold 60 Years  | 44 years 2069                        | 19                                   | 952                                | 1,729                                |
| 7.  | B-400, Jalan Beserah 25300 Kuantan, Pahang   | Alliance Bank's branch/office premises | 1996                          | Freehold            | -                                    | 34                                   | 645                                | 275                                  |
| 8.  | LG134, LG135, G128 & F89 Holiday Plaza Jalan Dato Sulaiman 80250 Johor Bharu, Johor                                    | Alliance Bank's premises               | 1984                          | Freehold            | -                                    | 40                                   | 503                                | 647                                  |
| 9.  | Lot 1 & 3, Jalan Permas Jaya 10/2 Bandar Baru Permas Jaya, 81750 Johor Bahru, Johor                                    | Alliance Bank's branch/office premises | 1994                          | Freehold            | -                                    | 32                                   | 2,108                              | 1,066                                |
| 10. | 3 & 5, Jalan Bentara 1 Taman Ungku Tun Aminah 81300 Johor Bahru, Johor   | Alliance Bank's branch/office premises | 1996                          | Freehold            | -                                    | 42                                   | 260                                | 658                                  |
| 11. | Unit 01-G & 01-1, Seremban City Jalan Tunku Munawir 70000 Seremban, Negeri Sembilan                                    | Alliance Bank's branch/office premises | 1997                          | Freehold            | -                                    | 26                                   | 676                                | 1,133                                |
| 12. | 101 & 103, Jalan Melaka Raya 24 Taman Melaka Raya 75000 Melaka   | Alliance Bank's branch/office premises | 1995                          | Leasehold 99 years  | 69 years 2094                        | 28                                   | 779                                | 460                                  |
| 13. | Lot 7 & 9, Block D Nountun Industrial Estate 89350 Inanam Kota Kinabalu, Sabah   | Alliance Bank's branch/office premises | 1995                          | Leasehold 999 years | 898 years 2923                       | 25                                   | 697                                | 759                                  |

## List Of Properties

As at 31 March 2025

| No. | Location  | Current Use                            | Year of Purchase <sup>1</sup> | Tenure                 | Remaining Lease Period (Expiry Year) | Age of Property (Years) <sup>2</sup> | Built-Up Area (Sq. M.) <sup>3</sup> | Net Book Value (RM'000) <sup>4</sup> |
|-----|---|--|-------------------------------|------------------------|--------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| 14. | Lot 4, 5 & 6, Block K Sinsuran Complex<br>88000 Kota Kinabalu, Sabah  | Alliance Bank's branch/office premises | 1980                          | Leasehold<br>99 years  | 46 years<br>2071                     | 45                                   | 1,299                               | 190                                  |
| 15. | Lot 1086, Jalan Utara W.D.T. 127<br>91009 Tawau, Sabah  | Alliance Bank's branch/office premises | 1981                          | Leasehold<br>99 years  | 35 years<br>2060                     | 62                                   | 1,361                               | 312                                  |
| 16. | Lot 8, Block A, Beaufort Jaya Commercial Centre, P.O. Box 220,<br>89808 Beaufort, Sabah                               | Alliance Bank's branch/office premises | 1984                          | Leasehold<br>999 years | 876 years<br>2901                    | 39                                   | 418                                 | 174                                  |
| 17. | Lot 1, Block C Mile 4 1/2 Jalan Utara<br>Bandar Kim Fung<br>90307 Sandakan, Sabah                                     | Alliance Bank's branch/office premises | 1992                          | Leasehold<br>99 years  | 55 years<br>2080                     | 40                                   | 446                                 | 308                                  |
| 18. | 1 & 2, Block A, Jalan Jungkat Pangie Light Industrial Complex,<br>P.O. Box 379,<br>89909 Tenom New Township,<br>Sabah | Alliance Bank's branch/office premises | 1993                          | Leasehold<br>999 years | 899 years<br>2924                    | 31                                   | 735                                 | 226                                  |
| 19. | 17, 19 & 21, Jalan USJ 9/5N, USJ 9<br>47620 Subang Jaya, Selangor   | Alliance Bank's branch/office premises | 1996                          | Freehold               | -                                    | 29                                   | 1,288                               | 1,648                                |
| 20. | 59-61, Jalan Tiga<br>90702 Sandakan, Sabah  | Alliance Bank's branch/office premises | 1963                          | Leasehold<br>999 years | 864 years<br>2889                    | 66                                   | 920                                 | 585                                  |
| 21. | MPWPL U 0072 & U0073,<br>P.O. Box 396, Jalan Merdeka,<br>87008 Labuan   | Alliance Bank's branch/office premises | 1979, 1984                    | Leasehold<br>99 years  | 32, 38 years<br>2057, 2063           | 59                                   | 539                                 | 505                                  |
| 22. | 84, Jalan Gaya<br>88000 Kota Kinabalu, Sabah  | Alliance Bank's branch/office premises | 1985                          | Leasehold<br>999 years | 857 years<br>2882                    | 67                                   | 933                                 | 1,543                                |
| 23. | 45, Jalan Sungai Besi Indah 1/21<br>43300 Balakong, Selangor  | Alliance Bank's branch/office premises | 2001                          | Leasehold<br>99 years  | 66 years<br>2091                     | 24                                   | 914                                 | 1,094                                |
| 24. | 3, Jalan SS 15/2A, Wisma Projass (3 Alliance)<br>47500 Subang Jaya, Selangor  | Alliance Bank's branch/office premises | 2005                          | Freehold               | -                                    | 40                                   | 5,646                               | 5,119                                |
| 25. | Menara Alliance Bank No. 159, Jalan Ampang,<br>50450 Kuala Lumpur   | Alliance Bank's premises               | 2023                          | Freehold               | -                                    | 1                                    | 324,624                             | 427,562                              |

Note:

<sup>1</sup> The Year of Purchase is based on Sale & Purchase Agreement. In the event that Sale & Purchase Agreement is not available, it is based on the date of registration of ownership specified in the title document

<sup>2</sup> The Age of Property is based on Certificate of Fitness for Occupation. In the event that the Certificate of Fitness for Occupation is not available, it is based on the issuance date of the title document

<sup>3</sup> The Built-Up Area is based on the valuation report conducted in December 2023

<sup>4</sup> Net Book Value as at 31 March 2025

<sup>5</sup> The Location is currently pending completion of sale



# Directory



## ALLIANCE BANK

ALLIANCE BANK MALAYSIA BERHAD

### HEAD OFFICE

3<sup>rd</sup> Floor, Menara Multi-Purpose Capital Square  
No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur  
Tel : 03-2604 3333  
Fax : 03-2694 6200

[www.alliancebank.com.my](http://www.alliancebank.com.my)



## ALLIANCE ISLAMIC BANK

ALLIANCE ISLAMIC BANK BERHAD

### HEAD OFFICE

22<sup>nd</sup> Floor, Menara Multi-Purpose Capital Square  
No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur  
Tel : 03-2604 3333  
Fax : 03-2698 4691

[www.alliancebank.com.my/islamic/home](http://www.alliancebank.com.my/islamic/home)

## BRANCHES

### KEDAH

#### Alor Setar

Ground & Mezzanine Floor,  
Lot No. 5 & 5A, Bangunan Emum 55,  
No. 55, Jalan Gangsa,  
05150 Alor Setar, Kedah.

