OUR SUSTAINABILITY STATEMENT
INTRODUCTION

SCOPE AND BOUNDARY

This Sustainability Statement ("Statement") outlines Alliance Bank Malaysia Berhad's ("ABMB" or "the Bank" or "Alliance Bank") and our subsidiaries' (collectively "the Group") sustainability strategy and performance for the financial year ended 31 March 2026.

REPORTING PERIOD

All information disclosed in this Statement covers the financial year from 1 April 2025 to 31 March 2026 ("FY2026"), unless otherwise stated. Any significant restatements of data compared to previous years are appropriately highlighted in the respective sections.

REPORTING STRUCTURE, STANDARDS AND FRAMEWORK

This Statement comprises two main sections:

- **Section A: IFRS SDS Disclosures**

  In December 2024, Bursa Malaysia Securities Berhad ("Bursa Malaysia") amended the Practice Note 9 ("PN9") of the Main Market Listing Requirements in relation to the Sustainability Reporting Requirements to be in line with the National Sustainability Reporting Framework ("NSRF"). As a result, this section has been prepared in accordance with IFRS Sustainability Disclosure Standards, specifically IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1") and IFRS S2 Climate-related Disclosures ("IFRS S2") issued by International Sustainability Standards Board ("ISSB") (collectively, the "IFRS Sustainability Disclosure Standards" or "IFRS SDS"). This follows on from our previous TCFD-aligned disclosures, reflecting the embedding of TCFD into the ISSB framework.

  We have adopted a climate-first approach and are utilising the transition reliefs set out in the IFRS SDS, NSRF and the Main Market Listing Requirements.

  This section has also considered the Sustainability Accounting Standards Board ("SASB Standards").

- **Section B: Impact Reporting**

  This section covers the Group's material Economic, Environmental, Social and Governance ("EESG") activities across our business segments, subsidiaries and joint venture operations (where relevant) for FY2026, unless stated otherwise. It also outlines the Group's engagement with both internal and external stakeholders throughout Malaysia.

  This section has been prepared with reference to the Global Reporting Initiative ("GRI") Standards 2021 and FTSE4Good Bursa Malaysia Index.

  This section should be read in conjunction with Section A: IFRS SDS Disclosures to provide a comprehensive view of the Group's sustainability strategy and performance. References to Section A are included in the footnotes of this Section to enhance accessibility.

- **Appendix**

  Bursa Malaysia Prescribed Table, Performance Data Table, GRI and SASB Content Indices and Statement of Assurance.

  For more information on the above, please refer to the tables and indices on pages 169 to 179.

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 2026 Annual Report and Corporate Governance Report.

This Statement has been reviewed and approved by the Group's Sustainability Steering Committee ("SSC"), Group Sustainability Committee ("GSC") and the Board of Directors.

STATEMENT OF ASSURANCE

In order to maintain the credibility of the Sustainability Statement, the Group regularly reviews and assesses the transparency and quality of our disclosures. Selected indicators have been subjected to limited independent assurance by Control Union (Malaysia) Sdn Bhd.

For further details on the scope of external assurance, please refer to the Statement of Assurance on pages 177 to 179.

FEEDBACK

The Group remains committed to the continuous enhancement of our sustainability practices and disclosures. Feedback on this Sustainability Statement is welcomed as part of the Group's ongoing efforts to strengthen transparency, accountability and disclosure quality.

For further enquiries and feedback, please contact:

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OUR SUSTAINABILITY STRATEGY

INTRODUCTION TO THE GROUP

Here at the Group, sustainability is embedded at the core of how we conduct business. We foster a strong sustainability culture by integrating Environmental, Social and Governance ("ESG") into our strategy, operations and decision-making processes. In doing so, we empower our stakeholders, including employees, customers, communities and partners, to adopt ESG-aligned practices that create long-term value for their organisations and for society at large.

Recognising the growing urgency of climate change and environmental degradation, the Group remains committed to responsible stewardship of natural resources and to supporting a just and inclusive transition. Our sustainability journey is grounded in the belief that building a resilient and future-ready economy requires collective action, thoughtful innovation and long-term accountability. As we continue to progress, we are committed to leading by example and upholding standards that contribute meaningfully to Malaysia's sustainable development ambitions.

OUR PURPOSE, VISION AND SUSTAINABILITY POINT OF VIEW

Sustainability is integral to the Group's brand purpose and shapes how we support individuals, businesses and communities to thrive. As The Bank For Life, we strive to make banking more meaningful – going beyond transactions to create positive and lasting impact throughout every stage of our customers' financial journeys.

Guided by our mission of Building Alliances to Improve Lives, we work closely with customers, employees and community partners to accelerate the adoption of ESG best practices. Through targeted programmes, innovative solutions and purposeful engagement, we promote sustainable behaviours that drive social empowerment, economic resilience and environmental preservation.

The Group remains committed to cultivating ecosystems that uplift people and protect the planet, creating shared prosperity while ensuring that growth is responsible, inclusive and sustainable over the long term.

OUR SUSTAINABILITY STRATEGY

ABMB Net Zero 2050 Ambitions

Brand Purpose: The Bank For Life

Sustainability Purpose:

1. We help customers and business owners adopt ESG practices in a way that creates value for the business, the community and the environment in which they operate.
2. We aim to create a meaningful impact on sustainability in collaboration with our people and community.

SUSTAINABILITY GOVERNANCE

STRATEGY

Pillars	Sustainable Business	Sustainable Society		Sustainable Workplace	
	Driving Sustainable Financing	Supporting Our Customers' Transition	Improving Community Well-Being	Managing Our Environmental Footprint	Fostering a Safe, Inclusive and Future-Ready Work Environment

IMPACT MATERIALITY ASSESSMENT

Material Matters	Sustainable Business	Sustainable Society	Sustainable Workplace
	• Sustainable and Responsible Financing • Climate Change • Customer Experience • Digitalisation • Customer Data Privacy • Economic Performance	• Climate Change • Financial Inclusion • Sustainable Procurement • Corporate Social Responsibility	• 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

FINANCIAL MATERIALITY ASSESSMENT

Climate-related Risks and Opportunities

Physical risk: Flood	Transition risk: Emerging GHG emissions regulations and supply chain demand	Transition risk: Reputation risk arising from financed emissions

Transition opportunity: New sustainable banking business	Transition opportunity: Accelerating sustainable banking business for SMEs

VALUE CHAIN OF THE GROUP

OUR SUSTAINABILITY STRATEGY

The Group's sustainability strategy is anchored on being The Bank For Life and structured in the following three pillars:

	Commitment	Topline Goal
SUSTAINABLE BUSINESS	The Group advocates for and supports our customers in sustainability adoption and generate value for the Group.	Achieve cumulative RM17 billion in new sustainable banking business by FY2028.
SUSTAINABLE SOCIETY	Beyond banking, the Group enables our value chain and communities to transition through practical advisory and solutions.	• Transition RM547 million of CCPT-rated C5a[1] portfolio in FY2026. • Establish sectoral decarbonisation pathways for identified high-emitting sectors by FY2027.
SUSTAINABLE WORKPLACE	We walk the talk and are committed towards making the Group's operations more sustainable and reducing our carbon footprint.	Rebaseline operational emissions following headquarters relocation to Menara Alliance Bank ("MAB") by FY2027.

[1] *C5a refers to Bank Negara Malaysia's CCPT classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused or any initiative to transition to more sustainable practice.*
For further details, please refer to Section A: IFRS SDS Disclosures on page 60.

SUSTAINABILITY IS EMBEDDED WITHIN THE GROUP'S ACCELER8 2027 STRATEGY

Sustainability is a core enabler of the Group's Acceler8 strategy, guiding the creation of long-term value for stakeholders and supporting business resilience in a rapidly evolving operating environment. The Group remains committed to delivering measurable environmental and social outcomes by continuously strengthening sustainability management practices, enhancing data quality and embedding ESG into its strategy.

The Group focuses on reducing our operational environmental footprint while supporting customers in their transition towards more sustainable and climate-resilient business models through the following priorities:

- Embedding sustainability across business strategies, risk management and governance structures;
- Scaling sustainable and transition-aligned financing to support Malaysia's national climate agenda;
- Empowering customers, employees and communities through capacity building, advisory and responsible business practices; and
- Driving operational excellence through resource efficiency, climate-related risk management and continuous upskilling of the workforce.

Sustainability is not a standalone initiative, but an integral component of how the Group grows responsibly, manages risks and creates shared value for stakeholders.

OUR SUSTAINABILITY STRATEGY

Throughout the implementation of the Acceler8 strategy, the Group has demonstrated continued sustainability progress and reinforced its commitment to operating as an ESG-focused organisation, as reflected in the following:

FY2022:

Established Foundation for Sustainability Management

- Improved ESG profile of portfolio
- Enhanced risk management infrastructure
- Improved the Group's ESG practices
- Enhanced disclosures and communications
- Improved capabilities and engagement

FY2023/FY2024:

Supported Our Customers with Their Sustainability Goals

- Rolled out sustainability solutions
- Conducted engagement/advocacy with customers/stakeholders
- Enhanced risk mitigation, management and reporting

FY2024/FY2025:

Advanced Sustainability Impact and Improvement

- Extended sustainability solutions and green/social funding offerings
- Strengthened climate/environmental risk management
- Increased advocacy with stakeholders, disclosures and communications

FY2026/FY2027:

Secure Impact of Sustainability

- Accelerate sustainable business growth
- Future-proof against climate- and sustainability-related risks
- Enable customers' transition journey and monitor ESG impact
- Progress towards Net Zero

THE GROUP'S JOURNEY TOWARDS NET ZERO 2050

The Group continues to make progress towards its Net Zero 2050 ambition, reflecting a long-term commitment to supporting both the decarbonisation of our operations and that of our customers. Efforts are focused on reducing financed and operational emissions, strengthening emissions data quality and enabling customers to transition responsibly towards a lower-carbon future.

Key milestones achieved:

Enhancing our financed emissions reporting

Having calculated our financed emissions since FY2024, the Group has enhanced our reporting in FY2026 by expanding coverage beyond high-emitting sectors, enhancing our methodologies based on Partnership for Carbon Accounting Financials standards and increasing the number of asset classes. These improvements are critical in setting credible decarbonisation targets and monitoring progress over time.

For further details, please refer to Note 7.2.2 Transition risk: Reputation risk arising from financed emissions in Section A: IFRS SDS Disclosures on page 83.

Equipping our front-liners

In order to support effective transition-aligned customer engagement, the Group also strengthened the capabilities of our Relationship Managers ("RMs") through a dedicated digital guide, training programmes and practical toolkits. Guided by our award-winning 3As Approach – **A**dvocacy, **A**dvice and **A**nswers – our RMs are equipped to deliver tailored sustainability advisory, transition planning support and propose sustainable financing solutions.

Establishing sectoral decarbonisation pathways

In FY2026, the Group developed the sectoral decarbonisation pathway for the iron and steel sector, providing structured guidance on emissions reduction aligned with global and national transition expectations. These pathways are integral to our Net Zero ambition, offering clarity on sector-specific transition trajectories and informing our customer engagement and risk management practices.

OUR COMMITMENT GOING FORWARD

While the Group remains committed to our ambition to achieve Net Zero by 2050, we recognise that progress is influenced by evolving policy developments, technological advancements and the availability and quality of emissions data. Notwithstanding these external dependencies, we remain focused on fulfilling our fiduciary responsibility to manage climate-related risks and create long-term value for customers, communities and the wider environment.

MATERIALITY ASSESSMENT

Our materiality assessment enables us to identify, prioritise and understand the sustainability-related risks, opportunities and impacts that may influence the Group's ability to create long-term value. These material matters guide our governance structures, inform our strategic direction and shape our risk management practices.

The following materiality assessments were conducted:

Financial materiality assessment

The Group has conducted a financial materiality assessment in FY2026 in accordance with IFRS Sustainability Disclosure Standards and identified a list of material sustainability-related risks and opportunities for the Group.

As the Group has adopted the climate-first approach for the IFRS SDS Reporting, we have disclosed the material climate-related risks and opportunities in Note 5 of Section A: IFRS SDS Disclosures on page 68.

Impact materiality assessment

The Group conducts a full impact materiality assessment every three years, with the most recent assessment completed in FY2024. In FY2026, an annual review of the materiality matrix and stakeholder list was undertaken, reaffirming that the identified material matters remain aligned with the Group's sustainability strategy, stakeholder expectations and prevailing industry priorities.

For further details, please refer to the disclosed material matters in Section B: Impact Reporting on page 100.

SECTION A: IFRS SDS DISCLOSURES

1.0 BASIS OF PREPARATION

1.1 Compliance with IFRS Sustainability Disclosure Standards

The IFRS Sustainability Disclosure Standards ("IFRS SDS") disclosures of Alliance Bank Malaysia Berhad ("the Bank" or "Alliance Bank" or "ABMB") our subsidiaries (collectively, "the Group") have been prepared, to the extent possible for FY2026, in accordance with IFRS SDS, specifically IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1") and IFRS S2 Climate-related Disclosures ("IFRS S2") issued by the International Sustainability Standards Board ("ISSB").

The National Sustainability Reporting Framework ("NSRF") provides transition reliefs for the first two annual reporting periods in which an entity applies the standards. The Main Market Listing Requirements provide additional transition reliefs for issuers listed on the Main Market of Bursa Malaysia.

As the Group is reporting under IFRS SDS for the first time in FY2026, we have adopted the following transition reliefs:

- Disclosure is limited to climate-related risks and opportunities (in accordance with IFRS S2) and, consequently, we apply the requirements of IFRS S1 only insofar as they relate to the disclosure of information on climate-related risks and opportunities;
- Scope 3 greenhouse gas ("GHG") emissions are not disclosed, except for Category 6 (Business Travel), Category 7 (Employee Commuting) and Category 15 (Investments), with Category 15 disclosed on a voluntary basis; and
- Comparative information is not disclosed in the first annual reporting period in which we apply IFRS S1 and S2.

We intend to fully provide these disclosures by the financial year ending 31 March 2028.

As of 31 March 2026, there were no other IFRS SDS issued by the ISSB. However, on 11 December 2025, the ISSB issued targeted amendments to GHG emissions disclosure requirements in IFRS S2. These amendments, which are effective for reporting periods beginning on or after 1 January 2027, with early application permitted, do not impact our disclosures for FY2026.

The disclosure topics in the Sustainability Accounting Standards Board ("SASB") standards were considered when preparing this Statement.

For further information on how the SASB standards disclosure topics have been considered in the materiality assessment process, please refer to Note 5 Financial Materiality Assessment on page 68.

1.2 Connectivity with financial statements (reporting period, reporting entity and presentation currency)

The IFRS SDS disclosures have been prepared for the Group and should be read in conjunction with the Group's consolidated financial statements, which are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), IFRS and the requirements of the Companies Act 2016 in Malaysia. This Statement covers the financial year ended 31 March 2026 and is aligned with the reporting period of the related consolidated financial statements.

Time horizons are defined based on the period over which sustainability-related risks and opportunities ("SROs") could reasonably be expected to materialise. The Group applied the following time horizons, which are aligned with those used for strategic decision-making:

Short-Term	Medium-Term	Long-Term
(0 to 12 months)	(1 to 5 years)	(beyond 5 years)

The sustainability-related financial disclosures cover the same reporting entities as the consolidated financial statements, comprising the parent company, Alliance Bank Malaysia Berhad and its subsidiaries. In preparing these disclosures, the Group assessed both its own operations and its value chain, which includes, among others, joint ventures and associates.

For information on the value chain, please refer to Note 2.2 on page 64.

The presentation currency of the sustainability-related financial disclosures is Ringgit Malaysia ("RM"), which aligns with the presentation currency used in the consolidated financial statements. Unless specified otherwise, all amounts are rounded to the nearest thousand.

2.0 OVERVIEW OF THE GROUP AND VALUE CHAIN

2.1 Overview of the Group

Our key business activities

ABMB was incorporated in Malaysia on 3 August 1982 under the name 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 our 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 the then holding company, Alliance Financial Group Berhad, upon completion of a corporate reorganisation exercise.

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

The Group provides fast, simple and responsive services that meet the needs of our 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.

For further details on our key business segments, please refer to page 6-13 of our Annual Report.

Our strategy and sustainability-related goals

The Group's sustainability strategy is anchored by three pillars as follows:

1. Sustainable Business

Sustainable Financing

Guided by the Group's Sustainability Framework and Sustainability Product Framework, the Group remains committed to expanding our sustainable banking business through financing and investment activities that support Malaysia's national sustainability agenda and the broader transition to a low-carbon economy. The Group's sustainable banking portfolio spans green, transition-aligned and sustainability-focused financing solutions across SME, commercial, corporate and consumer segments.

The Group continues to drive portfolio growth through the expansion of sustainable finance offerings, leveraging innovation and strategic collaborations. In addition to supporting government-supported schemes, we are strengthening our sustainable-finance ecosystem by partnering with green-technology providers, industry specialists and state-led public bodies. These partnerships enhance our ability to originate, structure and deliver a wider range of sustainable financing and advisory solutions while increasing the reach of our propositions across all customer segments.

Our approach to operationalising and scaling sustainable banking across the Group is anchored on two key programmes:

- **Sustainability Impact Programme ("SIP")** – Our primary platform for originating and scaling sustainable banking, built on the Group's Advocacy, Advisory and Answers ("3As") approach. SIP supports SME ESG adoption through awareness building, transition advisory, capability-building tools and access to sustainable financing and beyond banking solutions.
- **Sustainability Enhancement Programme ("SEP")** – A complementary programme that broadens sustainable finance flows by supporting public listed companies and their supply chains with targeted ESG advisory, disclosure support and sustainable finance facilitation.

Together, SIP and SEP deepen our engagement across the value chain, enabling us to integrate sustainability into customer onboarding, credit evaluation and long-term relationship management.

In FY2026, following the early achievement of our previous new sustainable banking business ("NSB") target of RM15 billion by FY2027, we revised our ambition upward to RM17 billion in cumulative NSB mobilisation by FY2028 – reflecting growing customer demand and the Group's strengthened capacity to deliver sustainable and transition-aligned financing.

SECTION A: IFRS SDS DISCLOSURES

2. Sustainable Society

Supporting Our Customers' Transition[2]

The Group remains committed to supporting customers, including SMEs, in managing both transition and physical climate risks through practical tools, advisory services and sustainable financing solutions. These efforts are aimed at strengthening customer resilience and enabling a credible transition towards low-carbon and climate-adaptive business models.

In FY2025, the Group published the second edition of our national ESG study, The Path to Sustainable Impact – Sectoral Insights of Malaysian SMEs (ESG 2.0 Report), building on the success of the inaugural ESG 1.0 Report. Commissioned in collaboration with Monash University Malaysia, Zurich Malaysia, UN Global Compact Network Malaysia & Brunei ("UNGCMYB"), SME Corporation Malaysia, Malaysian Green Technology and Climate Change Corporation ("MGTC"), and INCEIF University, the ESG 2.0 Report identified a sixfold increase in ESG awareness among SMEs, with adoption rates rising from 28% to 60%, reflecting growing recognition of sustainability among Malaysian SMEs.

Building on insights from the ESG 1.0 and 2.0 Reports, the Group further strengthened our thought leadership by publishing The ESG Playbook: Practical Steps for Manufacturing SMEs, which provides sector-specific guidance and practical case studies on sustainability adoption within the Malaysian manufacturing sector. In addition, the Group released the Sarawak SME ESG Report, offering data-driven insights into ESG awareness, adoption levels and key challenges faced by SMEs in the state.

The Group also collaborated with Monash University and Cradle Fund Sdn Bhd to launch Innovation Impact Lab, aimed at accelerating innovation and circular economy adoption among SMEs. This initiative represents Malaysia's first cross-sector collaboration involving government, academia and a financial institution.

The Group continues to enhance our policies and frameworks to manage environmental risks, with particular focus on climate-related physical risks such as flooding and emerging transition risks. We support clients and suppliers in improving readiness for these risks through knowledge sharing sessions, including workshops on carbon pricing, sustainable technologies and climate-risk awareness.

Responsible supply chain practices were reinforced through enhanced procurement governance, including the integration of ESG criteria into Group policies and procedures. This includes the introduction of the ESG Service Provider Self-Assessment Questionnaire ("SAQ") within our e-Procurement system to strengthen due diligence and accountability. We further supported suppliers through programmes such as the Supply Chain Workshop, focused on advancing sustainability practices across our value chain.

Improving Community Well-Being[2]

Aligned with the Group's purpose as The Bank For Life, the Group remains committed to enhancing community well-being and fostering an inclusive and resilient economy. High-impact community initiatives continue to be expanded, including Alliance Islamic Bank Zakat Microfinancing ("AZAM"), SocioBiz and the Economic Empowerment Programme, to uplift underserved communities.

The Group also strengthens long-term financial resilience through educational initiatives such as the AEIOU Programme, which promotes financial literacy among schoolchildren and builds foundational knowledge for future generations. During the year, the curriculum was enhanced to incorporate biodiversity and sustainability awareness through the launch of a pilot programme in Sabah, implemented in close collaboration with the Ministry of Education ("MOE"). A nationwide rollout is planned for FY2027.

[2] *For further information, please refer to Section B: Impact Reporting on page 130.*

3. Sustainable Workplace

Managing our Environmental Footprint

The Group remains committed to reducing our operational environmental footprint and advancing decarbonisation across the value chain. Following the relocation of the Group's headquarters to Menara Alliance Bank ("MAB") – a Building and Construction Authority ("BCA") Green Mark and Leadership in Energy and Environmental Design ("LEED") certified building – the Group is re-baselining its Scope 1 and Scope 2 greenhouse gas emissions, with a revised operational baseline expected to be established by FY2027. This baseline will serve as a reference point to guide long-term operational decarbonisation efforts and strengthen accountability.

In FY2026, the Group commenced the development of our sectoral decarbonisation pathways, starting with iron and steel. These pathways are designed to support clients in identifying transition risks and opportunities across their value chains and form a core component of the Group's broader Net Zero 2050 strategy.

The Group has also enhanced our internal climate risk capabilities through the completion of a Climate Risk Stress Testing ("CRST") exercise, conducted in accordance with Bank Negara Malaysia's 2024 CRST Exercise Methodology. The results of the analysis support the assessment of climate-related vulnerabilities and inform the Group's strategic and risk management responses.

Fostering a Safe, Inclusive and Future-Ready Work Environment[3]

Rooted in our AGILE values – Accountability, Growth Driven, Integrity, Leadership and Excellence – we cultivate a work environment that prioritises transparency, employee well-being, diversity and inclusion. Our focus is to ensure that employees feel supported, empowered and equipped to contribute to a sustainable future.

The Group continues to embed a long-term sustainability culture by upskilling the Board, senior management and employees through structured training and enterprise-wide initiatives.

[3] *For further information, please refer to Section B: Impact Reporting on page 157.*

SECTION A: IFRS SDS DISCLOSURES

2.2 Our value chain

The Group assesses sustainability-related risks and opportunities across our entire value chain, encompassing upstream activities, our own operations and downstream relationships. Our value chain includes the activities, resources and stakeholder interactions, both within and beyond our direct control, that underpin our business model and may influence long-term financial performance, resilience and value creation.

UPSTREAM VALUE CHAIN			OWN OPERATIONS	DOWNSTREAM VALUE CHAIN	
Regulators and policy makers	Providers of capital	Suppliers	Alliance Bank Malaysia Berhad and its subsidiaries (“the Group”)	Downstream direct customers and partners	Value chain of customers

Value chain	Business activities or actors of the value chain
Upstream value chain	**Regulators and policy makers** This refers to the key regulatory and policy-making bodies such as Bank Negara Malaysia (“BNM”), the Securities Commission Malaysia and Bursa Malaysia Securities Berhad, all of whom shape the regulatory landscape within which we operate. **Providers of capital** This refers to shareholders and investors who provide capital, as well as customer deposits, wholesale funding providers and other financial institutions. These stakeholders play a critical role in supporting the Group’s financial strength and enabling long-term sustainable growth. **Suppliers** This refers to suppliers and service providers, including technology partners that support IT infrastructure and digital capabilities, as well as payment network operators and infrastructure providers that underpin service reliability and operational efficiency.
Own operations	This refers to the Group’s day-to-day business activities across Consumer Banking, Business Banking, Corporate and Institutional Banking, Group Financial Markets and Islamic Banking. It also encompasses branch and service-channel operations, supported by employees whose skills and expertise are central to service delivery, operational effectiveness and the overall customer experience.
Downstream value chain	**Downstream direct customers and partners** This refers to customers and downstream business partners with whom the Group engages directly to extend its reach, strengthen competitive advantage and deliver financial products and services. **Value chain of our customers** This refers to the broader impacts arising from the suppliers and customers of the Group’s customers.

3.0 REPORTING BOUNDARY

3.1 Reporting boundary (excluding GHG emissions)

Reporting entity

The entities, assets and operations (collectively referred to as the "reporting entity") included in the Group's IFRS Sustainability Disclosure Standards ("SDS") disclosures are consistent with those included in the Group's financial statements for the financial year ended 31 March 2026. There were no changes to the Group's structure during the reporting period.

An overview of the reporting entity and the scope of sustainability-related information considered and included in the IFRS SDS disclosures is summarised below:

Entities and assets in the reporting entity	Additional information	Information considered and included (for GHG reporting boundary see Note 3.2)
Parent and subsidiaries	-	100% of the sustainability information.
Leased assets (the Group is the lessee)	The Group leases premises, leasehold land, office equipment and furniture, computer equipment and motor vehicles.	100% of the sustainability information related to the use of the leased assets during the lease term.
Joint venture	The Bank has a 51% interest in AllianceDBS Research Sdn Bhd ("ADBS"). The investment in ADBS is accounted for as an investment in a joint venture because both the Bank and other joint venturers have joint control over the decision-making of ADBS and rights to the net assets of ADBS.	Where relevant, 100% of the sustainability information related to the joint venture.

Value chain

The Group also has entities (including subsidiaries and joint ventures), activities, resources and relationships that form part of our value chain. These have been considered in the assessment of the SROs of the Group. In the current reporting period, all metrics reported (except for GHG emissions) relate to the Group's own operations.

3.2 Reporting boundary for GHG emissions

The Group uses the following methodologies for our GHG emissions:

- GHG Protocol: Corporate Accounting and Reporting Standard (2004) – for measuring Scope 1 and Scope 2 GHG emissions.
- GHG Protocol Corporate Value Chain (Scope 3) Standard (2011) – for defining Scope 3 emission categories.
- Partnership for Carbon Accounting Financials ("PCAF") Global GHG Accounting and Reporting Standard, Part A: Financed Emissions (December 2022, Second Edition) – for measuring and reporting financed emissions under Scope 3 Category 15 (Investments).

SECTION A: IFRS SDS DISCLOSURES

The Group's reporting boundary for GHG emissions includes both our organisational boundary and operational boundary:

a. Organisational boundary

The Group consolidates and reports our GHG emissions using the operational control approach, in accordance with the GHG Protocol Corporate Standard. Under this approach, the organisational boundary comprises all Malaysia-based entities and operations over which the Group has full authority to introduce and implement operating policies.

The operational control approach is adopted as it most accurately reflects the Group's ability to influence operational practices and implement measures to achieve its sustainability targets. Accordingly, the Group has operational control over the following entities, assets and operations:

Entities and assets in the reporting entity	Additional information
Parent and consolidated subsidiaries	The Group has operational control across our subsidiaries because it has the authority to introduce and implement operating policies across them.
Joint venture	The Bank has a 51% interest in ADBS. Both the Bank and other joint venturers have joint control over the decision-making of ADBS and rights to the net assets of ADBS. The Group has operational control over ADBS as it has the authority to implement operating policies.
Leased assets	For leased assets for which the Group is acting as a lessee, the Group has operational control over the assets during the lease term. These assets include premises, leasehold land, office equipment and furniture, computer equipment and motor vehicles.

b. Operational boundary

Scope 1 GHG emissions of the Group refer to the direct GHG emissions from sources that are owned or operationally controlled by businesses and operations within the Group's organisational boundary.