#### Lunas, Kulim

888 & 889, Jalan Aman  
Taman Sejahtera  
09600 Lunas, Kulim, Kedah

#### Sejati Indah, Sungai Petani

Ground Floor, Wisma Uni-Green  
18, Jalan Permatang Gedong  
Taman Sejati Indah  
08000 Sungai Petani, Kedah

### PULAU PINANG

#### Beach Street

Ground Floor, Bangunan Barkath  
21, Beach Street  
10300 Georgetown, Pulau Pinang

#### Bukit Mertajam

Ground & 1<sup>st</sup> Floor  
Wisma Ng Ah Yan  
42, Lebuhraya Nangka 2  
Taman Mutiara  
14000 Bukit Mertajam, Pulau Pinang

#### Butterworth

4105-4107, Jalan Bagan Luar  
12000 Butterworth, Pulau Pinang

#### Sungai Nibong Kecil

Ground & Mezzanine Floor  
Wisma Malvest, 20 & 20A  
Jalan Tun Dr Awang  
Sungai Nibong Kecil  
11900 Bayan Lepas, Pulau Pinang

### PERAK

#### Ipoh

40 & 42, Persiaran Greenhill  
30450 Ipoh, Perak

#### Sitiawan

23 & 24, Jalan Raja Omar  
Taman Selamat  
32000 Sitiawan, Perak

### SELANGOR

#### Aman Suria Damansara

J-G-23 & J-G-25, Block J  
Jalan PJU 1/43, PJU1  
Aman Suria Damansara  
47301 Petaling Jaya, Selangor

#### Balakong

45, Jalan Sungai Besi Indah 1/21  
Taman Sungai Besi Indah  
43300 Seri Kembangan, Selangor

#### Bandar Bukit Tinggi

56, Lorong Batu Nilam 4B  
Bandar Bukit Tinggi  
41200 Klang, Selangor

#### Bandar Puteri Puchong

11 & 13, Jalan Puteri 2/1  
Bandar Puteri Puchong  
47100 Puchong, Selangor

#### Damansara Uptown

Unit 102 & 103  
Level 1, Uptown 2  
2, Jalan SS21/37  
Damansara Uptown  
47400 Petaling Jaya, Selangor

#### Kajang

Lot 4 & 5, Jalan Jeloh 3  
Off Jalan Bukit  
43000 Kajang, Selangor

#### Klang

Ground Floor  
1, Lorong Kasawari 4B  
Taman Eng Ann  
41150 Klang, Selangor

#### Kota Damansara

7-G & 9-G, Jalan PJU 5/20  
Pusat Perdagangan Kota Damansara  
PJU 5 Kota Damansara  
47810 Petaling Jaya, Selangor

## Directory

### SELANGOR (cont'd)

#### Pandan Indah

Ground & Mezzanine Floor  
11 & 13, Jalan Pandan Indah 4/34  
Pandan Indah, 55100 Selangor

#### Puchong Jaya

11, Jalan Kenari 5  
Bandar Puchong Jaya  
47100 Puchong Jaya, Selangor

#### Rawang

71, Jalan Bandar Rawang 2  
Bandar Baru Rawang  
48000 Rawang, Selangor

#### Seri Kembangan

31-1 & 31-2  
Jalan Serdang Perdana 2/1  
Taman Serdang Perdana  
43300 Seri Kembangan, Selangor

#### Shah Alam

Ground & 1<sup>st</sup> Floor  
2, Jalan Murni 25/61  
Taman Sri Muda, Seksyen 25  
40400 Shah Alam, Selangor

#### Sri Damansara

1, Jalan Tembaga SD 5/2A  
Bandar Sri Damansara  
52100 Selangor

#### SS2, Petaling Jaya

55, Jalan SS2/55  
47300 Petaling Jaya, Selangor

#### Subang Jaya

3 Alliance  
3, Jalan SS15/2A  
47500 Subang Jaya, Selangor

#### Taman Putra

43-45, Jalan Bunga Tanjung 6A  
Taman Putra  
68000 ampang, Selangor

#### USJ, Subang Jaya

Ground Floor  
17, 19 & 21, Jalan USJ 9/5N  
47620 UEP Subang Jaya, Selangor

### KUALA LUMPUR

#### Bangsar

No. 1, Jalan Telawi 5  
Bangsar Baru  
59100 Kuala Lumpur

#### Capital Square

Ground Floor  
Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur

#### Jalan Ipoh

41 & 43, Jalan Sultan Azlan Shah  
51200 Kuala Lumpur

#### Kepong

Ground Floor, 52, Jalan Prima  
Vista Magna, Metro Prima Kepong  
52100 Kuala Lumpur

#### Kuchai Entrepreneurs Park

1, Jalan 1/116B  
Kuchai Entrepreneurs Park  
58200 Kuala Lumpur

#### Mid Valley

15-G & 15-1  
The Boulevard Offices  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur

#### Mont'Kiara

Unit A-0G-02, Block A  
Plaza Mont'Kiara  
2, Jalan Kiara, Mont'Kiara  
50480 Kuala Lumpur

#### Desa ParkCity

G-G-10, Block G, Plaza Arkadia  
No. 3, Jalan Intisari Perdana,  
Desa ParkCity  
52200 Kuala Lumpur

### Setapak

No. D-1-2, D-2-2 & D-3-2  
StarParc Point  
Taman Danau Ibu Kota  
Jalan Genting Klang, Setapak  
53300 Kuala Lumpur

### Star Boulevard KLCC

Unit SR3-G, Ground Floor  
No. 1, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

### Taman Connaught

150-152, Jalan Cerdas  
Taman Connaught  
56000 Kuala Lumpur

### Taman Maluri

254 & 254a, Jalan Mahkota  
Taman Maluri, Cheras  
55100 Kuala Lumpur

### Taman Tun Dr Ismail

No. 6-3-0 & 6-3-1  
Sinaran TTDI  
Jalan Tun Mohd Fuad 3  
Taman Tun Dr Ismail  
60000 Kuala Lumpur

### PUTRAJAYA

#### Putrajaya

Ground Floor, Menara Ikhlas  
(Boulevard Plaza)  
No. 17, Persiaran Perdana  
Presint 3  
62100 Putrajaya  
Wilayah Persekutuan Putrajaya

### JOHOR

#### Austin Heights

Ground & 1<sup>st</sup> Floor  
No. 1, Jalan Austin Heights 8/3  
Taman Mount Austin  
81100 Johor Bahru, Johor

## Directory

## JOHOR (cont'd)

**Batu Pahat**

Ground, 1<sup>st</sup> & 2<sup>nd</sup> Floor  
2 & 4, Jalan Kundang 3  
Taman Bukit Pasir  
83000 Batu Pahat, Johor

**Bukit Bakri, Muar**

88, Jalan Tepi Pasar  
Bukit Bakri  
84200 Muar, Johor

**Johor Jaya**

50 & 52, Jalan Dedap 13  
Taman Johor Jaya  
81100 Johor Bahru, Johor

**Kelapa Sawit, Kulai**

16 & 17, Jalan Susur Satu  
Kelapa Sawit  
81030 Kulai, Johor

**Kluang**

No. 73, Ground Floor  
Jalan Rambutan  
86000 Kluang, Johor

**Permas Jaya**

1 & 3, Jalan Permas Jaya 10/2  
Bandar Baru Permas Jaya  
81750 Johor Bahru, Johor

**Segamat**

No. 109A & 109B  
Jalan Genuang  
85000 Segamat, Johor

**Taman Molek**

1 & 1-01, Jalan Molek 1/29  
Taman Molek  
81100 Johor Bahru, Johor

**Taman Nusa Bestari**

1-G & 1-01, Jalan Bestari 6/2  
Taman Nusa Bestari  
81300 Skudai, Johor

**Taman Pelangi**

Ground Floor, Shoplot No. 1 & 3  
Jalan Perang, Taman Pelangi  
80400 Johor Bahru, Johor

**Tun Aminah**

3 & 5, Jalan Bentara 1  
Taman Ungku Tun Aminah  
81300 Skudai, Johor

## MELAKA

**Melaka**

101 & 103  
Jalan Melaka Raya 24  
Taman Melaka Raya  
75000 Melaka

## NEGERI SEMBILAN

**Seremban**

1G & 1-1, Seremban City Centre  
Jalan Tuanku Munawir  
70000 Seremban, Negeri Sembilan

## PAHANG

**Kuantan**

B400, Jalan Beserah  
25300 Kuantan, Pahang

## TERENGGANU

**Kuala Terengganu**

Ground & Mezzanine Floor  
Wisma Kam Choon  
101, Jalan Kampong Tiong  
20100 Kuala Terengganu  
Terengganu

## SABAH

**Bandar Kim Fung, Sandakan**

Lot 1, Block C, Bandar Kim Fung  
Mile 4 1/2, Jalan Utara P.O. Box 163  
Post Office, Mile 1 1/2, Jalan Utara  
90307 Sandakan, Sabah

**Beaufort**

Lot B, Block A, Beaufort Jaya  
Commercial Centre, P.O. Box 220  
89808 Beaufort, Sabah