Scope 2 GHG emissions of the Group refer to the GHG emissions from the generation of purchased energy (in the form of electricity and cooling) from the national grid consumed by the businesses and operations within the Group's organisational boundary.

Scope 3 GHG emissions of the Group refer to the relevant portion of other indirect emissions arising from the Group's activities, but are not sources owned or operationally controlled by the Group.

4.0 JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

In preparing the Group's IFRS SDS disclosures, management exercised judgement in several key areas, including the identification of sustainability-related risks and opportunities ("SROs") and the determination of information that is material for disclosure. Certain disclosures also required the use of estimates where amounts could not be measured directly, including assumptions related to future climate scenarios, macroeconomic conditions and areas subject to data limitations.

This section summarises the key judgements applied and the areas involving significant estimation uncertainty in the preparation of this Statement. Further details on these judgements and sources of estimation uncertainty are provided in the relevant note disclosures.

4.1 Significant judgements and material uncertainty

Item	Nature	Description	Note reference
GHG emissions			
Organisational boundary	Significant judgements	The Group has applied the operational control approach and determined the most appropriate consolidation approach to determine our organisational boundary for GHG emissions reporting. Under this approach, we include all operations over which we have the authority to implement operational policies, even where legal or financial control is shared with other parties.	Note 3.2
Calculation methods	Significant judgements	The Group has applied a combination of calculation methods from internationally recognised standards, GHG Protocol and PCAF, to calculate GHG emissions across all scopes. We selected the most appropriate calculation methods, taking into consideration data availability and quality. Where there were instances of unavailable data and emission sources across all scopes, the Group applied reasonable assumptions and estimations.	Note 7.2.1 Note 7.2.2
GHG metrics	Material uncertainty	Reported metrics are subject to inherent uncertainty arising from the reliance on activity data and emission factors sourced from third-party references. Where activity data or emission factors are unavailable or incomplete, the Group has applied reasonable estimations and assumptions in line with the established methodologies and internal procedures. These estimates may be subject to change as data quality, coverage and methodologies continue to evolve.	Note 7.2.1 Note 7.2.2
Materiality process			
Approach to determining material SROs	Significant judgements	The Group has applied a combination of internal data and external benchmarking in identifying SROs that could reasonably be expected to affect our prospects, as well as in determining the material information relating to those matters. The process for determining which information may reasonably be expected to impact our financial prospects and influence the decisions of primary users is outlined in Note 5 of this section. The Group also selected, from the industry-based SASB Standards, the metrics considered most relevant to the Group.	Note 5

SECTION A: IFRS SDS DISCLOSURES

Item	Nature	Description	Note reference
Climate Risk Stress Testing ("CRST")			
CRST methodology and modelling approach	Significant judgements	Assumptions were applied for the CRST exercise in accordance with guidance issued under BNM's CRST Exercise. This includes the time horizons and the choice of appropriate modelling frameworks to assess physical and transition climate-related risks. Assumptions were applied in addressing data gaps and applying overlays to ensure that the outcomes are prudent and appropriately conservative.	Note 8.1
CRST results	Material uncertainty	The Group's CRST results are subject to inherent uncertainty arising from macroeconomic projections, long-term climate scenarios and the use of external models. Where data inputs were unavailable or invalid, reasonable assumptions and overlays were applied in accordance with established methodologies and internal procedures.	Note 8.1
Climate-related risks and opportunities			
Anticipated financial effects of climate-related risk and opportunities	Material uncertainty	Disclosures on anticipated financial effects reflect management's best assessment of how climate-related risks and opportunities may affect the Group's financial position, performance and cash flows over the short-, medium- and long-term. The assessment is based on reasonable and supportable information available as at the reporting date, supplemented by management judgement where observable data is limited. Where precise quantification is not considered decision-useful, qualitative disclosures or ranges are provided, together with explanations of the key assumptions, methodologies and sensitivities applied. Relevant cross-references to the financial statements are included to present a connected and coherent view for stakeholders.	Note 7.1 Note 7.2.1 Note 7.2.2 Note 7.2.3

5.0 FINANCIAL MATERIALITY ASSESSMENT

The Group performed a robust and detailed financial materiality assessment to identify SROs that could reasonably be expected to affect our prospects and influence the decisions of primary users of general-purpose financial reports. The identified SROs that might impact our operations have been considered in our regular risk management processes.

The assessment was undertaken through engagement with internal stakeholders and management across the Group, supported by external advisers and relevant internal and external data where available. The outcomes of the assessment were reviewed and endorsed by the Sustainability Steering Committee ("SSC") and the Group Sustainability Committee ("GSC").

A three-step materiality process was conducted:

- **Step 1**: Identified the Group's existing and potential SROs within the value chain based on key frameworks, risk registers, sustainability strategies, trends and industry-specific standards, including Commercial Banks, Consumer Finance and Mortgage Finance, as outlined in the SASB Standards. We also performed benchmarking against peers' material topics to determine a preliminary list of SROs, ensuring alignment with best practices.
- **Step 2**: Conducted surveys and engagements with internal stakeholders to shortlist the preliminary SROs that are most financially material to the Group's business model, based on the financial magnitude and likelihood of each SRO, in alignment with our Enterprise Risk Management ("ERM") Framework.
- **Step 3**: Analysed insights from internal stakeholders and relevant data to finalise the list of SROs, with prioritisation guided by the risk scoring mechanism outlined in our ERM Framework.

There were no events or changes during the period that required consideration as part of the materiality determination process.

5.0 FINANCIAL MATERIALITY ASSESSMENT (CONT'D)

The table below includes the climate-related risks and opportunities identified as part of the materiality processes described. Further information can be found in the notes referenced in the table below:

	Risk/opportunity identified	Summary of management approach	Affected component of the reporting boundary	Note reference
Climate-related				
Physical risk: Flood	• Potential disruption of the Group's operations due to damage to branches and data centres, while also impacting customers' cash flows. SMEs and retail customers in affected regions may experience significant cash flow constraints, resulting in increased credit risk, reduced collateral values and liquidity pressures across the value chain, ultimately affecting the Group's financial performance.	• Monitor flood events on a continuous basis • Offer flood-related customer financing moratoria • Perform CRST on flood risk • Apply forward-looking risk management for flood-prone assets at the geolocation level	• Own operations • Customers	Note 7.1
Transition risk: Emerging GHG emissions regulations and supply chain demands	• Non-compliance with climate-related regulatory requirements may lead to regulatory penalties and significant reputational risk. • Customers that struggle to transition to a low-carbon economy and to comply with emerging GHG regulations may face higher operational costs and have certain assets become stranded, impacting their repayment ability. This may result in increased default rates and higher loss given default ("LGD"), impacting the Group's loan portfolio quality and funding stability.	• Develop a revised baseline for Scope 1 and 2 emissions subsequent to the relocation of headquarters • Implement continuous initiatives to reduce Scope 1, 2 and 3 operational emissions • Support customers' transition journeys through various sustainable tools and solutions	• Own operations • Customers	Note 7.2.1
Transition risk: Reputation risk arising from financed emissions	• The absence of a baseline or re-baseline of financed emissions and defined reduction targets may limit the Group's ability to mitigate exposure to high carbon-intensive sectors and to demonstrate credible transition progress, potentially giving rise to reputational risk and constraining capital reallocation towards climate transition projects and assets.	• Enhance Net Zero 2050 roadmap with sectoral decarbonisation pathways • Enhance Scope 3 financed emissions methodology	• Customers	Note 7.2.2

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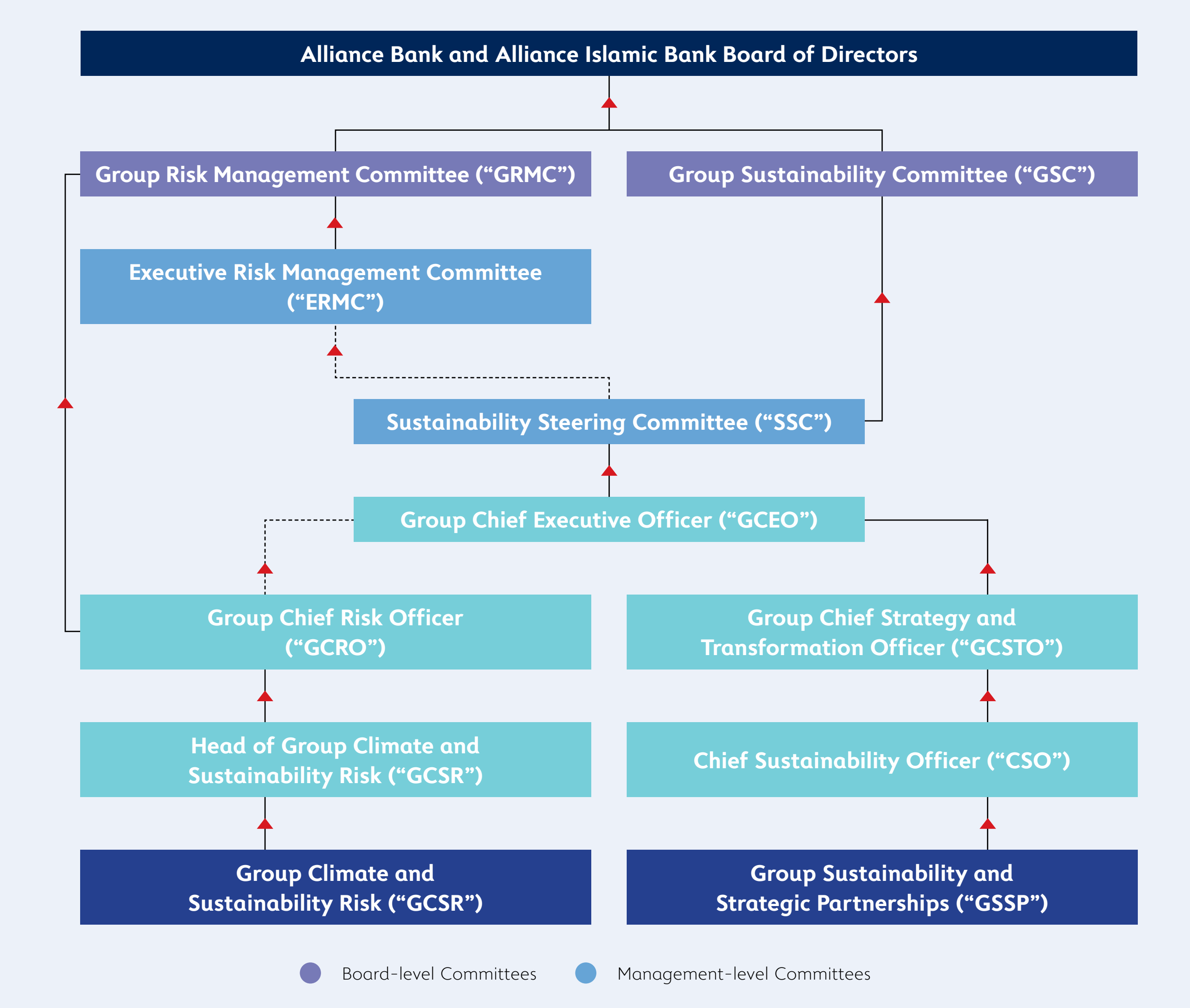
	Risk/opportunity identified	Summary of management approach	Affected component of the reporting boundary	Note reference
Transition opportunity: New sustainable banking business	• Growth opportunities arising from increasing demand for green, sustainability-linked and transition-aligned solutions as customers respond to climate commitments, regulatory expectations and stakeholder pressures.	• Scale green, sustainability-linked and transition-aligned financing under the Sustainable Product Framework • Embed climate into credit assessment and customer engagement • Leverage partnerships to broaden sustainable-finance distribution	• Customers • Funding providers	Note 7.2.3
Transition opportunity: Accelerating sustainable banking business for SMEs	• Opportunities to support SMEs' sustainability transition amid rising ESG expectations from regulators, large corporates and export markets, while expanding sustainable-finance penetration, reflecting the Group's strong focus on the SME segment.	• Deliver integrated advisory, capability-building and financing solutions via the SIP and SEP programmes • Embed sustainability into SME engagement, supply chains and lending decisions	• Customers • Funding providers	Note 7.2.3

6.0 SUSTAINABILITY GOVERNANCE

Our sustainability governance structure integrates the roles and responsibilities of the Board, Management Committees and relevant business and support functions. This structure embeds sustainability into our strategic and operational decision-making processes and strengthens the Group's capacity to identify, manage and respond to sustainability-related risks and opportunities across the organisation.

The responsibilities and activities of the Board of Directors and each of the committees are set out below:



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6.1 Board oversight

Alliance Bank and Alliance Islamic Board of Directors

The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Group and for ensuring reasonable standards of fair dealing, without undue influence from any party. In fulfilling this role, the Board is responsible for:

a. Overseeing and approving sustainability strategies, priorities and targets through incorporation of appropriate environmental, social and governance matters in the Group's business strategies;
b. Approving the annual report and sustainability statement; and
c. Making any decision likely to have a material impact on the Bank or the Group from any perspective, including sustainability.

The Board also ensures that the company's sustainability strategies, priorities and targets, as well as performance against set targets, are communicated to our internal and external stakeholders.

The Board shall take appropriate action to ensure they stay abreast of and understand the sustainability issues relevant to the Group and our business, including climate-related risks and opportunities.

The Board discusses sustainability matters, including climate-related topics, at least quarterly.

To ensure the Board remains equipped with the skills and competencies to oversee the Group's strategies, the Board regularly attends sustainability-related training. In FY2026, the Board attended various sustainability-related training programmes. The list of training programmes is disclosed under the Corporate Governance Report, which is available on the Group's website at www.alliancebank.com.my.