**Donggongan**

Wisma PPS  
Donggongan New Township  
W.D.T. No. 56  
80509 Penampang, Sabah

**Federal House, Kingfisher's Park, KK (Service Centre)**

Aras 1, Blok A  
Kompleks Pentadbiran Kerajaan  
Persekutuan Sabah, Jalan UMS  
88400 Kota Kinabalu, Sabah

**Inanam, Kota Kinabalu**

Ground, 1<sup>st</sup> & 2<sup>nd</sup> Floor  
Lot 7 & 9, Block D  
Nountun Industrial Estate  
88450 Inanam, Kota Kinabalu  
Sabah

**Jalan Gaya**

82 & 84, Jalan Gaya  
88000 Kota Kinabalu, Sabah

**Keningau**

Lot No. 1, Block B-8  
Jalan Arusap  
89000 Keningau, Sabah

## Directory

### SABAH (cont'd)

#### Kota Marudu

Shoplot No. 8, Block E  
Sedco Shophouses  
P.O. Box 260  
89108 Kota Marudu, Sabah

#### Kundasang

Shoplot No. 6, Block B  
Sedco Shophouses  
P.O. Box 152  
89308 Ranau, Sabah

#### Lahad Datu

Grand Future Complex  
MDLD 4709, Lot 1  
Jalan Kastam Lama  
91100 Lahad Datu, Sabah

#### Sandakan

59-61 Block 20  
Jalan Tiga, Bandar Sandakan  
90000 Sandakan, Sabah

#### Sinsuran

Lot 4, 5 & 6, Block K  
Sinsuran Complex  
88000 Kota Kinabalu, Sabah

#### Tambunan

Lot 1, Block B  
Sedco Shophouses  
89650 Tambunan, Sabah

#### Tawau

1086, Jalan Utara, W.D.T. 127  
91009 Tawau, Sabah

#### Tenom

Ground & Mezzanine Floor  
Shoplot Nos 1 & 2, Block A  
Pangie Light Industrial Complex  
Jalan Jungkat, Tenom New Township  
P.O. Box 379  
89909 Tenom, Sabah

### SARAWAK

#### Bintulu

No. 24, Bintulu Parkcity Commerce Square  
Phase 1, Jalan Tun Ahmad Zaidi  
97000 Bintulu, Sarawak

#### Kuching

178, Jalan Chan Chin Ann  
93100 Kuching, Sarawak

#### Saradise

Level 1 & 2, Sublot 10  
(Survey Lot 19782), Block A1  
Saradise Kuching, Jalan Saradise  
93350 Kuching, Sarawak

#### Laksamana

70 & 71, Block 10  
Jalan Laksamana Cheng Ho  
93200 Kuching, Sarawak

#### Miri

Ground & 1<sup>st</sup> Floor  
Lot 353, Block 7  
Miri Concession Land District  
(Pelita Commercial Centre)  
Jalan Miri Pujut  
98000 Miri, Sarawak

#### Sibu

Ground Floor  
32, Jalan Bako  
Brooke Drive 3  
96000 Sibu, Sarawak

### LABUAN

#### Labuan

MPWPL U 0072 & 0073  
Jalan Merdeka, P.O. Box 396  
87008 Labuan FT



**ALLIANCEDBS  
RESEARCH**

**ALLIANCEDBS RESEARCH SDN BHD**

19<sup>th</sup> Floor, Menara Multi-Purpose, Capital Square  
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur  
Tel : 03-2604 3915

**ALLIANCE BANK GENERAL LINE:  
03-5166 9988**

## Analysis of Shareholdings

As at 21 May 2025

|                        |   |  |
|------------------------|---|--|
| Class of shares        | : | Ordinary shares  |
| Issued share capital   | : | RM1,548,105,929 comprising 1,548,105,929 ordinary shares |
| Voting rights          | : | One vote per ordinary share                              |
| Number of shareholders | : | 25,819   |

### Shareholdings Distribution Schedule

| Size of Shareholdings                   | No. of Shareholders | % of Shareholders | No. of Shares Held   | % of Issued Shares |
|---|---------------------|-------------------|----------------------|--------------------|
| Less than 100                           | 2,094               | 8.11              | 35,183               | *                  |
| 100 - 1,000                             | 6,913               | 26.77             | 4,879,571            | 0.32               |
| 1,001 - 10,000                          | 12,707              | 49.22             | 54,398,863           | 3.51               |
| 10,001 - 100,000                        | 3,470               | 13.44             | 104,469,443          | 6.75               |
| 100,001 - less than 5% of issued shares | 633                 | 2.45              | 802,043,981          | 51.8               |
| 5% and above of issued shares           | 2                   | 0.01              | 582,278,888          | 37.61              |
| <b>Total</b>                            | <b>25,819</b>       | <b>100.00</b>     | <b>1,548,105,929</b> | <b>100.00</b>      |

Note:

\* Negligible

### Thirty (30) Largest Shareholders

| No. | Name  | No. of Shares Held | % of Issued Shares |
|-----|---|--------------------|--------------------|
| 1.  | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR DBS BANK LTD (SFS)                      | 449,857,775        | 29.06              |
| 2.  | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EMPLOYEES PROVIDENT FUND BOARD                         | 132,421,113        | 8.55               |
| 3.  | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR GLOBAL SUCCESS NETWORK SDN BHD                   | 77,077,000         | 4.98               |
| 4.  | FOCUS ASIA STRATEGIES LTD.  | 73,528,700         | 4.75               |
| 5.  | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR AIA BHD                                  | 63,098,500         | 4.08               |
| 6.  | MEDIMETRO (M) SDN BHD   | 56,000,000         | 3.62               |
| 7.  | FIELDS EQUITY MANAGEMENT LTD  | 35,470,900         | 2.29               |
| 8.  | AMANAHRAYA TRUSTEES BERHAD<br>AMANAH SAHAM MALAYSIA 3   | 22,645,800         | 1.46               |
| 9.  | HSBC NOMINEES (ASING) SDN BHD<br>JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND     | 15,426,453         | 0.99               |
| 10. | HSBC NOMINEES (ASING) SDN BHD<br>JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND        | 15,078,417         | 0.97               |
| 11. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1) | 12,544,400         | 0.81               |
| 12. | CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>PAMB FOR PRULINK EQUITY FUND                            | 12,433,200         | 0.80               |

## Analysis of Shareholdings

As at 21 May 2025

| No.          | Name  | No. of<br>Shares Held | % of<br>Issued Shares |
|--------------|---|-----------------------|-----------------------|
| 13.          | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)  | 11,855,200            | 0.77                  |
| 14.          | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)  | 10,300,000            | 0.67                  |
| 15.          | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>SSBT FUND J724 FOR SPDR PORTFOLIO EMERGING MARKETS ETF   | 9,855,921             | 0.64                  |
| 16.          | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EMPLOYEES PROVIDENT FUND BOARD (RHB INV)   | 8,600,000             | 0.56                  |
| 17.          | HSBC NOMINEES (ASING) SDN BHD<br>JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL<br>TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II | 8,223,300             | 0.53                  |
| 18.          | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHUA MA YU  | 8,009,800             | 0.52                  |
| 19.          | CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND   | 7,648,300             | 0.49                  |
| 20.          | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR NORGES BANK (FI 17)  | 7,515,315             | 0.49                  |
| 21.          | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR EMERGING MARKETS CORE EQUITY 2 PORTFOLIO OF DFA<br>INVESTMENT DIMENSIONS GROUP INC.              | 7,163,000             | 0.46                  |
| 22.          | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)  | 5,369,000             | 0.35                  |
| 23.          | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING<br>INVESTMENTSSMALL-CAP FUND              | 5,273,100             | 0.34                  |
| 24.          | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>AMBANK (M) BERHAD FOR TAN BOON SENG  | 5,120,000             | 0.33                  |
| 25.          | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND  | 4,924,600             | 0.32                  |
| 26.          | HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR AHAM SELECT OPPORTUNITY FUND   | 4,872,200             | 0.31                  |
| 27.          | CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN. BHD.<br>EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.<br>(RETAIL CLIENTS)     | 4,709,978             | 0.30                  |
| 28.          | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)   | 4,437,700             | 0.29                  |
| 29.          | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ)   | 4,312,400             | 0.28                  |
| 30.          | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)   | 4,216,100             | 0.27                  |
| <b>Total</b> |   | <b>1,087,988,172</b>  | <b>70.28</b>          |