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:

a. Approve sustainability-related frameworks, methodologies, policies and guidelines and provide strategic oversight to ensure alignment with the Group's sustainability goals and principles.
b. Review and recommend to the Board for approval of the Group's sustainability strategies, priorities and targets, taking into account sustainability-related risks and opportunities, including climate-related risks.
c. Oversee the integration of sustainability and climate-related risks into the Group's risk management framework and approve climate risk scenarios used for scenario analysis and stress testing.
d. Review sustainability-related matters arising from audits, assurance reviews and regulatory or consultant engagements and recommend sustainability disclosures for Board approval.
e. Monitor progress against sustainability targets, assess management's performance in managing material sustainability risks and opportunities and oversee sustainability-related training and capability-building initiatives.

Group Risk Management Committee ("GRMC")

The GRMC is a Board-level risk committee responsible for oversight of risk management. Sustainability and climate-related risks are deliberated at the SSC and GSC before being presented to the GRMC.

Other Board Committees

The Group Nomination & Remuneration Committee ("GNRC") oversees the design and operations of the Group's remuneration system, ensuring the linkage of senior management remuneration to performance against specific sustainability and climate-related targets.

The Group Audit Committee ("GAC") provides independent oversight of the Group's financial reporting and internal control system, ensures checks and balances within the Group and reviews audit reports, which include observations pertaining to the Group's ESG practices.

6.2 Management of sustainability

Executive Risk Management Committee ("ERMC")

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 Three Lines of Defence to safeguard the Group's resilience against adverse impacts of climate change.

Sustainability Steering Committee ("SSC")

The SSC is responsible for steering, coordinating and implementing the Group's sustainability strategies, policies and procedures. The SSC is also responsible for managing and monitoring the Group's material sustainability matters, including climate-related matters, ensuring the business strategy takes climate risks and opportunities into consideration.

The SSC reviews periodic reports on sustainability and climate-related risk prior to submission to the GSC and reviews and recommends climate risk scenarios to be used for climate risk scenario analysis to the GSC.

The SSC also recommends sustainability-related frameworks, policies, goals, metrics and initiatives to the GSC for review and endorsement/approval. The SSC is responsible for overseeing the preparation of sustainability disclosures (reporting) as required by laws and/or regulations and recommending them for the GSC's approval.

The SSC is chaired by the Group Chief Executive Officer ("GCEO") and comprises Senior Management, including key leads from relevant divisions involved in the Group's sustainability workstreams. The SSC convenes at least quarterly, or as required and provides regular reports on the Group's sustainability performance and initiatives to the GSC and the Board.

The SSC's key roles and responsibilities include:

a. Develop and recommend sustainability strategies, transition plans, policies, frameworks and initiatives and oversee their effective implementation across the Bank and the Group.
b. Advise management on integrating sustainability matters, including climate-related risks and opportunities, into the Group's business strategy and decision-making.
c. Identify and review material sustainability and climate-related risks and issues and ensure these are considered within the Group's existing risk management and control frameworks, including across the Three Lines of Defence.
d. Recommend sustainability metrics, targets and budgets, and monitor progress against approved sustainability strategies, oversee the preparation of sustainability disclosures prior to submission for management and GSC review.
e. Guide and monitor training, workforce engagement and community and financial inclusion initiatives to strengthen sustainability capabilities and promote responsible business practices.

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Group Chief Executive Officer ("GCEO")

The GCEO provides oversight on the integration of sustainability and climate-related matters across the Group's strategy, frameworks, policies and processes.

Group Chief Strategy and Transformation Officer ("GCSTO")

The GCSTO provides oversight and strategic guidance in implementing the Group's sustainability strategy and initiatives. This includes advising the Chief Sustainability Officer and Group Sustainability team on matters relevant to the GSC and SSC meetings.

Chief Sustainability Officer ("CSO")

The CSO drives the Group's overall sustainability agenda through sustainability strategy and initiatives that support sustainability implementation across business and operations, aligned with business strategy and regulatory expectations.

Group Chief Risk Officer ("GCRO")

The GCRO provides independent oversight in implementing CRMSA-mandated climate and sustainability risk management requirements, including providing timely updates to the Board on material climate-related risks and building the Group's capabilities, data and infrastructure to manage these risks across all risk types. This includes identifying climate-related risks and mitigation actions, enhancing internal risk management practices and collaborating with the industry's CRMSA Implementation Group to strengthen climate risk management capabilities.

6.3 Sustainability execution

Group Climate and Sustainability Risk ("GCSR")

GCSR provides regular and timely updates to the Board with material information on climate-related risks and opportunities to facilitate the Board in carrying out its oversight activities. This includes developing and enhancing climate risk frameworks, policies and methodologies, to enable implementation of climate-related risk measures across various risk types, to effectively manage its impact on the Group's financial position and capital adequacy and ensure alignment with regulatory expectations and the Group's sustainability commitments.

Group Sustainability and Strategic Partnerships ("GSSP")

GSSP supports the integration of sustainability and climate-related matters in business operations, decision-making and risk management. This includes the development of sustainability strategies, management and maintenance of sustainability frameworks, policies and procedures.

GSSP also consolidates, analyses and supports the presentation of ESG data across different functions and domains to support sustainability decision-making.

GSSP drives the adoption and implementation of platforms and tools to build the Group's ESG data infrastructure and manage the development of external sustainability disclosures, including the annual Sustainability Statement.

6.4 Impact of sustainability on remuneration policies

The Group measures overall performance using a corporate scorecard approach. In line with our sustainability commitments, sustainability-related key performance indicators ("KPIs") have been integrated into the scorecard, including growth in sustainable banking business and progress in supporting customers' transition journeys.

The GNRC oversees the design and operations of the Group's remuneration system and ensures the linkage of senior management remuneration to performance against specific sustainability targets. In FY2026, over 10% of the Group's corporate scorecard was linked to sustainability-related KPIs.

The Group's corporate scorecard serves as a key determinant of performance evaluations and remuneration of the GCEO, Senior Management and key sustainability champions.

6.5 Integrating climate risk management into our Three Lines of Defence

The Group has taken proactive measures to manage exposures to climate-related risks across our banking business and operations. These risks are embedded within the Group's internal control frameworks across the Three Lines of Defence, ensuring the robust identification, assessment and management of material climate-related risks.

The Group's ERM Framework provides the overarching governance structure and risk management architecture for managing risks arising from banking activities and operational processes.

Board of Directors

- Board-level Committees - GSC, GRMC
- Management-level Committees - SSC, ERMC

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
• Lines of Business • Support Units	• Group Risk Management • Group Compliance • Shariah Review	• Group Internal Audit
Support units are the primary risk owners, responsible for managing risks within the Group's business activities, aided by Business Support functions.	Group Risk Management is responsible for identifying, measuring, controlling, monitoring, reporting and disclosing the Group's overall risk exposures through the various risk management frameworks, policies, strategies, methodologies, techniques and risk tolerances. Group Compliance is responsible for developing and maintaining the Group Compliance Framework, compliance policies and procedures, as well as reviewing the adequacy of the Group's internal controls and mitigation measures to manage compliance risk. Shariah Review Team, under Group Compliance, conducts reviews of the operations of Alliance Islamic Bank Berhad to ensure our products comply with Shariah principles. Review results and any identified non-compliances are reported to Alliance Islamic Bank Berhad's Shariah Committee.	Group Internal Audit is responsible for conducting independent assessments and providing assurance on the adequacy and effectiveness of the Group's internal controls related to processes, risks and governance functions.

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7.0 CLIMATE-RELATED RISKS AND OPPORTUNITIES

For FY2026, the Group has assessed and identified five climate-related risks and opportunities that are most relevant to the Group's strategy, financing activities and long-term financing resilience. These are detailed in the subsequent sections.

PHYSICAL RISK	TRANSITION RISKS		TRANSITION OPPORTUNITIES	
Flood (Note 7.1)	Emerging GHG emissions regulations and supply chain demand (Note 7.2.1)	Reputation risk arising from financed emissions (Note 7.2.2)	New sustainable banking business (Note 7.2.3)	Accelerating sustainable banking business for SMEs (Note 7.2.3)

7.1 Climate-related Risk and Opportunities 1 – Physical Risk: Flood

a. Description

Physical risks arise from the increasing severity and frequency of:

- Extreme climate change-related weather events (i.e. acute physical risks such as heatwaves, landslides, floods, wildfires and storms).
- Longer-term gradual shifts of the climate (i.e. chronic physical risks such as changes in precipitation, extreme weather variability, ocean acidification and rising sea levels and average temperatures).
- Indirect effects of climate change, such as loss of ecosystems (e.g. desertification, water shortage, degradation of soil quality or marine ecology), which impact the economic costs and financial losses of the Group.

Given the geographic concentration of our operations and financing portfolio in Malaysia, the Group identifies flooding as a key acute physical risk. Climate projections indicate that flood frequency and severity are expected to rise, posing an increasing risk to business operations and customers.

b. Effects on business model and value chain

The Group recognises that the flood risk may impact both our operations and customers. Our operations may be affected by damage to physical infrastructure resulting from the increasing frequency and severity of floods.

For customers, flood risk may cause property damage and business interruptions. This will lead to potential collateral impairment and increased default risk from customers, impacting the credit quality of customers.

While floods may occur across short-, medium- and long-term horizons, their overall impact on the Group's expected credit loss ("ECL") is immaterial based on the CRST assessment conducted in FY2026. The CRST, mandated by BNM, represents the first industry-wide CRST exercise and is intended to enhance financial institutions' resilience by strengthening risk identification, measurement and management of climate-related risks.

For further information on the CRST methodology, assumptions, and outcomes, please refer to Note 8.1 Climate Resilience on page 96.

c. Effects on strategy and decision-making

The Group monitors climate-related developments, including flood alerts and weather trends, to guide timely risk management actions. We have implemented the following climate adaptation and related risk-management measures, including:

- Installed floodgates at three high-risk branches and embedded flood-mitigation measures within business continuity plans.

- Required vendors to conduct physical risk assessments and provide mitigation plans, reviewed periodically to ensure mitigation actions are up to date.
- Enabled customer relief measures, including flood-related financing moratoria and support for affected borrowers. These are tracked by lines of business and reported to senior management.
- Collaborated with our insurance partner to offer flood insurance solutions for customers.
- Applied insights from the CRST to guide product innovation, such as the Relief and Adaptation Facility ("RAFt"), to identify financing opportunities that strengthen flood resilience.

These strategies are funded using internal resources and existing capabilities.

d. Financial effects

Current financial effects

The current financial effects of flood risks on the Group's financial position, financial performance and cash flows are primarily driven by operational expenditures. As of 31 March 2026, these costs remain immaterial to the Group.

Anticipated financial effects

As of 31 March 2026, the Group does not anticipate any financial effects related to operational expenditures for flood risk across the short-, medium- and long-term. The Group will continue to monitor potential financial impacts associated with flood risk.

The Group does not expect a material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

e. Metrics and Targets

Given the current immateriality of flood-related financial impacts, the Group has not set quantitative, flood-specific targets at this stage. Nonetheless, the Group continues to enhance our monitoring capabilities, including plans to incorporate geocoding into future stress-testing exercises, to improve the precision and robustness of climate-related physical risk assessments.

7.2 Transition Risks and Opportunities

Malaysia's transition towards a low-carbon and climate-resilient economy is accelerating, driven by increasingly robust regulatory, policy and market developments. These include the National Energy Transition Roadmap ("NETR"), the 12th and 13th Malaysia Plans, Bank Negara Malaysia's Climate Risk Management and Scenario Analysis ("CRMSA"), the Climate Change and Principle-based Taxonomy ("CCPT"), the JC3 Sustainable and Transition Finance Guidance and the country's strengthened commitment to achieve net-zero emissions by 2050 under the Third Nationally Determined Contribution ("NDC 3.0"). Together, these national developments are accelerating demand for credible, transition-aligned financing solutions across the economy.

Upcoming regulatory measures, including the anticipated Climate Change Bill ("RUUPIN") and the planned introduction of a national carbon tax in 2026, further underscore the urgency for businesses to reduce emissions and strengthen climate transition readiness. Customers that are slow to adapt may face higher operating and compliance costs, reduced competitiveness, stranded asset exposure and increasing constraints in accessing capital.

The Group plays a critical role in supporting the decarbonisation of the real economy, particularly across high-emitting sectors identified within our portfolio. These sectors are exposed to transition risks arising from evolving climate policy requirements, technological shifts, market expectations, supply chain pressures and changing investor preferences. In line with Malaysia's NDC 3.0 trajectory, our financing approach is designed to support customers' progressive alignment with national decarbonisation pathways while advancing the broader national transition agenda.

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7.2.1 Climate-related Risk and Opportunities 2 – Transition risk: Emerging GHG emissions regulations and supply chain demand

a. Description

Emerging GHG emissions regulations, evolving climate-related disclosure requirements and increasing supply chain decarbonisation demands pose material transition risks to the Group's customers – particularly those with limited transition readiness. Customers who struggle to comply with new regulatory and market expectations may face:

- Higher compliance and operating costs;
- Increased capital expenditure requirements to adopt low-carbon technologies;
- Elevated risk of asset stranding; and
- Reduced market access where emissions performance becomes a prerequisite for procurement or supply chain participation.

These factors may impair customer cash flows and repayment capacity, resulting in increased default risk.

Large corporates are accelerating expectations of low-carbon inputs and supplier disclosures, placing pressure on SME customers to decarbonise or risk exclusion from key value chains. Collectively, these dynamics may heighten credit risk concentrations in carbon-intensive sectors and adversely affect portfolio quality over the medium to long-term.

b. Effects on business model and value chain

Customers are exposed to transition risks arising from higher compliance and operating costs, including potential asset stranding and loss of market access. These factors may contribute to increased default risk and higher loss given default ("LGD"), which could adversely affect the quality of the Group's loan and financing portfolio. In response, the Group continues to engage proactively with customers to support their transition journeys, reinforcing stakeholder confidence through access to sustainability advisory services and sustainable finance solutions.

Additionally, the Group recognises that the risk may impact our operations and business model. The Group anticipates higher compliance costs in meeting evolving climate-related regulatory requirements, alongside increased operating expenses arising from the implementation of strategies and initiatives to reduce Scope 1, Scope 2 and relevant Scope 3 operational GHG emissions. These efforts are essential to strengthen the Group's progress towards Net Zero 2050.

c. Effects on strategy and decision-making

We use internal and external funding and existing resources to implement the following strategies:

Managing the transition risks of our customers

The transition to a low-carbon economy requires financial institutions to actively support customers across all sectors in adapting their business models. Recognising this need, we are committed to helping customers transition to a sustainable future and build climate resilience for their businesses.

The Group identifies customers requiring climate transition support through our CCPT screener, as well as those in high-emitting sectors, where RMs evaluate climate considerations and assess customers' climate impact during onboarding and periodic reviews.

As part of ESG risk management, the Group has established an ESG Risk Acceptance Criteria ("RAC") framework to evaluate customers' sustainable business practices as part of financing assessments. The RAC framework is developed with reference to the Value-based Intermediation Financing and Investment Impact Assessment Framework ("VBIAF"), CCPT and other relevant international standards. In addition to the general RAC, industry-specific RACs are applied to ESG-sensitive sectors to address heightened ESG risks.

The Group continues to expand sustainable banking activities across corporate, commercial, SME and consumer segments through a range of sustainable banking solutions. Customers are supported through the Sustainable Impact Programme's "3As" approach – Advocacy, Advice and Answers – which includes capacity building, sustainability advisory services and enabling tools such as PROGRESS, green technology solutions and sustainable financial products to facilitate their transition journeys.

For further information, please refer to Note 7.2.3 Transition Opportunities: New sustainable banking business and accelerating sustainable business for SMEs on page 91.

Additionally, the Group continuously upskills RMs through digital guides and training programmes, enhancing their ability to support customer transitions through financing solutions and to help customers demonstrate measurable improvements in both profitability and emissions reduction.

Reducing the Group's Scope 1, 2 and 3 operational GHG emissions

Following the relocation of the Group's headquarters to MAB in FY2026, we are re-baselining our Scope 1 and 2 GHG emissions and aim to establish a revised baseline in FY2027, which will more accurately reflect our current operational footprint and reinforce our accountability in driving emissions reductions.

The Group has obtained the BCA Green Mark (Gold) for the base building and LEED certification (Silver) for its fit-out works, underscoring our commitment to environmental stewardship and meaningful community engagement. In parallel, the Group has implemented initiatives to reduce operational GHG emissions, including the installation of solar panels and the replacement of ageing air-conditioning units across selected branches.

As part of the Group's efforts to manage our Scope 3 emissions, the Group has engaged with our suppliers through sustainability workshops to raise their awareness and support their transition towards lower-carbon practices.

d. Financial effects

Managing the transition risks of our customers

The Group has not identified any material current and anticipated financial effects on our financial position, financial performance, or cash flow, as the associated operational expenditures relating to the sustainability initiatives supporting our customers' transition are immaterial.

Reducing the Group's Scope 1, 2 and 3 operational GHG emissions

Current financial effects

The current financial effects on the Group's financial position, financial performance and cash flows are primarily associated with the Group's relocation to MAB, as well as the Group's strategies and initiatives to reduce Scope 1, 2 and 3 operational GHG emissions.

During the current reporting period, the impact is mainly reflected through an increase of property, plant and equipment arising from the acquisition of MAB, together with depreciation expenses recognised in relation to MAB.

Anticipated financial effects

The anticipated financial effects are driven by the future depreciation expense of MAB, which is anticipated to be RM7.0 million per annum.

The Group does not expect a material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

In RM'mil	Current financial effects	Short-term anticipated financial effects (per annum)	Medium-term anticipated financial effects (per annum)	Long-term anticipated financial effects (per annum)
The Group and the Bank				
Financial position – increase/(decrease)				
Property, plant and equipment	346.1	-	-	-
Financial performance – increase/(decrease)				
Other operating expenses	(4.0)	(7.0)	(7.0)	(7.0)

Note:
FY2026 is the Group's first year of disclosing climate-related financial effects under IFRS Sustainability Disclosure Standards, based on reasonable and supportable information available at the reporting date. This disclosure should be read in conjunction with the Group's consolidated financial statements. The Group will continue to refine its methodology and processes as reporting maturity evolves.

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e. Metrics and targets

The Group currently monitors the metrics as follows:

i. Amount of loans and financing exposures transitioned out of CCPT C5a[4] category

In FY2026, the Group exceeded our stated target of RM547 million by transitioning RM652 million of exposures from our C5a portfolio and working with our customers to remediate the impact that their business operations may cause to the environment.

Customer climate transition is supported through sustainable banking solutions, advisory engagement and targeted financing, with a focus on high-emitting sectors exposed to transition risks. This approach helps mitigate portfolio transition risks while enhancing the resilience of customers' business operations.

ii. Scope 1, 2 and 3 operational GHG emissions

Summary of gross GHG emissions

The table below summarises, for the Group and other investees, the absolute gross GHG emissions for the financial year ended 31 March 2026:

Source of Emissions	GHG emissions as of 31 March 2024 (tCO_2e)	GHG emissions as of 31 March 2025 (tCO_2e)	GHG emissions as of 31 March 2026 (tCO_2e)
Scope 1			
- The consolidated accounting group[5]	25.5	202.4	227.5
Total Scope 1 emissions[6]	25.5	202.4	227.5
Scope 2			
- The consolidated accounting group[5]	9,766.1	9,830.5	10,078.6
Total Scope 2 emissions (location-based)	9,766.1	9,830.5	10,078.6
Scope 3			
- Category 6: Business travel	680.7	632.8	624.6
- Category 7: Employee commuting	N/A[7]	5,606.1	5,167.0
Total Scope 3 emissions (excluding financed emissions)[8]	680.7	6,238.9	5,791.6
Total GHG emissions	10,472.3	16,271.8	16,097.7

The Group recorded higher Scope 1 and Scope 2 emissions in FY2026 compared to FY2025, primarily driven by the relocation of our headquarters to MAB.

The increase in FY2026 Scope 1 and Scope 2 emissions was primarily due to the Group's relocation from Menara Multipurpose to MAB, which involved a larger occupied floor area and the inclusion of electricity consumption for common areas, including building mechanical and electrical ("M&E") equipment, within the Group's operational boundary.

At Menara Multipurpose, electricity consumption for common areas and building M&E equipment was managed and accounted for by the landlord.

[4] *C5a refers to Bank Negara Malaysia'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 practice.*
[5] *The consolidated accounting group refers to GHG emissions generated by the Group, inclusive of emissions from ADBS, which are aggregated within the Group's Scope 1 and Scope 2 consolidated emissions.*
[6] *Fugitive emissions from refrigerators and fire extinguishers have been excluded from Scope 1 emissions due to immateriality.*
[7] *The emissions calculation exercise for employee commuting started in FY2025.*
[8] *For further details on financed emissions, please refer to Note 7.2.2 Transition risk: Reputation risk arising from financed emissions on page 83.*

As a result of the relocation, the Group is re-baselining our Scope 1 and Scope 2 emissions to reflect the updated operational footprint, with completion expected in FY2027.

Contractual instruments and carbon credits

The Group is committed to reducing our GHG emissions through initiatives such as advancing renewable energy utilisation through solar panel installations and developing sectoral decarbonisation pathways for high-emitting sectors. Our solar panels provide a renewable and sustainable source of energy, contributing directly to operational efficiency and long-term emissions reductions.

For further details on sectoral decarbonisation pathways, please refer to Note 7.2.2 on page 83.

As of 31 March 2026, the Group has not purchased any renewable energy certificates ("RECs") or carbon credits for our own use, as we prioritise reducing emissions to their optimal level through direct operational measures before considering the purchase of contractual instruments or carbon credits.

GHG calculation methodology, inputs and assumptions

The Group gathers fuel, energy and refrigerant consumption data from sources such as electricity bills, fuel invoices and facilities management records. It uses emission factors and Global Warming Potentials ("GWPs") from relevant national authorities and organisations such as the Intergovernmental Panel on Climate Change ("IPCC") to convert this data into CO_2-equivalent emissions.

Category of emissions	Methodology and assumptions	Activity data	Emission Factor & GWP sources
Scope 1			
On-site fuel combustion (stationary combustion)	Measure the amount of fuel consumed by the generator over the reporting period (e.g. litres of diesel). Emissions = $\sum$ Fuel Consumption × fuel-specific emission factor × GWP	• Quantity of fuel consumed (litres)	• U.S. Environmental Protection Agency ("EPA") 2021
Fuel use in company vehicles (mobile combustion)	Record the total amount of fuel consumed by the fleet of vehicles during the reporting period (e.g. litres of petrol). Emissions = $\sum$ Fuel Consumption (litres) × fuel-specific emission factor × GWP	• Fuel purchase details (litres)	• World Resources Institute (2015) GHG Protocol
Emissions from refrigerants (fugitive emissions)	Refrigerant Top-Up: Record the total amount of refrigerant added to the system during the reporting period. This amount is used as an approximation of the refrigerant leak.	• Refrigerant type (e.g. R32) and amount (kg)	• IPCC Assessment Report (AR 6)

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Category of emissions	Methodology and assumptions	Activity data	Emission Factor & GWP sources
Scope 2			
Purchased electricity from the grid	All branches receive electricity from the electricity grids. Scope 2 Emissions (Location-Based) = ∑ (Electricity Consumption (kWh) × Grid Emission Factor)	• Electricity bills stating the electricity consumption (kWh)	• Grid Emission Factors ("GEF") in Malaysia, 2022-2024 (Provisional), from Suruhanjaya Tenaga Malaysia: - Peninsular Malaysia - Sabah & Labuan - Sarawak (Main Grid)
Electricity for building cooling	The electricity consumed for cooling is calculated using estimated operating hours of cooling units, adjusted for net lettable area. Emissions (tCO_2e) = Electricity consumption (kWh) for cooling x Grid Emission Factor	• Estimated operating hours of cooling units • Electricity consumption (kWh) of cooling units	
Scope 3			
Category 6 – Business Travel	Emissions from the transportation of employees for business-related activities in vehicles not owned or operated by the Group. It includes emissions from business travel by land and air, as well as travel arrangements made through travel agencies or third-party travel services. The methodology involves collecting data on the distances travelled and the modes of transportation used for business travel. Emission factors for different transportation modes are then applied. Business travel by land: Emissions were calculated using total distance travelled (km), multiplied by vehicle-specific emission factors. Emission calculation does not include business travel via taxi or e-hailing services. Business travel by air: Distances travelled are determined using airport-to-airport measurements (km flown).	Business travel by land: • Employees' approved mileage claims for business travels (km) and mode of transportation Business travel by air: • Employees' approved air travel claims	• U.S. Environmental Protection Agency ("EPA") 2025 • IPCC Assessment Report (AR 6)

Category of emissions	Methodology and assumptions	Activity data	Emission Factor & GWP sources
Scope 3			
Category 7 – Employee Commuting	Employees' daily commuting distance and main form of commute were collated from inputs received via an employee survey. The daily commuting distance covered by employees was multiplied by the corresponding vehicle-specific emission factors. Data from survey responses were extrapolated to the total number of employees and across the Group's average number of working days to estimate distances and emissions for non-responsive employees.	• Daily commuting distance, i.e. distance travelled by employees (km) from home to the Group's work locations and vice versa • Number of employees • Mode of transportation • Average working days per employee	• U.S. EPA 2025 • IPCC Assessment Report (AR 6)

***Note:** There were no changes to the GHG measurement approach and calculation methodology during FY2026.*

The Scope 1, 2 and, 3 GHG emissions have been measured using inputs that have been subject to internal review processes.

Following the relocation of the Group's headquarters to MAB in 2025, the Group is undertaking a re-baselining exercise for our Scope 1 and Scope 2 GHG emissions to reflect our updated operational footprint. The revised emissions baseline is expected to be established in FY2027.

7.2.2 Climate-related Risk and Opportunities 3 – Transition risk: Reputation risk arising from financed emissions

a. Description

As a financial institution, the Group recognises that financed emissions constitute a significant share of our overall emissions profile and therefore represent a key driver of transition-related reputational risk. Stakeholders increasingly expect banks to demonstrate credible progress in aligning financing activities with climate transition pathways and national decarbonisation commitments.

As of 31 March 2025[9], the Group's in-scope financed emissions coverage, as defined under the PCAF Standards, exceeded 90% of total gross loans and investments.

If not effectively managed, financed emissions exposure may give rise to reputational risks, including increased stakeholder scrutiny, perceived misalignment with national Net Zero aspirations and potential constraints in accessing capital. These risks are expected to materialise primarily over the medium to long term as sectoral decarbonisation expectations intensify.

b. Effects of business model and value chain

The Group recognises that transition risks linked to the decarbonisation of financed emissions may affect stakeholder confidence and influence our long-term market positioning. Exposure to carbon-intensive sectors may amplify perceptions of transition misalignment if customers' pathways are not adequately supported or monitored.

In response, the Group commenced the development of sectoral decarbonisation pathways for identified high-emitting sectors beginning in FY2026. These pathways guide our engagement with customers, strengthen transition risk management and embed climate more deeply into our financing activities and value chain interactions. By supporting customers in their decarbonisation efforts, the Group aims to mitigate reputational risks and reinforce our Net Zero 2050 progress.