## Substantial Shareholders

As at 21 May 2025

| Name of Substantial Shareholder      | No. of Ordinary Shares |                    |                          |                    |             |                    |
|--------------------------------------|------------------------|--------------------|--------------------------|--------------------|-------------|--------------------|
|                                      | Direct Interest        | % of Issued Shares | Indirect Interest        | % of Issued Shares | Total       | % of Issued Shares |
| Vertical Theme Sdn Bhd               | 449,857,775            | 29.06              | -                        | -                  | 449,857,775 | 29.06              |
| Langkah Bahagia Sdn Bhd              | -                      | -                  | 449,857,775 <sup>1</sup> | 29.06              | 449,857,775 | 29.06              |
| Duxton Investments Pte Ltd           | -                      | -                  | 449,857,775 <sup>1</sup> | 29.06              | 449,857,775 | 29.06              |
| Ong Beng Seng                        | -                      | -                  | 449,857,775 <sup>2</sup> | 29.06              | 449,857,775 | 29.06              |
| Ong Tiong Sin                        | -                      | -                  | 449,857,775 <sup>2</sup> | 29.06              | 449,857,775 | 29.06              |
| Seow Lun Hoo                         | -                      | -                  | 449,857,775 <sup>2</sup> | 29.06              | 449,857,775 | 29.06              |
| Fullerton Financial Holdings Pte Ltd | -                      | -                  | 449,857,775 <sup>3</sup> | 29.06              | 449,857,775 | 29.06              |
| Fullerton Management Pte Ltd         | -                      | -                  | 449,857,775 <sup>4</sup> | 29.06              | 449,857,775 | 29.06              |
| Temasek Holdings (Private) Limited   | -                      | -                  | 449,857,775 <sup>5</sup> | 29.06              | 449,857,775 | 29.06              |
| Singapore Minister for Finance       | -                      | -                  | 449,857,775 <sup>6</sup> | 29.06              | 449,857,775 | 29.06              |
| Employees Provident Fund Board       | 144,421,113            | 9.33               | -                        | -                  | 144,421,113 | 9.33               |

### Notes:

<sup>1</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Vertical Theme Sdn Bhd.

<sup>2</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Langkah Bahagia Sdn Bhd.

<sup>3</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Duxton Investments Pte Ltd.

<sup>4</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fullerton Financial Holdings Pte Ltd.

<sup>5</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fullerton Management Pte Ltd.

<sup>6</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Temasek Holdings (Private) Limited.

## Directors' Shareholdings

As at 21 May 2025

None of the Directors have any interest in the shares of the Bank as at 21 May 2025.



# Senior Management's Shareholdings

As at 21 May 2025

Save as disclosed below, none of the other Senior Management including the Group Chief Executive Officer have any interest in the shares of the Bank or in any of the Bank's related corporation as at 21 May 2025:

| Name  | No. of Alliance Bank shares held |      |                    |   |
|---|----------------------------------|------|--------------------|---|
|   | Direct                           | %    | Indirect           | % |
| Aaron Sum Wei Wern<br><i>Group Chief Strategy &amp; Transformation Officer</i>            | 146,200                          | 0.01 | -                  | - |
| Ernest Kwong Kah Wah<br><i>Group Chief Operations Officer</i>                             | 50,000                           | *    | -                  | - |
| Lee Wei Yen<br><i>Group Company Secretary</i>   | 219,800                          | 0.01 | -                  | - |
| Peter Fong Seow Loong<br><i>Group Chief Credit Officer</i>                                | 80,000                           | 0.01 | -                  | - |
| Raymond Chui Keng Leng<br><i>Group Chief Business &amp; Transaction Banking Officer</i>   | 30,000                           | *    | -                  | - |
| Rizal IL-Ehzan Fadil Azim<br><i>Chief Executive Officer, Alliance Islamic Bank Berhad</i> | 47,500                           | *    | -                  | - |
| Ronnie Royston Fernandiz<br><i>Group Chief Financial Officer</i>                          | -                                | -    | 2,000 <sup>1</sup> | * |
| Tan Eng Kiang<br><i>Group Chief Financial Markets Officer</i>                             | 79,600                           | 0.01 | -                  | - |
| Tan Mui Sim<br><i>Group Chief Human Resource Officer</i>                                  | 1,500                            | *    | -                  | - |
| Teoh Chu Lin<br><i>Group Chief Corporate &amp; Institutional Banking Officer</i>          | 25,000                           | *    | -                  | - |

Note:

\* Negligible

<sup>1</sup> Indirect interest held through his spouse.

# Notice of 43<sup>rd</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 43<sup>rd</sup> Annual General Meeting (“AGM”) of Alliance Bank Malaysia Berhad (“Alliance Bank” or “the Bank”) will be held at the Sabah Ballroom, Basement II, Shangri-La Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Wednesday, 30 July 2025 at 10.00 a.m. to transact the following businesses:

## AGENDA

### As Ordinary Business

- |    |  |                              |
|----|--|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2025 together with the Reports of the Directors and Auditors thereon.  |                              |
| 2. | To re-elect Mr. Wong Yuen Weng Ernest who retires by rotation pursuant to Article 87 of the Bank’s Constitution.   | <b>Ordinary Resolution 1</b> |
| 3. | To re-elect the following Directors who retire pursuant to Article 93 of the Bank’s Constitution:  |                              |
|    | (i) Mr. Oong Kee Leong   | <b>Ordinary Resolution 2</b> |
|    | (ii) Tan Sri Amirsham bin A Aziz   | <b>Ordinary Resolution 3</b> |
|    | (iii) Puan Lily Rozita Binti Mohamad Khairi  | <b>Ordinary Resolution 4</b> |
| 4. | To approve the payment of Directors’ fees and Board Committees’ fees to Non-Executive Directors for the period commencing 1 April 2025 until the next AGM of the Bank.   | <b>Ordinary Resolution 5</b> |
| 5. | To approve the payment of Directors’ benefits (other than Directors’ fees and Board Committees’ fees) of up to RM1,800,000 to Non-Executive Directors for the period from the 43 <sup>rd</sup> AGM until the next AGM of the Bank. | <b>Ordinary Resolution 6</b> |
| 6. | To re-appoint PricewaterhouseCoopers PLT as Auditors of the Bank and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 7</b> |
| 7. | To transact any other business for which due notice shall have been given in accordance with the Bank’s Constitution and/or the Companies Act 2016.  |                              |

## BY ORDER OF THE BOARD

### LEE WEI YEN

MAICSA 7001798 (SSM PC No. 202008002080)  
Group Company Secretary

Kuala Lumpur  
1 July 2025

## Notice of 43<sup>rd</sup> Annual General Meeting

### Notes:

#### 1. Proxy

- 1.1 A member whose name appears on the General Meeting Record of Depositors as at 21 July 2025 shall be regarded as a member entitled to attend, participate, speak and vote at the meeting and is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Bank.
- 1.2 A member other than an Exempt Authorised Nominee shall be entitled to appoint not more than two proxies to attend, participate, speak and vote at the same meeting.
- 1.3 Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 1.4 Where a member is an Exempt Authorised Nominee that holds ordinary shares in the Bank for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies that the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 1.5 If the appointer is a corporation, the Form of Proxy must be executed under its common seal or by at least two authorised officers, one of whom shall be a director (or in the case of a sole director, by that director in the presence of a witness who attests the signature) or under the hand of an officer or attorney duly authorised.
- 1.6 To be valid, the duly completed Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited with our Share Registrar, ShareWorks Sdn Bhd, at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or lodged electronically at <https://web.vote2u.my> (applicable to individual members only) not less than 48 hours before the time set for holding the AGM, or any adjournment thereof. Please follow the procedures provided in the Administrative Guide of the AGM to lodge the Form of Proxy electronically.
- 1.7 By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Bank (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of the 43<sup>rd</sup> AGM and any adjournment thereof.

#### 2. Voting by Poll

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 43<sup>rd</sup> AGM of the Bank shall be put to the vote by way of a poll.

#### 3. Audited Financial Statements for the financial year ended 31 March 2025

This Agenda item is laid before the 43<sup>rd</sup> AGM pursuant to Section 340(1)(a) of the Companies Act 2016 and does not require a formal approval of the shareholders. As such, it is meant for discussion only and will not be put forward for voting.

#### 4. Ordinary Resolutions 1, 2, 3 and 4 – Re-election of Directors

Shareholders' approval is sought for the re-election of the following Directors:

- (i) Mr. Wong Yuen Weng Ernest (Ordinary Resolution 1)
- (ii) Mr. Oong Kee Leong (Ordinary Resolution 2)
- (iii) Tan Sri Amirsham bin A Aziz (Ordinary Resolution 3)
- (iv) Puan Lily Rozita Binti Mohamad Khairi (Ordinary Resolution 4)

## Notice of 43<sup>rd</sup> Annual General Meeting

Mr. Wong Yuen Weng Ernest retires pursuant to Article 87 of the Bank's Constitution and being eligible, has offered himself for re-election at the 43<sup>rd</sup> AGM.

Mr. Oong Kee Leong, Tan Sri Amirsham bin A Aziz and Puan Lily Rozita Binti Mohamad Khairi, who were appointed as Independent Directors of the Bank on 1 September 2024, 1 October 2024 and 15 November 2024 respectively, retire pursuant to Article 93 of the Bank's Constitution and being eligible, have offered themselves for re-election at the 43<sup>rd</sup> AGM.

The Group Nomination & Remuneration Committee, having assessed the performance and contribution of each of the aforesaid Directors, was satisfied with the effectiveness of each of them in supporting the Board in carrying out its ultimate responsibility of maximisation of shareholder value and safeguarding stakeholder interest.

Accordingly, the Board recommends that members vote in favour of the Ordinary Resolutions on the re-election of Mr. Wong Yuen Weng Ernest, Mr. Oong Kee Leong, Tan Sri Amirsham bin A Aziz and Puan Lily Rozita Binti Mohamad Khairi respectively.

The profiles of Directors seeking re-election are set out in the Statement Accompanying the Notice of 43<sup>rd</sup> AGM.

Mr. Tan Chian Khong, who is subject to retirement pursuant to Article 87 of the Bank's Constitution, will not be seeking re-election at the 43<sup>rd</sup> AGM in view that he would have served the Alliance Bank Group for the maximum of nine years as an Independent Director. Mr. Tan will retire as a Director of the Bank upon the conclusion of the 43<sup>rd</sup> AGM.

### 5. Ordinary Resolutions 5 & 6 – Non-Executive Directors' Remuneration

The remuneration of the Non-Executive Directors was last revised and approved by the shareholders at the 40<sup>th</sup> AGM on 4 August 2022.

During the financial year ended 31 March 2025, the Board has engaged an external consultant, Willis Towers Watson to undertake a review on the remuneration of the Non-Executive Directors to determine if the remuneration of the Non-Executive Directors of the Bank reflects the expected role of the Board in supporting the business plan for the next 3 years and commensurate with time, effort and complexity, as well as to align to the market, especially peer banks.

#### (i) Ordinary Resolution 5 – Payment of Directors' fees and Board Committees' fees to Non-Executive Directors for the period commencing 1 April 2025 until the next AGM of the Bank

Shareholders' approval is sought for the proposed payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period commencing 1 April 2025 until the next AGM of the Bank based on the revised fee structure as set out below:

| Description                          | As approved at the 40 <sup>th</sup> AGM | New approval to be sought at the 43 <sup>rd</sup> AGM |
|--------------------------------------|---|---|
| <u>Annual Directors' Fees</u>        |   |   |
| - Chairman                           | RM320,000                               | RM400,000   |
| - Member                             | RM150,000                               | RM180,000   |
| <u>Annual Board Committees' Fees</u> |   |   |
| - Chairman                           | RM50,000                                | RM65,000  |
| - Member                             | RM35,000                                | RM45,000  |

If Ordinary Resolution 5 is passed, the revised fee structure will take retrospective effect from 1 April 2025 and the payment of Directors' fees and Board Committees' fees will be paid to the Non-Executive Directors on a quarterly basis after they have rendered their services to the Bank throughout the relevant period.

## Notice of 43<sup>rd</sup> Annual General Meeting

**(ii) Ordinary Resolution 6 – Payment of Directors’ benefits (other than Directors’ fees and Board Committees’ fees) of up to RM1,800,000 to Non-Executive Directors for the period from the 43<sup>rd</sup> AGM until the next AGM of the Bank**

The Non-Executive Directors’ benefits (other than Directors’ fees and Board Committees’ fees) comprise sitting allowances and other benefits remain unchanged, the details as set out below:

- (a) Sitting allowance – RM2,500 per meeting.
- (b) Any Non-Executive Director, including the Board Chairman, who retires from the Board upon completion of his/her term of service or resigns from the Board after serving for at least one term of three years shall be entitled to a retirement farewell gift of his/her choice from the Bank for a value of up to RM10,000.
- (c) Other benefits include company car and driver allowance (for Chairman only), insurance coverage and other claimable benefits.

The total amount of Directors’ benefits (other than Directors’ fees and Board Committees’ fees) payable to the Non-Executive Directors is estimated based on various factors, including the estimated frequency of meetings for the Board and Board Committees during the period.

### 6. Ordinary Resolution 7 – Re-appointment of Auditors

The Group Audit Committee (“Group AC”) had at its meeting held on 23 April 2025 assessed the performance and quality of audit services provided by PricewaterhouseCoopers PLT (“PwC”) as well as its independence and objectivity taking into account Management’s assessment on the criteria as prescribed by Bank Negara Malaysia (“BNM”) in its Policy Document on External Auditor and was satisfied that PwC had met all the relevant criteria.

Having satisfied itself with PwC’s performance and fulfilment of criteria as set out in BNM’s Policy Document on External Auditor, the Group AC had recommended the re-appointment of PwC as the External Auditors of the Bank.

The Board had at its meeting held on 24 April 2025 approved the proposed re-appointment of PwC as External Auditors of the Bank as recommended by the Group AC for shareholders’ approval at the 43<sup>rd</sup> AGM of the Bank.

Shareholders’ approval is also sought under Ordinary Resolution 7 to authorise the Directors to fix the External Auditors’ remuneration.

## Statement Accompanying Notice of 43<sup>rd</sup> Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

(i) No individual is seeking election as a Director at the 43<sup>rd</sup> AGM of the Bank.

(ii) The profiles of the Directors who are standing for re-election at the 43<sup>rd</sup> AGM are set out below:

### (a) Wong Yuen Weng Ernest

Deputy Chairman  
Non-Independent Non-Executive Director  
Chairman of the Group Executive Committee  
Member of the Group Nomination & Remuneration Committee  
80/Singaporean/Male

**Date of Appointment to the Board of Alliance Bank:**  
1 September 2021

#### Qualification:

- Bachelor of Science (First Class Honours) in Chemical Engineering, and Honorary Doctorate of University of Surrey, United Kingdom

Mr Wong started his career in 1967 with the Singapore Economic Development Board and later with the Ministry of Finance. In 1972 Mr Wong joined the United Overseas Bank ("UOB") Group in Singapore. During his 30 years with the UOB Group, Mr Wong held several key appointments, including 10 years as Group President and as a Member of the UOB Board & its Executive Committee before leaving UOB to join Mediacorp Pte Ltd as its Group CEO and later as Chairman. While at Mediacorp, he remained as a Board Member of the UOB Group, and Chairman of its Audit Committee.

Over the course of his career, he was a Member of the Temasek Advisory Panel for 10 years and served as Board Trustee & Chairman, Investment/Endowment Fund Committee of Nanyang Technological University for 17 years, Board Member of Singapore Health Services (Singapore General Hospital) for 9 years, Board Member of the Economic Development Board of Singapore ("EDB") and President-Commissioner of Bank Internasional Indonesia ("BII") TBK.

Currently Mr Wong serves as Senior Advisor of Temasek, Chairman of Fullerton Financial Holdings Pte Ltd, Matt Capital Pte Ltd and A. Menarini Asia-Pacific Holdings Pte Ltd.