[9] *Due to the reporting cycles of the Group's customers and investees, financed emissions data reflects information from the preceding reporting year (i.e., data as of 31 March 2025 for the current reporting period ended 31 March 2026).*

SECTION A: IFRS SDS DISCLOSURES

c. Effects on strategy and decision-making

The Group plans to use internal funding and existing resources to implement the following strategies:

Setting sectoral decarbonisation pathways

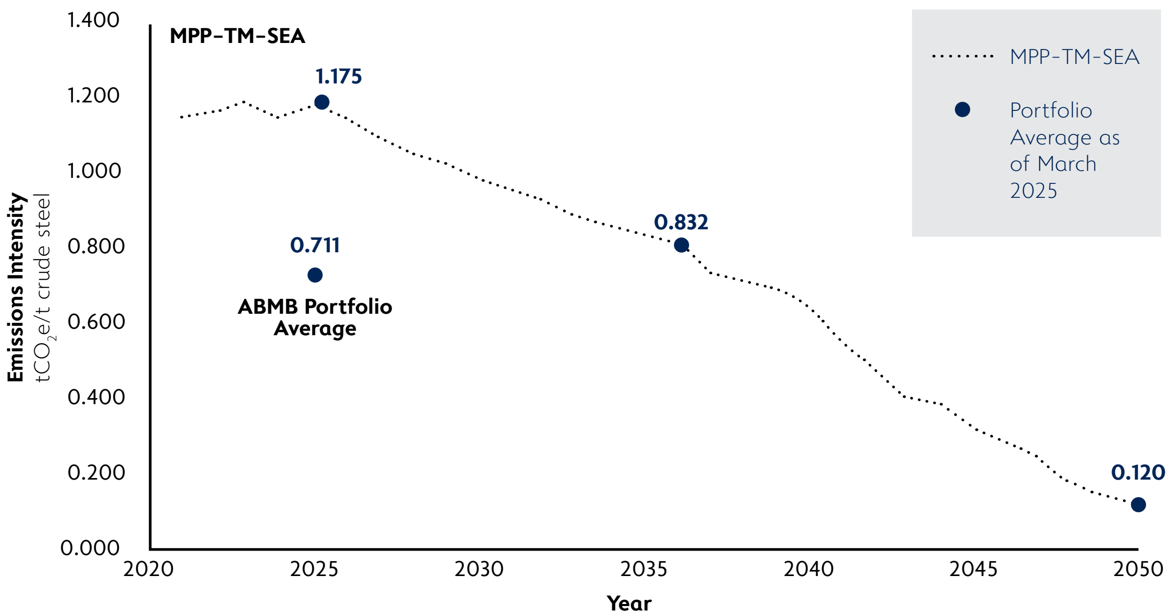
As part of the Group's progress towards Net Zero, the Group has embarked on developing sectoral decarbonisation pathways for high-emitting sectors in our portfolio in FY2026. The iron and steel sector was selected as the first sector for which a decarbonisation pathway was established as of 31 March 2026. The Group is in the process of developing pathways for other identified high-emitting sectors.

An overview of the baseline and decarbonisation pathway is illustrated below.

Sector	Iron and steel
Emission scopes	Scope 1 and 2 emissions from the crude steel production process
Value chain	Upstream – crude steel production
Reference scenario	Mission Possible Partnership Tech Moratorium ("MPP-TM"), SEA – 1.5°C
Measurement	tCO_2e/t crude steel
Baseline (as of 31 March 2025)	0.711

The Group's near-term and long-term emissions intensity targets were developed using the Mission Possible Partnership – Tech Moratorium reference scenario. This scenario was selected as it is most closely aligned with the Malaysian industrial context, allowing existing steelmaking facilities to complete current investment cycles while providing the sector with a realistic timeframe to transition towards lower-carbon technologies. As the decarbonisation pathway has only recently been established, it has not yet undergone independent third-party validation.

Decarbonisation pathway for iron and steel



As of 31 March 2025, approximately 30% of the Group's financed emissions within the iron and steel portfolio were attributable to a small number of crude steel manufacturers, which are classified as hard-to-abate due to their energy- and emissions-intensive upstream steelmaking processes. The remaining 70% of financed emissions arose from downstream steel activities that are not classified as hard-to-abate.

For the upcoming financed emissions assessment as at 31 March 2026, the Group anticipates a reduction in financed emissions within the iron and steel portfolio, primarily driven by a reduction in loan and financing exposures.

Our iron and steel sector baseline reflects an emissions intensity that is below the MPP-TM-SEA reference pathway starting point. The Group is committed to maintaining performance below the reference pathway through 2030 and 2050, in line with our Net Zero ambition.

To support decarbonisation across this value chain, the Group will engage customers through targeted, sector-specific advisory and sustainable finance solutions designed to facilitate emissions reduction and long-term transition planning.

For further details on the Group's initiatives to support customers on their transition journey, please refer to Note 7.2.1 Transition risk: Emerging GHG emissions regulations and supply chain demand on page 78.

Enhancing financed emissions computation methodology

As a signatory to PCAF, the Group has optimised our data collection processes, including updating emission factors using the latest data available from the PCAF database, to ensure alignment with globally recognised standards and best practices. The Group has enhanced our methodology for calculating financed emissions in accordance with PCAF Standard, improving the accuracy, consistency and decision-usefulness of disclosures.

The Group remains committed to further enhancing data collection, data governance and reporting processes to increase the coverage, reliability and granularity of financed emissions metrics over time. These improvements are critical for informing portfolio-level transition strategies and supporting our long-term Net Zero objectives.

For further information, please refer to the Metrics and Targets on the following page.

d. Financial effects

Current financial effects

The current financial effects of reputational risk arising from financed emissions on the Group's financial position, financial performance and cash flows are primarily driven by operating expenditures. As of 31 March 2026, these costs remain immaterial to the Group.

Anticipated financial effects

As of 31 March 2026, the Group does not anticipate any financial effects related to operating expenditures. The Group will continue to monitor potential financial impacts associated with financed emissions.

The Group does not expect a material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

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e. Metrics and Targets

Financed emissions by PCAF asset classes and by sectors as of 31 March 2025

As of 31 March 2024, the Group recorded financed emissions of 944,057 tCO_2e with an overall emission intensity of 34.0 tCO_2e per RM million, arising from Corporate Bond, Business Loan, Project Finance, Commercial Real Estate and Mortgage.

During the year, the Group enhanced our financed emissions methodology and measurement approach and expanded coverage as follows:

- Expansion of Business Loans coverage, increasing the calculation base from RM4.3 billion to RM21.5 billion, by including other in-scope gross loans, advances and financing to non-high-emitting sectors, which contributed to a lower overall financed emissions intensity.
- Expansion of calculations to include disaggregated Scope 3 financed emissions for Business Loans, Corporate Bonds and Project Finance.
- Inclusion of an additional asset class, Sovereign Debt.
- Expansion of coverage and improvement in accuracy for Project Finance and Commercial Real Estate, following the improved classification methodology.
- Identification and removal of data outliers within the Mortgage and Commercial Real Estate datasets, resulting in lower financed emissions intensity.

The table below shows the Group's financed emissions by asset classes as of 31 March 2025:

Asset Class ("AC")[10]	Outstanding Loans/Financing and Investments (RM'000)	Absolute Emissions for Scope 1 & 2 (tCO_2e)	Emission Intensity (tCO_2e/RM'mil)	Weighted Data Quality Score for Scope 1 & 2[11]	Absolute Emissions for Scope 3[12] (tCO_2e)
Financed emissions as of 31 March 2025					
AC1 Corporate Bonds	4,442,106.8	104,629.9	23.6	3.16	72,186.3
AC2: Business Loans	21,568,941.3	1,487,058.9	68.9	4.03	2,053,901.1
AC3: Project Finance	1,396,302.9	39,019.1	27.9	3.91	9,695.1
AC4: Commercial Real Estate	11,145,630.9	184,556.2	16.6	4.00	N/A
AC5: Mortgage	21,708,363.1	288,451.4	13.3	4.00	N/A
TOTAL excluding Sovereign Debt	60,261,345.0	2,103,715.5	34.9	3.95	2,135,782.5
AC6: Sovereign Debt					
- Including LULUCF[13]	8,777,090.3	517,738.0	59.0	1.00	N/A
- Excluding LULUCF		1,470,242.7	167.5	1.00	N/A
TOTAL across all asset classes	69,038,435.3				2,135,782.5
- Including LULUCF		2,621,453.5	38.0	3.57	
- Excluding LULUCF		3,573,958.2	51.8	3.57	

* *Final values may not match exactly due to rounding of decimal values during calculation.*

[10] *Motor vehicle loans and listed equity financed emissions are not material and have been excluded from the calculation above.*
[11] *The weighted data quality scoring of each asset class is calculated in accordance with the PCAF Standard. The score ranges from 1 to 5, with score 1 as the highest data quality and score 5 as the lowest data quality.*
[12] *Scope 3 emissions currently comprise financed emissions from the Group's Corporate Bonds, Business Loans and Project Finance portfolios. Where company-reported Scope 3 emissions data are unavailable, incomplete or not sufficiently robust, the Group applies PCAF Data Quality Score 4 and 5 estimation methodologies to ensure consistency and comparability. As disclosure requirements under the NSRF continue to evolve, the Group will progressively incorporate higher-quality reported data where available.*
[13] *LULUCF refers to Land Use, Land-Use Change and Forestry.*

Financed emissions increased as of 31 March 2025 compared to 31 March 2024, primarily due to the expansion of the overall in-scope financed emissions coverage, as outlined in the PCAF Standards, to more than 90% of total gross loans and investments.

Additionally, the Group expanded our calculation to:

- Include the Sovereign Debt asset class
- Include disaggregated Scope 3 financed emissions for Business Loans, Corporate Bonds and Project Finance

The table below shows the Group's financed emissions by high-emitting sectors and other sectors, based on the business activities of the customers, for AC1: Corporate Bonds, AC2: Business Loans and AC3: Project Finance as of 31 March 2025:

Sector	Outstanding Loans/Financing and Investments (RM'000)	Absolute Emissions for Scope 1 & 2 (tCO_2e)	Emissions Intensity (tCO_2e/RM'mil)	Weighted Data Quality Score for Scope 1 & 2	Absolute Emissions for Scope 3 (tCO_2e)
Financed emissions as of 31 March 2025					
AC1: Corporate Bonds, AC2: Business Loan and AC3: Project Finance only					
Construction	1,780,998.3	30,581.9	17.2	4.04	208,974.8
Forestry and Logging	422,736.2	27,494.4	65.0	4.04	47,950.1
Iron and Steel	346,081.2	228,388.4	659.9	3.55	86,312.0
Palm Oil	1,278,372.1	39,011.9	30.5	3.96	87,550.1
Power Generation	464,740.8	182,486.8	392.7	2.52	13,434.8
Oil and Gas	169,384.8	35,276.7	208.3	4.02	23,393.8
Coal	178.3	6.8	38.1	4.00	6.7
Real Estate	3,202,101.0	23,792.0	7.4	4.05	36,317.2
Others[14]	19,742,758.3	1,063,669.0	53.9	3.87	1,631,843.1
Total	**27,407,351.0**	**1,630,707.9**	**59.5**	**3.88**	**2,135,782.6**

[14] *The "Others" sector comprises all remaining sectors for which the Group has extended loans and investments as of 31 March 2025.*

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Financed emissions methodology, inputs and assumptions

Asset classes	Methodology and assumptions	Activity data	Sources
Corporate bonds	<u>Methodology</u> $\text{Financed emissions} = \sum_c \text{Attribution factor}_c \times \text{Company emissions}_c$ *(with c = borrower or investee company)* For listed companies: $\text{Attribution factor}_c = \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c}$ For bonds to private companies: $\text{Attribution factor}_c = \frac{\text{Outstanding amount}_c}{\text{Total equity + debt}_c}$ *(with c = borrower or investee company)* <u>Assumptions</u> • Where market capitalisation is not available, it is assumed that the issuer is not listed and 'Equity+Debt' is used • Where the issuer is a Special Purpose Vehicle ("SPV") specific to secure financing, the group issuer's financial information is used	• Principal book value of bonds • Enterprise Value Including Cash ("EVIC") • Debt and equity values • Verified/unverified company emissions • Estimated sectoral emissions based on customers' financial data	<u>Financial data</u> • Internal accounting records • Bloomberg • Annual reports <u>Emissions data</u> • Sustainability reports <u>EF database (including sectoral proxies)</u> • PCAF emission factor database
Business loans	<u>Methodology</u> $\text{Financed emissions} = \sum_c \text{Attribution factor}_c \times \text{Company emissions}_c$ *(with c = borrower or investee company)* For business loans to listed companies: $\text{Attribution factor}_c = \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c}$ *(with c = borrower or investee company)* For business loans and equity investments to/in private companies: $\text{Attribution factor}_c = \frac{\text{Outstanding amount}_c}{\text{Total equity + debt}_c}$ <u>Assumptions</u> • Where market capitalisation is not available, it is assumed that the issuer is not listed and 'Equity+Debt' is used • Where no information is available, the asset-based method is used	• Principal outstanding amount • EVIC • Debt and equity values • Verified/unverified company emissions • Estimated sectoral emissions based on customers' financial data	<u>Financial data</u> • Internal accounting records • Bloomberg • Annual reports <u>Emissions data</u> • Sustainability reports <u>EF database (including sectoral proxies)</u> • PCAF emission factor database

Asset classes	Methodology and assumptions	Activity data	Sources
Project finance	<u>Methodology</u> $\text{Financed emissions} = \sum_{p} \text{Attribution factor}_p \times \text{Project emissions}_p$ *(with p = project)* $\text{Attribution factor}_p = \dfrac{\text{Outstanding investment}_p}{\text{Total equity + debt}_p}$ <u>Assumptions</u> • Where market capitalisation is not available, it is assumed that the issuer is not listed and 'Equity+Debt' is used • Where the project's financial information is not available, the customer's financial information is used	• Principal outstanding amount • Debt and equity values • Verified/unverified company emissions • Estimated sectoral emissions based on the project's revenue /assets	<u>Financial data</u> • Internal accounting records • Annual reports <u>Emissions data</u> • Sustainability reports <u>EF database (including sectoral proxies)</u> • Principal book value of bond • PCAF emission factor database
Commercial real estate	<u>Methodology</u> $\text{Financed emissions} = \sum_{b} \text{Attribution factor}_b \times \text{Building emissions}_b$ *(with b = building)* $\text{Attribution factor}_b = \dfrac{\text{Outstanding amount}_b}{\text{Property value at origination}_b}$ *(with b = building)* <u>Assumptions</u> • All purchases/refinancing of properties are assumed to be for income-generating activities • Where either the appraised value at loan origination or the property's built-up floor area is not available, the current property price is used to estimate their values, sourced from the National Property Information Centre ("NAPIC") • Certain assumptions were made to map the property/collateral description to the PCAF Property Type • Buildings under construction and vacant land are not calculated, with the associated financed operational emissions set as zero • Excluded financed properties where both the property value at origination and floor area data are unavailable	• Principal outstanding amount • Property built-up floor area • Building completion flag • Property description/ type/subtype	<u>Financial data</u> • Internal records <u>Other data</u> • Property information (NAPIC) <u>Emission factors</u> • PCAF emission factor database