### (b) Oong Kee Leong

Independent Director  
Independent Director of Alliance Islamic Bank Berhad  
Member of the Group Executive Committee  
Member of the Group Audit Committee  
Age 69/Malaysian/Male

**Date of Appointment to the Board of Alliance Bank:**  
1 September 2024

#### Qualification:

- Bachelor of Accounting, University of Malaya
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants
- Member of Certified Practising Accountants, Australia

Mr. Oong has more than 40 years of experience in the audit industry. He was the Audit Technical Partner of Ernst & Young, Malaysia from 2002 until his retirement in June 2016. Following his retirement, Mr. Oong continued as the Senior Technical Advisor for Ernst & Young, East Malaysia for 6 years until 2022.

Over the course of his career, Mr. Oong has performed audits of financial statements of listed and non-listed entities in Malaysia, Singapore and Hong Kong in diverse industries including banking, finance, insurance, manufacturing, trading, property development, hotels, plantations and construction.

He was also involved in various corporate capital market exercises undertaken by companies in Malaysia such as initial public offerings, corporate restructurings, rights issues and special purpose acquisition corporations. He was also very actively involved in financial reporting and accounting standards activities in Malaysia.

Mr. Oong is currently the External Technical consultant to an accounting firm, Moore Stephens Associates PLT. He is also an Independent Director of Alliance Islamic Bank Berhad.

## Statement Accompanying Notice of 43<sup>rd</sup> Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

### (c) Tan Sri Amirsham Bin A Aziz

Chairman of the Board  
Independent Director  
Member of the Group Executive Committee  
Age 74/Malaysian/Male

**Date of Appointment to the Board of Alliance Bank:**  
1 October 2024

#### Qualification:

- Bachelor of Economics (Hons), University of Malaya
- Member of the Malaysian Institute of Certified Public Accountants

Tan Sri Amirsham brings with him over 30 years of working experience in the financial services industry, having served Maybank Group for 31 years holding various senior positions including Maybank's President and Chief Executive Officer for 14 years. He was a Minister in the Prime Minister's Department in charge of the Economic Planning Unit and Department of Statistics from 18 March 2008 to 9 April 2009. He was also Chairman of the National Economic Advisory Council (NEAC) from 1 June 2009 to 31 May 2011.

Currently he is the Chairman of Sunway REIT Management Sdn Bhd (Manager of Sunway Real Estate Investment Trust, a real estate investment trust listed on Bursa Malaysia) and sits on the Board of Hap Seng Plantations Holdings Berhad.

Tan Sri Amirsham was formerly the Chairman of Bursa Malaysia Berhad and a member of the Boards of CapitaLand Limited, Singapore; Petroliaam Nasional Berhad (PETRONAS) and RAM Holdings Berhad.

### (d) Lily Rozita Binti Mohamad Khairi

Independent Director  
Member of the Group Risk Management Committee  
Member of the Group Audit Committee  
Age 54/Malaysian/Female

**Date of Appointment to the Board of Alliance Bank:**  
15 November 2024

#### Qualification:

- Bachelor of Laws (LLB Honours), University of Wales, College of Cardiff, United Kingdom
- Diploma in Human Resource Management, Management Institute of Personnel Management

Puan Lily Rozita has 30 years of experience within Shell organisation holding a variety of roles, primarily in Legal, Ethics & Compliance and Human Resources management.

Prior to her retirement in October 2024, Puan Lily Rozita was the Ethics & Compliance Officer in Shell for Projects & Technology and Global Functions overseeing Europe, UK, US, Canada, South America, Africa, Middle East, and Asia Pacific ethical interests. Her earlier roles involved leading Shell's in-country legal team, change management, corporate governance, board management, talent development, litigation management, policy formulation and crisis and risk management.

Throughout her career, Puan Lily Rozita has successfully managed a diverse range of stakeholders organisationally and culturally, including corporate, government and academics during her tenure as a Board of Governor of Kolej Tuanku Jaafar representing Shell, secondment to Government agencies and stints as Board of Directors on Shell Malaysia's subsidiary companies.

Currently, Puan Lily Rozita sits on the Boards of Wasco Berhad, which is listed on Bursa Malaysia, and SumiSaujana Group Berhad.

#### The Directors who are standing for re-election:

- Do not hold any shares in Alliance Bank;
- Do not have any family relationship with the other Directors and/or major shareholders of Alliance Bank;
- Do not have any conflict of interest or potential conflict of interest, including interest in any competing business with Alliance Bank or its subsidiaries;
- Have not been convicted of any offences within the past five (5) years (other than traffic offences) as at 31 March 2025; and
- Have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2025.



# Administrative Guide for the 43<sup>rd</sup> Annual General Meeting

## PHYSICAL ANNUAL GENERAL MEETING

The Annual General Meeting (“AGM”) of Alliance Bank Malaysia Berhad (“Alliance Bank” or “the Bank”) will take place on the following date, time and venue:

|                          |  |
|--------------------------|--|
| Date                     | : Wednesday, 30 July 2025  |
| Time                     | : 10 a.m.  |
| AGM Venue                | : Sabah Ballroom, Basement II, Shangri-La Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia   |
| Registration for the AGM | : Sarawak Ballroom, Basement II, Shangri-La Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia |

## RECORD OF DEPOSITORS FOR THE AGM

For the purpose of determining shareholders’ entitlement to attend, participate, speak and vote at the AGM, Alliance Bank will request its Record of Depositors as at 21 July 2025 from Bursa Malaysia Depository Sdn Bhd. Only a depositor whose name appears on the Record of Depositors as at 21 July 2025 shall be entitled to attend, participate, speak and vote at the AGM or appoint a proxy or proxies to do so in his/her stead.

## PROCEDURES TO ATTEND AND VOTE AT THE AGM

### BEFORE AGM DAY

| A. LODGEMENT OF FORM OF PROXY   |  |
|---|--|
| 1. Electronic lodgement of Form of Proxy (e-Proxy Form) <ul style="list-style-type: none"> <li>For Individual Shareholders only.</li> </ul> | <p>The closing date and time for lodging your e-Proxy Form is <b>Monday, 28 July 2025, at 10.00 a.m.</b></p> <p>(i) If you have already registered as a user with Vote2U previously, you may proceed to Step (ii) below.</p> <p>Steps to register as a user with Vote2U (one-time registration only):</p> <ol style="list-style-type: none"> <li>Access Vote2U website at: <a href="https://web.vote2u.my">https://web.vote2u.my</a></li> <li>Click &lt;&lt;Sign Up&gt;&gt; to sign up as a user.</li> <li>Read and indicate your acceptance of the “Privacy Policy” and “Terms &amp; Conditions” on the small box. Then click &lt;&lt;Next&gt;&gt;.</li> <li>Fill in your details. Ensure your email address is valid and create your own password. Then click &lt;&lt;Continue&gt;&gt;.</li> <li>Upload your NRIC (front only) (for Malaysians) or Passport (for non-Malaysians). Then click &lt;&lt;Submit&gt;&gt; to complete the registration.</li> <li>Your registration will be verified, and an email notification will be sent to you.</li> </ol> |

## Administrative Guide for the 43<sup>rd</sup> Annual General Meeting

### BEFORE AGM DAY

#### A. LODGEMENT OF FORM OF PROXY

|   |  |
|---|--|
| <p>1. Electronic lodgement of Form of Proxy (e-Proxy Form)</p> <ul style="list-style-type: none"> <li>For Individual Shareholders only.</li> </ul>  | <p>(ii) Log in to Vote2U website: <a href="https://web.vote2u.my">https://web.vote2u.my</a> with the email address and password that you have registered with Vote2U.</p> <p>Steps to submit e-Proxy Form:</p> <ol style="list-style-type: none"> <li>Click &lt;&lt;Register Proxy Now&gt;&gt; for e-Proxy registration.</li> <li>Select the general meeting event that you wish to attend.</li> <li>Select/add your Central Depository System (“CDS”) account number and number of shares.</li> <li>Select &lt;&lt;Appoint Proxy&gt;&gt;.</li> <li>Complete the details of your proxy(ies). Ensure Proxy(ies’) email address(es) is/are valid.</li> <li>Indicate your voting instruction should you prefer to do so.</li> <li>Thereafter, select &lt;&lt;Submit&gt;&gt;.</li> <li>Your submission will be verified.</li> </ol>  |
| <p>2. Lodgement of Form of Proxy (hardcopy):</p> <ul style="list-style-type: none"> <li>Individual Shareholders.</li> <li>Corporate Shareholders.</li> <li>Authorised Nominees; and</li> <li>Exempt Authorised Nominees.</li> </ul> | <p>The closing date and time for lodging your hardcopy Form of Proxy is <b>Monday, 28 July 2025, at 10.00 a.m.</b></p> <p>(i) Complete the following details on the hardcopy of the Form of Proxy:</p> <ul style="list-style-type: none"> <li>Name of Proxy(ies).</li> <li>NRIC number (for Malaysians)/Passport number (for non-Malaysians) of the Proxy(ies).</li> <li>Email address and contact number of the Proxy(ies).</li> </ul> <p>(ii) Enclose the following document with the original Form of Proxy:</p> <ul style="list-style-type: none"> <li>A copy of the Proxy(ies’) NRIC (for Malaysians)/Passport (for non-Malaysians).</li> </ul> <p>(iii) Lodge the original Form of Proxy, the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, and the abovementioned document to:</p> <p>ShareWorks Sdn Bhd<br/>No. 2-1, Jalan Sri Hartamas 8<br/>Sri Hartamas<br/>50480 Kuala Lumpur, Malaysia<br/>Tel : 03-6201 1120<br/>Fax : 03-6201 3121<br/>Email : <a href="mailto:ir@shareworks.com.my">ir@shareworks.com.my</a></p> |

Administrative Guide for the 43<sup>rd</sup> Annual General Meeting

## BEFORE AGM DAY

## B. REVOCATION OF PROXY APPOINTMENT

|   |  |
|---|--|
| 1. Revoke a Proxy appointment appointed via e-Proxy Form: <ul style="list-style-type: none"> <li>Individual Shareholders who have appointed Proxy(ies) through e-Proxy Form.</li> </ul>   | (i) Log in to Vote2U website: <a href="https://web.vote2u.my">https://web.vote2u.my</a> using your registered email address and password.<br>(ii) Select the general meeting event.<br>(iii) Scroll down and click <<Revoke a Proxy>>. |
| 2. Revoke a Proxy appointment: <ul style="list-style-type: none"> <li>Individual Shareholders;</li> <li>Corporate Shareholders;</li> <li>Authorised Nominees; and</li> <li>Exempt Authorised Nominees;</li> </ul> <p>who has/have appointed Proxy(ies) using hardcopy of Form of Proxy.</p> | Please contact our Share Registrar, ShareWorks Sdn Bhd, to revoke the appointment of your Proxy(ies). The contact details are provided in the Enquiry Section below.   |

## ON AGM DAY

## C. REGISTRATION TO ATTEND THE AGM

Registration will start at 8.00 a.m. at Sarawak Ballroom, Basement II, Shangri-La Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia and will close upon the conclusion of the AGM.

The Registration counters will only handle verification of identity and registration of attendance. Helpdesk support is available for any other enquiries/assistance/revocation of proxy appointment.

|   |  |
|---|--|
| 1. Individual Shareholders <ul style="list-style-type: none"> <li>Register at the Registration counter to receive an identification wristband and a unique e-voting ballot slip.</li> </ul> | (i) Please present your original NRIC (for Malaysians) or Passport (for non-Malaysians) during registration for verification purposes.<br><br>(ii) No individual will be allowed to register on behalf of another even with the original NRIC (for Malaysians) or Passport (for non-Malaysians) of the other individual.<br><br>(iii) After verification and registration, you will receive an identification wristband, and a unique e-voting ballot slip with a printed QR code for casting your vote electronically.<br><br>Note: If your smartphone does not have a built-in QR scanner, you will need to download a third-party app to scan the QR code.<br><br>(iv) If you are attending the AGM both as a shareholder and as a proxy, you will only need to register once. Only one identification wristband, and one unique e-voting ballot slip with a printed QR code will be issued for casting your vote electronically.<br><br>(v) Each shareholder is responsible for safeguarding his/her identification wristband and e-voting ballot slip.<br><br>(vi) No individual will be allowed to enter the AGM venue without wearing an identification wristband. There will be no replacement in the event that you have lost/misplaced the identification wristband.<br><br>(vii) Please inform the Registration counter immediately if your e-voting ballot slip is lost. |
|---|--|

## Administrative Guide for the 43<sup>rd</sup> Annual General Meeting

### ON AGM DAY

#### C. REGISTRATION TO ATTEND THE AGM

- |  |   |
|--|---|
| <p>2. Proxies/Corporate Shareholders/Nominees Companies</p> <ul style="list-style-type: none"> <li>• Register at the Registration counter to receive an identification wristband and a unique e-voting ballot slip.</li> </ul> | <ul style="list-style-type: none"> <li>(i) Please present your original NRIC (for Malaysians) or Passport (for non-Malaysians) with the Form of Proxy or corporate representative appointment letter and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, during registration for verification purposes.</li> <li>(ii) No individual will be allowed to register on behalf of another even with the original NRIC (for Malaysians) or Passport (for non-Malaysians) of the other individual.</li> <li>(iii) After verification and registration, you will receive an identification wristband, and a unique e-voting ballot slip with a printed QR code for casting your vote electronically.<br/><br/>Note: If your smartphone does not have a built-in QR scanner, you will need to download a third-party app to scan the QR code.</li> <li>(iv) If you are attending the AGM both as a shareholder and as a proxy, you will only need to register once. Only one identification wristband, and one unique e-voting ballot slip with a printed QR code will be issued for casting your vote electronically.</li> <li>(v) Each Proxy/Corporate Representative is responsible for safeguarding his/her identification wristband and e-voting ballot slip.</li> <li>(vi) No individual will be allowed to enter the AGM venue without wearing an identification wristband. There will be no replacement in the event that you have lost/misplaced the identification wristband.</li> <li>(vii) Please inform the Registration counter immediately if your e-voting ballot slip is lost.</li> </ul> |
|--|---|

Administrative Guide for the 43<sup>rd</sup> Annual General Meeting

## ON AGM DAY

## D. VOTING AT THE AGM

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any resolution set out in the notice of a general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting is to be voted by poll.

The Bank's Share Registrar, ShareWorks Sdn Bhd, has been appointed as the Poll Administrator to conduct the poll and Deloitte Business Advisory Sdn Bhd has been appointed as the Independent Scrutineer to verify the poll result.

|                              |  |
|------------------------------|--|
| <p>1. e-Voting</p>           | <p>You can cast your vote upon registration before the start of the AGM, or alternatively, once the Chairman of the AGM announces the opening of voting during the AGM, by following the steps below:</p> <ul style="list-style-type: none"> <li>(i) Use your smartphone to scan the QR code on the e-voting ballot slip or visit the support counter for assistance.</li> </ul> <p>Note: If your smartphone does not have a built-in QR scanner, you will need to download a third-party app to scan the QR code.</p> <ul style="list-style-type: none"> <li>(ii) After scanning the QR code, you will be directed to the AGM landing page. Please verify your details, then scroll down and click &lt;&lt;Confirm Details &amp; Start Voting&gt;&gt;.</li> <li>(iii) To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click &lt;&lt;Next&gt;&gt; to continue voting for the resolution.</li> <li>(iv) To change your vote, click the &lt;&lt;Back&gt;&gt; button and select another voting choice.</li> <li>(v) After completing your vote, a Voting Summary page will appear displaying the resolution along with your voting choice. Click &lt;&lt;Confirm&gt;&gt; to submit your vote.</li> </ul> <p>Note: Please note that you are not able to change your voting choice after you have confirmed and submitted your vote.</p> <ul style="list-style-type: none"> <li>(vi) The voting session will close when the Chairman of the AGM announces its conclusion.</li> </ul> <p>The support team will be available to assist you if you encounter any difficulties.</p> |
| <p>2. View voting result</p> | <p>Upon announcement of the voting result by the Chairman of the AGM:</p> <ul style="list-style-type: none"> <li>(i) Scan the QR code on the e-voting ballot slip.</li> <li>(ii) After scanning the QR code, you will be directed to the AGM landing page. Scroll down and click &lt;&lt;View voting&gt;&gt;.</li> <li>(iii) On the voting result page, you will be able to view the detailed voting outcomes.</li> </ul>  |

## Administrative Guide for the 43<sup>rd</sup> Annual General Meeting

### SUBMISSION OF QUESTIONS FOR THE AGM

#### 1. Prior to the AGM

Members and proxies may submit questions before the AGM by logging in to the Vote2U website: <https://web.vote2u.my> no later than Monday, 28 July 2025, at 10.00 a.m. and follow the steps below:

- (i) Click the General Meeting event box.
- (ii) Click <<Ask Question>> to pose question(s).
- (iii) Type in your question and click <<Submit>>.