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Asset classes	Methodology and assumptions	Activity data	Sources
Mortgage	Methodology $$\text{Financed emissions} = \sum_b \text{Attribution factor}_b \times \text{Building emissions}_b$$ *(with b = building)* $$\text{Attribution factor}_b = \frac{\text{Outstanding amount}_b}{\text{Property value at origination}_b}$$ *(with b = building)* Assumptions • All purchases/refinancing of properties are assumed not to be for income-generating activities • When an overdraft facility is provided with mortgage collateral, the overdraft is assumed to be for the purchase/refinancing of the property • Where either the appraised value at loan origination or the property's built-up floor area is not available, the current property price is used to estimate their values, sourced from the NAPIC • Certain assumptions were made to map the property/collateral description to the PCAF Property Type • Buildings under construction and vacant land are not calculated, with the associated financed operational emissions set as zero • Excluded financed properties where both the property value at origination and floor area data are unavailable	• Principal outstanding amount • Property built-up floor area • Building completion flag • Property description/ type/subtype	Financial data • Internal records Other data • Property information (NAPIC) Emission factors • PCAF emission factor database
Sovereign debt	Methodology $$\text{Attribution factor} = \frac{\text{Exposure to Sovereign Bond (USD)}}{\text{PPP-adjusted GDP (international USD)}}$$ • Scope 2 and Scope 3 emissions from sovereign bond exposures are currently excluded due to limited data availability and time-lag limitations. Consistent with PCAF guidance, Scope 1 (production) emissions are used as the primary metric	• Principal Book Value (MYR) • Accrued Interest (MYR) • Exchange rate (MYR to International Dollar) • PPP-adjusted GDP (International Dollar) – 2024 • United Nations Framework Convention on Climate Change ("UNFCCC") Emissions/Removals including and excluding LULUCF	Financial data • Internal accounting records • World Bank (MYR-to-International Dollar Exchange Rate) - 2024 • World Bank (PPP Adjusted-GDP for Malaysia) - 2024 Emissions data • United Nations Framework Convention on Climate Change ("UNFCCC") - 2021

Notes:

a) The Group has applied transitional relief for Scope 3 GHG emissions and voluntarily discloses Scope 3 Category 15 (Investments). As at 31 March 2025, financed emissions exclude equity investments and undrawn loan commitments, which will be incorporated in future reporting periods.

7.2.3 Climate-related Risk and Opportunities 4 & 5 – Transition Opportunities: New sustainable banking business and accelerating sustainable business for SMEs

a. Description

Malaysia's transition agenda presents a significant opportunity for the Group to expand our new sustainable banking ("NSB") business. The Group integrates sustainability into our core business strategy using the Sustainability Product Framework ("SPF"), which provides a consistent classification approach for green, social, sustainability-linked and transition-aligned financing across all business segments. The SPF aligns with internationally and domestically recognised standards, including the Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk Framework, the ASEAN Green, Social and Sustainability Bond Standards and the Principles-based Sustainable and Responsible Investment Taxonomy for the Malaysian Capital Market.

Under the SPF, NSB includes financing and products that meet one or more defined sustainable product parameters – covering eligible uses of proceeds, sustainability-linked structures and customer activities that demonstrate environmental or social benefits. This framework enables the Group to consistently direct capital towards clients undertaking credible sustainability improvements while deepening the integration of sustainability within frontline processes.

Recognising the critical role of small and medium enterprises ("SMEs") in Malaysia's low-carbon transition, the Group aims to support SME resilience by expanding access to green and sustainable financing, as well as sustainability advisory and capability building through the SIP and SEP.

By scaling NSB and accelerating SME-focused sustainable financing, the Group expects to capture new growth opportunities, enhance customer retention, strengthen long-term portfolio resilience and contribute meaningfully to Malaysia's national transition objectives. Both opportunities are expected to deliver positive financial and strategic effects over the short-, medium- and long-term.

b. Effects on business model and value chain

Transition opportunities influence the Group's business model and value chain differently across our corporate, commercial and SME customer segments but reinforce a common structural shift towards sustainability-aligned financing.

Corporate and commercial customers increasingly prioritise green and transition-aligned financing to meet stakeholder expectations, regulatory disclosure requirements and supply chain decarbonisation demands.

This shift creates opportunities for the Group to expand our role as a strategic transition partner by offering:

- Tailored transition-aligned financing;
- Green and energy efficiency project financing;
- Sustainability-linked loans and SRI sukuk solutions;
- Green building financing; and
- Dedicated ESG and climate-transition advisory.

These solutions enable customers to align with sector-specific transition pathways while strengthening the Group's relevance in key corporate and commercial segments.

SMEs face mounting ESG expectations from multinational buyers, export markets and regulators. Many risk supply chain exclusion if they cannot demonstrate credible sustainability or emissions-reduction progress. At the same time, SMEs face constraints such as high upfront investment costs, limited internal capability and rising compliance requirements.

This presents a material opportunity for the Group to expand sustainable finance penetration among SMEs by:

- Offering accessible SME green financing programmes, including BNM-supported schemes;
- Embedding transition-readiness tools and advisory within SIP, including PROGRESS assessments and green solution partnerships;
- Supporting sustainable supply chain development through SEP and related initiatives; and
- Improving SME competitiveness through financial and non-financial value-added services.

These efforts deepen engagement across the value chain and position the Group as a key enabler of SME-led decarbonisation.

c. Effects on strategy and decision-making

New sustainable banking business

The Group's strategy for expanding NSB is centred on scaling sustainable and transition-aligned financing across the corporate, commercial, SME and consumer segments. This is executed through targeted product development, ecosystem partnerships and strengthened internal capabilities. NSB is a core pillar of the Group's long-term sustainability strategy and functions as a key mechanism for aligning financing activities with Malaysia's national transition agenda and evolving climate-related expectations for financial institutions.

Delivery of the Group's sustainability strategy is supported by a broadened sustainable finance product roadmap aligned with the NETR, encompassing sustainable bonds, renewable energy and waste-to-energy financing, SRI sukuk structuring, BNM-supported green financing schemes and tailored SME solutions embedded within supply chains.

Strengthening internal capabilities remains critical to scaling NSB. This includes upskilling Relationship Managers on sustainable and transition-aligned finance, embedding climate considerations into due diligence and credit evaluation processes and aligning frontline practices with SPF.

In recognition of our strategic importance, NSB has been designated as Topline Goal 1 under the Group's sustainability strategy. Following the early achievement of the previous RM15 billion NSB target by FY2027, the Group has revised our ambition upwards to RM17 billion by FY2028, reflecting increased market demand for sustainable finance solutions.

Accelerating sustainable banking business for SMEs

The Group's strategy to accelerate sustainable banking among SMEs focuses on closing the capability, awareness and financing gaps that limit SME participation in Malaysia's low-carbon transition. SMEs represent the majority of the Group's non-retail customer base and face growing pressure from regulators, large corporate buyers and export markets to demonstrate credible sustainability practices and emissions-reduction progress.

This creates a dual opportunity for the Group to:

1. Support SME transition readiness and competitiveness; and
2. Expand sustainable finance penetration within a segment critical to the nation's economic ecosystem.

The Group enables this through accessible SME green financing programmes, BNM-supported schemes and capacity building via the SIP and SEP with sustainable supply chain initiatives. These interventions reduce barriers to adoption, enhance SME preparedness for tightening supply chain and regulatory expectations and strengthen long-term customer relationships across the value chain.

Sustainability Impact Programme ("SIP")

The Group anchors our SME transition strategy through the SIP – a holistic ESG adoption initiative designed to strengthen long-term SME resilience by enabling practical and progressive sustainability integration. SIP is structured around the Group's Advocacy, Advisory and Answers ("3As") approach:

- **Advocacy**: Builds ESG awareness through thought leadership, industry research and nationwide engagement events delivered in collaboration with subject matter experts.
- **Advisory**: Provides capacity-building support through practical tools such as PROGRESS, which offers climate assessments, baseline diagnostics and transition planning tailored to SME needs.
- **Answers**: Delivers both banking and beyond banking solutions, including preferential-rate sustainable financing and access to green technology offerings such as solar, renewable energy systems, waste and water management technologies, energy efficiency upgrades and EV-related solutions through partnerships with recognised green solution providers.

Through SIP, the Group enables SMEs to improve competitiveness, lower operating costs, unlock new market opportunities and accelerate their transition towards more sustainable and future-ready business models.

Sustainability Enhancement Programme ("SEP")

Developed in collaboration with Bursa Malaysia, the SEP supports Public Listed Companies ("PLCs") in strengthening sustainability capabilities and meeting evolving reporting and compliance requirements. SEP provides targeted, value-added ESG services, including:

- **FTSE4Good Rating Improvement**: Assessments and optimisation insights to identify ESG gaps and strengthen value chain sustainability performance.
- **AI-Powered Climate Reporting and IFRS Gap Analysis**: Diagnostic assessments and recommendations to support IFRS-aligned climate reporting and close disclosure gaps.
- **Sustainable Supply Chain Programme**: Capacity building for SMEs within PLC supply chains, supported by banking incentives linked to ESG adoption.

Through SIP, SEP and the Group's sustainable finance solutions, sustainability is embedded into frontline engagement and customer decision-making. This enables earlier identification of transition needs, deepens relationship-building and creates structured pathways for SMEs and PLCs to meet rising ESG expectations. Collectively, these programmes enhance the Group's SME franchise, support the expansion of sustainable finance flows and contribute to Malaysia's broader economic transition.

Execution of the Group's NSB and SME-transition strategies will continue to be funded through internal funding and resource allocation.

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d. Financial Effects

Current financial effects

The financial effects arising from the Group's climate-related opportunities in the current reporting period primarily reflect the expansion of sustainable finance and transition-aligned activities across customer segments.

In the current period, the impact is reflected mainly through higher loans, advances and financing, together with increases in financial investments at fair value through other comprehensive income and financial investments at amortised cost, supported by growing customer demand for sustainability solutions. These developments contributed to higher interest income and investment income.

The Group also recorded an increase in fee and commission income from sustainability-related advisory and structuring activities, particularly within the corporate, commercial and SME segments as part of our programmes.

In parallel, the Group incurred sustainability-related operating costs for capability-building initiatives and programmes aimed at enhancing customer readiness. These amounts were not material to the Group's financial performance for the year.

in RM'mil	Current financial effects
The Group	
Financial position – increase/(decrease)	
Loans, advances and financing[15]	3,443.7
Financial investments at fair value through other comprehensive income[15]	1,524.8
Financial investments at amortised cost[15]	743.4
Financial performance – increase/(decrease)	
Interest income	189.6
Net income from Islamic banking business[16]	35.5
Other operating income	5.2
The Bank	
Financial position – increase/(decrease)	
Loans, advances and financing[15]	3,140.8
Financial investments at fair value through other comprehensive income[15]	1,188.6
Financial investments at amortised cost[15]	555.6
Financial performance – increase/(decrease)	
Interest income	189.6
Other operating income	5.2

Note:
FY2026 is the Group's first year of disclosing climate-related financial effects under IFRS Sustainability Disclosure Standards, based on reasonable and supportable information available at the reporting date. This disclosure should be read in conjunction with the Group's consolidated financial statements. The Group will continue to refine its methodology and processes as reporting maturity evolves.

[15] *Comprised of exposures classified under BNM's CCPT C1 and C2, as well as green mortgages.*
[16] *Net income from Islamic banking business comprises of profit income and other operating income from the Islamic banking business of the Group.*

Anticipated financial effects

Over the short-, medium- and long-term, the Group expects the continued scaling of sustainable finance and transition-aligned offerings to have an increasingly positive impact on financial position and performance.

Rising customer uptake of sustainable financing and investment solutions is expected to contribute to further growth in loans, advances and financing, as well as higher holdings of financial investments at fair value through other comprehensive income and at amortised cost. These developments are anticipated to support higher interest income, investment income and fee and commission income as sustainable finance portfolios scale.

The Group does not expect a material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

The Group anticipates NSB growth in line with the RM17 billion target by FY2028. However, due to significant uncertainty arising from the timing of disbursements and repayments, the anticipated financial effects are not disclosed at this stage.

e. Metrics and targets

Transition Opportunity: New sustainable banking business			
Cumulative NSB Mobilised (FY2022 – FY2025) (RM'bil)	**NSB mobilised in FY2026 (RM'bil)**	**Total NSB Mobilised (RM'bil)**	**NSB Target**
14.4	1.6	16.0	RM17 billion by FY2028

Note: *The mobilised and cumulative mobilised amounts from FY2022 were calculated based on an approved and accepted recognition basis.*

The Group monitors progress on sustainable finance and transition-aligned financing through the annual NSB mobilised amount, the cumulative NSB mobilised amount since inception and the NSB target under our sustainability strategy.

NSB is measured based on financing facilities and products that are approved and accepted during the reporting period and assessed in accordance with the Group's SPF. Under the SPF, each facility is evaluated at the facility level against four defined parameters, namely standards or guidelines, use of proceeds, product characteristics and company profile. A facility is classified as NSB where it meets at least one of these parameters, with the assessment embedded within the Group's existing product approval and credit evaluation processes.

In light of the Group's early achievement of the initial target of RM15 billion by FY2027, we have retargeted our NSB goal to RM17 billion by FY2028.