Alternatively, you may also send your questions for the AGM to the following email address no later than Monday, 28 July 2025, at 10.00 a.m.:

Investor Relations : [investor\\_relations@alliancefg.com](mailto:investor_relations@alliancefg.com)

The Board will endeavour to address all questions received prior to the AGM.

#### 2. During the AGM

Members, proxies and corporate representatives will be able to ask questions in person during the AGM. The Chairman or the Board of Directors will endeavour to address all questions raised during the AGM.

### 2025 ANNUAL REPORT

1. The 2025 Annual Report is available at the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my) and Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company Announcement.
2. You may request a hardcopy of the 2025 Annual Report by completing the Request Form and submitting it to the Bank's Share Registrar at:

ShareWorks Sdn Bhd  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur, Malaysia  
Tel : 03-6201 1120  
Fax : 03-6201 3121  
Email : [ir@shareworks.com.my](mailto:ir@shareworks.com.my)

Kindly consider the environmental impact before deciding to request a printed version of the 2025 Annual Report.

### ENQUIRY

1. For any enquiry relating to the AGM, please contact our Share Registrar, ShareWorks Sdn Bhd, from 8.30 a.m. to 5.30 p.m. on Mondays to Fridays (except public holidays):

Telephone No. : 03-6201 1120 / 03-6206 1743 / 03-6206 1364  
Email : [ir@shareworks.com.my](mailto:ir@shareworks.com.my)

2. For any enquiry relating to the Vote2U online platform or if you encounter any issues with the login process or need further clarification on the steps to submit e-Proxy Form, please contact Agmo Digital Solutions Sdn Bhd's Helpdesk from 8.30 a.m. to 5.30 p.m. on Mondays to Fridays (except public holidays):

Live chat : <https://web.vote2u.my>  
Telephone No. : 03-7664 8520 / 03-7664 8521  
Email : [vote2u@agmostudio.com.my](mailto:vote2u@agmostudio.com.my)

## Administrative Guide for the 43<sup>rd</sup> Annual General Meeting

### OTHER INFORMATION

1. Recording or Photography of the AGM Proceedings is Prohibited.

Recording or photography of the AGM proceedings is strictly prohibited without prior permission from the Bank.

2. No e-Voucher or Gift

There will be no e-Voucher or gift for shareholders and proxies who attend the AGM.

3. Parking Cost Redemption

Parking is available at the Shangri-La Kuala Lumpur (basement parking) based on a first-come, first-served basis and on cashless entry via using a credit/debit/Touch 'n Go card. Upon registration to attend the AGM, you will be given a "AGM Parking Voucher" (where applicable). Please present the "AGM Parking Voucher" at the "parking validation counter" to validate the same credit/debit/Touch 'n Go card that you used to tap at the parking entrance, for complimentary parking before exiting.

The Bank will only bear parking charges incurred by members/proxies attending the AGM in person and who park their vehicles at the basement parking at Shangri-La Kuala Lumpur. The Bank will not provide cash reimbursements for parking charges incurred by members/proxies attending the AGM in person and who park their vehicles at the car parks of other buildings, or use the valet parking service at Shangri-La Kuala Lumpur.



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# ALLIANCE BANK

Alliance Bank Malaysia Berhad 198201008390 (88103-W)

## FORM OF PROXY

| CDS Account No. | No. of Shares Held |
|-----------------|--------------------|
|                 |                    |

I/We (full name in block letters) \_\_\_\_\_

NRIC No./Passport No./Company Registration No. \_\_\_\_\_

of (address) \_\_\_\_\_

contact no. \_\_\_\_\_ email address \_\_\_\_\_

being a Member of **ALLIANCE BANK MALAYSIA BERHAD** (“**ABMB**” or **Bank**”), hereby appoint:

\_\_\_\_\_ NRIC No./Passport No. \_\_\_\_\_

of (address) \_\_\_\_\_

contact no. \_\_\_\_\_ email address \_\_\_\_\_

and/failing him/her, \_\_\_\_\_ NRIC No./Passport No. \_\_\_\_\_

of (address) \_\_\_\_\_

contact no. \_\_\_\_\_ email address \_\_\_\_\_

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the 43<sup>rd</sup> Annual General Meeting (“AGM”) of the Bank, to be held at the Sabah Ballroom, Basement II, Shangri-La Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Wednesday, 30 July 2025 at 10.00 a.m. and at any adjournment thereof.

| NO. | RESOLUTIONS   | *FOR | *AGAINST |
|-----|---|------|----------|
| 1.  | Re-election of Mr. Wong Yuen Weng Ernest as Director  |      |          |
| 2.  | Re-election of Mr. Oong Kee Leong as Director   |      |          |
| 3.  | Re-election of Tan Sri Amirsham bin A Aziz as Director  |      |          |
| 4.  | Re-election of Puan Lily Rozita Binti Mohamad Khairi as Director  |      |          |
| 5.  | Payment of Directors’ fees and Board Committees’ fees to Non-Executive Directors for the period commencing 1 April 2025 until the next AGM of the Bank.   |      |          |
| 6.  | Payment of Directors’ benefits (other than Directors’ fees and Board Committees’ fees) of up to RM1,800,000 to Non-Executive Directors for the period from the 43 <sup>rd</sup> AGM until the next AGM of the Bank. |      |          |
| 7.  | Re-appointment of PricewaterhouseCoopers PLT as Auditors of the Bank and granting authority to the Directors to fix their remuneration.   |      |          |

\* Please indicate with an “X” how you wish your vote to be cast. If no specific direction as to voting is given, your proxy(ies) will vote or abstain at his/her/their discretion.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2025

\_\_\_\_\_  
Signature of Member

| Shareholding represented by Proxy |   |
|-----------------------------------|---|
| Proxy 1                           | % |
| Proxy 2                           | % |
| Total                             | % |

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**Notes:**

1. A member whose name appears on the General Meeting Record of Depositors as at 21 July 2025 shall be regarded as a member entitled to attend, participate, speak and vote at the meeting and is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Bank.
2. A member other than an Exempt Authorised Nominee shall be entitled to appoint not more than two proxies to attend, participate, speak and vote at the same meeting.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee that holds ordinary shares in the Bank for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies that the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointer is a corporation, the Form of Proxy must be executed under its common seal or by at least two authorised officers, one of whom shall be a director (or in the case of a sole director, by that director in the presence of a witness who attests the signature) or under the hand of an officer or attorney duly authorised.
6. To be valid, the duly completed Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited with our Share Registrar, ShareWorks Sdn Bhd, at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or lodged electronically at <https://web.vote2u.my> (applicable to individual members only) not less than 48 hours before the time set for holding the AGM, or any adjournment thereof. Please follow the procedures provided in the Administrative Guide of the AGM to lodge the Form of Proxy electronically.
7. By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Bank (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of the 43<sup>rd</sup> AGM and any adjournment thereof.
8. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 43<sup>rd</sup> AGM of the Bank shall be put to the vote by way of a poll.

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Affix Stamp

The Share Registrar of  
ALLIANCE BANK MALAYSIA BERHAD

**SHAREWORKS SDN BHD**  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Malaysia

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**[www.alliancebank.com.my](http://www.alliancebank.com.my)**



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AllianceBankMalaysia](https://www.facebook.com/AllianceBankMalaysia)



@AllianceBankMalaysia



Alliance Bank Malaysia Berhad

**ALLIANCE BANK MALAYSIA BERHAD (88103-W)**

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50100 Kuala Lumpur, Malaysia.

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Fax : 03-2694 6200