SECTION A: IFRS SDS DISCLOSURES

8.0 CLIMATE RISK MANAGEMENT

8.1 Climate Resilience

In FY2026, the Group commenced climate-related scenario analysis and completed our Climate Risk Stress Testing ("CRST") exercise, guided by BNM's Climate Risk Stress Testing Exercise – Methodology Paper 2024. The CRST is designed to enhance the resilience of financial institutions by strengthening risk management strategies in relation to climate-related risks. The exercise covered both the Bank and Alliance Islamic Bank Berhad.

Long-term climate scenario

The CRST was conducted based on three long-term climate scenarios developed by the Network for Greening the Financial System ("NGFS").

- **Orderly: Net Zero 2050 ("NZ 2050") (high transition risk)**

  This scenario considers strong climate policies and significant green-technology breakthroughs to rapidly reduce GHG emissions, limiting global warming to 1.5°C. It reflects key features of an early and orderly transition to a low-carbon world.
- **Disorderly: Divergent Net Zero 2050 ("DNZ 2050") (medium transition risk)**

  This scenario considers that global climate policies are much more stringent in selected economic sectors, reflecting a quicker phase-out of fossil fuels and the impact thereof. The distributional impacts from climate policies are uneven, with some sectors being more affected than others, suggesting a varied focus of climate policies being introduced at different points in time.
- **Nationally Determined Contributions ("NDCs") (low transition risk)**

  This scenario considers that both implemented and pledged policy measures are fully implemented but remain inadequate to facilitate an orderly transition. While emissions decline, the limited policy actions taken are insufficient and would lead to an approximately 2.5°C increase in temperatures and a materialisation of moderate to severe physical risks.

Assumptions used[17]:

- The Group's portfolio coverage encompasses the non-retail and mortgage portfolios, which collectively account for 71% of total exposures as of 31 December 2023.
- The time horizon is from end-2023 until 2050 (27 years) with portfolio static balance sheet position as of 31 December 2023.
- The scenario parameter used is Shared Socioeconomic Pathway 2 ("SSP2") in the year 2050.
- The following parameters are applied:

	NZ 2050	DNZ 2050	NDCs
Physical risk	**Limited**	**Limited**	**High**
Mean global warming relative to the pre-industrial average in 2100	1.4°C	1.4°C	2.6°C
Malaysia's surface temperature based on IPCC's AR6 95th Percentile (in 2050)	26.9°C	26.9°C	27.8°C
Transition risk	High	Moderate to higher	Lower
Estimated average shadow carbon price in Malaysia[18] (in 2050, USD per tCO_2e based on 2010 prices and regional carbon prices)	USD 325.40	USD 698.90	USD 41.60

[17] *The assumptions and parameters applied, except for portfolio coverage, are based on BNM's 2024 Climate Risk Stress Test ("CRST") Exercise – Methodology Paper.*

[18] *The Group incorporates shadow carbon prices across the three long-term climate scenarios used in CRST.*

Short-term climate scenario

In addition, the Group conducted a short-term acute physical scenario, which considers a one-off 1-in-200-year flood event, occurring nationwide in Malaysia consistent with climate conditions under the IPCC's Representative Concentration Pathway ("RCP") 8.5 scenario in the year 2050.

Assumptions used:

- The Group's portfolio coverage encompasses the non-retail and mortgage portfolios, which collectively account for 71% of total exposures as of 31 December 2023.
- Assumes a one-off flood event occurs on 1 January 2024 using the portfolio static balance sheet position of 31 December 2023.
- The flood parameter used is IPCC's RCP 8.5 scenario in the year 2050.

Significant areas of uncertainty

Unlike conventional stress testing, CRST requires fundamentally different modelling approaches. Climate risks are non-linear, scenario-dependent and influenced by complex interactions between physical hazards and economic factors. As these risks unfold over an extended time horizon, projecting their long-term impacts inherently involves significant uncertainty. Furthermore, the scarcity of historical climate-related data constrains back-testing and model validation.

Outcome of the CRST and impact to our portfolio

The resulting impact on the Group's and the Bank's portfolios is illustrated in the table below, which shows the projected ECL impact over the short-, medium- and long-term horizons under each climate scenario.

	The Group	The Bank
NZ 2050		
- Short-term		
- Medium-term		
- Long-term		
DNZ 2050		
- Short-term		
- Medium-term		
- Long-term		
NDCs		
- Short-term		
- Medium-term		
- Long-term		
Short-term acute physical risk		
- Short-term		

Lower impact Higher impact

Based on the CRST exercise conducted in FY2026, our exposure to physical flood risk is limited and the impact of flood risk materialisation to the Group remains contained.

The exposure to long-term transition risks is higher than short- and medium-term exposures across all three climate scenarios, mainly driven by the prolonged transition risk impacting the non-retail portfolio. The transition risk will materialise more significantly over the long-term; however, our capital remains resilient under the long-term scenarios.

SECTION A: IFRS SDS DISCLOSURES

Capacity to adjust or adapt strategy and business model

As part of our climate mitigation strategies, we encourage our customers to have sufficient insurance coverage to safeguard the value of collateral in areas identified as having a high risk of flood.

The Group remains committed to engaging with our customers to promote greater awareness of climate-related risks of transition and their potential impacts on business operations. Through advisory, green technology solutions and access to financing, the Group seeks to strengthen resilience and support customers in their transition journey. The Group has established our decarbonisation pathway for the iron and steel sector and is in the process of developing pathways for the remaining high-emitting sectors.

For further details, please refer to Note 7.2.2 Transition risk: Reputation risk arising from financed emissions on page 83.

8.2 Climate Risk Management Process

Climate-related risks are managed through a structured process embedded within the Group's ERM framework, encompassing risk identification, measurement, monitoring and control and supported by robust governance, policies and risk management tools.

Through this approach, the Group ensures that both physical and transition risks are systematically assessed, managed and overseen across our business activities, consistent with the Group's broader risk appetite.

Climate risk management process	How the Group applies the process
Identification	Identify climate-related physical and transition risks across business activities, portfolios, products and operations.
Measurement	Measure and assess identified climate-related risks using qualitative and quantitative approaches, including portfolio-level and transactional-level assessments, to evaluate potential financial impacts.
Monitoring	Monitor climate-related risks on an ongoing basis through defined risk metrics, exposure indicators and periodic reviews, with relevant updates provided to senior management and the Board, where applicable.
Control	Apply appropriate risk mitigation and control measures through policies, risk acceptance criteria, portfolio-management actions and other risk management tools to manage climate-related risks within the Group's risk appetite.

The Group operationalises these processes through the following:

Climate Risk Management Framework and Policy

Climate factors are embedded across the Group's governance, policies, risk metrics and business strategies through the Climate Risk Management Framework. Accordingly, climate-related risks are integrated into the Group's financial risk management in the following areas:

- Credit risk
  Includes the assessment of physical and transition risks in the credit underwriting and periodic credit assessment process.

- Operational risk
  Incorporates physical risk considerations in the business continuity management and vendor management process.

- Market risk
  Incorporates the potential impact of physical risk and transition risk on market securities.

- Liquidity risk
  Conducts regular simulations to identify, among other factors, whether physical risk events have any impact on market liquidity.

ESG Risk Assessment Tools

Sustainable lending and investment decisions are informed by in-house risk assessment tools, such as:

- Climate Change and Principle-based Taxonomy ("CCPT") Screener Tool
  Aligned with BNM's CCPT guiding principles and classification framework, the Group has implemented a CCPT Screener Tool to support Relationship Managers in assessing customers' ESG risk profiles and transition commitments. This enables targeted engagement and the delivery of tailored sustainable finance solutions and advisory support.

- ESG Risk Acceptance Criteria ("RAC")
  The Group applies the ESG RAC Framework to assess customers' sustainability commitments as part of financing evaluations. Customers are required to meet all mandatory RAC requirements to manage climate-related and broader ESG risks. Where requirements are not fully met but are supported by strong and credible justifications, applications may be escalated to a higher approval authority for further consideration.

  In addition, industry-specific RACs are applied to ESG-sensitive sectors in line with the Group's seven ESG Principles, including agribusiness, oil and gas, manufacturing, wholesale and retail trade, mining and quarrying and forestry and logging.

  The RACs also serve as a key tool for collecting ESG-related data throughout credit proposal and periodic review processes, forming an integral component of the overall credit risk assessment.

- Prohibited Lending List
  The Group has established a Prohibited Lending List embedded within our credit policy to ensure that financing activities do not contribute to significant environmental or social harm. This includes restrictions on financing for coal mining, new coal-fired power plants and oil extraction using unconventional methods such as hydraulic fracturing. The Group also prohibits lending to inherently harmful or illegal sectors, including arms trading and unsustainable forestry.

Climate scenario analysis and stress testing

In line with BNM's CRST Exercise Methodology Paper 2024, the Group conducted a CRST exercise to assess the resilience of our portfolio.

For further information, please refer to Note 8.1 Climate Resilience on page 96.

9.0 EVENTS AFTER THE REPORTING PERIOD

There were no material events, transactions, or conditions occurring after the end of the reporting period and before the date of authorisation of issue of our IFRS SDS Disclosures that would have a material impact on the Group's disclosures.

SECTION B: IMPACT REPORTING

HOW WE PRESENT OUR IMPACT REPORTING

This section explains our sustainability approach and reports on our impact materiality assessment, key material matters, stakeholder engagement, memberships in industry associations and FY2026 sustainability performance highlights.

It also sets out progress across our three strategic pillars: Sustainable Business, Sustainable Society and Sustainable Workplace, covering responsible financing (including green mortgages and loans), support for customer and community transition and improvements in our own operations, such as resource efficiency and responsible workplace practices.

This section has been prepared with reference to the FTSE4Good Bursa Malaysia Index and the Global Reporting Initiative ("GRI") Standards 2021 to provide a transparent account of the Group's sustainability performance and long-term value creation.

It should be read together with Section A: IFRS Sustainability Disclosure Standards ("IFRS SDS") Disclosures for a complete view of the Group's strategy and performance. Footnotes in this section signpost relevant disclosures in Section A.

The section is structured as follows:

Sustainable Business	Sustainable Society	Sustainable Workplace
Integrating Sustainable and Responsible Financing	Driving Change Beyond Business	Managing Our Environmental Footprint
Advancing Customer Experience		Ensuring an Ethical Workplace
Safeguarding Customer Data	Improving Community Well-Being	Fostering a Safe, Inclusive and Future-Ready Work Environment
Delivering Economic Value		

THE GROUP'S SUSTAINABILITY APPROACH

Impact Materiality Assessment

The Group conducts a full materiality assessment every three years (most recently in FY2024), leveraging key sustainability data points which are further validated by engaging key internal and external stakeholders through discussions and focus groups to ensure interests and concerns are addressed.

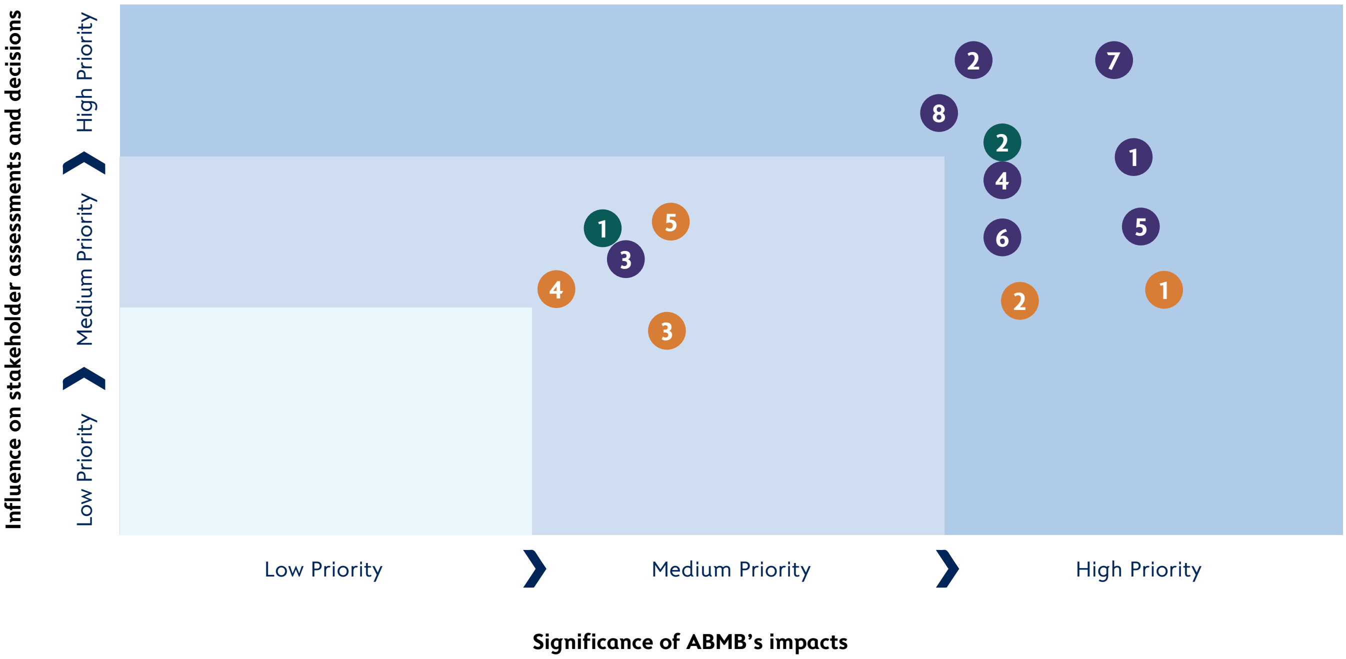
In FY2025, our annual refresh added Business Continuity and Risk Management and elevated Employee Engagement, Health, Safety and Well-Being from medium to high priority, reflecting our increased focus on capability building and inclusivity.

In FY2026, all 15 material matters remain relevant and aligned with peer practices, industry priorities and stakeholder expectations.

Our approach to the impact materiality assessment is summarised below:

FY2024	FY2025	FY2026
▶ Full materiality assessment with key internal and external stakeholders through online surveys and focus group discussions ▶ Outcomes: • 14 material matters • Financial Inclusion as a new material matter • Sustainable and Responsible Financing as an updated material matter	▶ Annual review of material matters and key stakeholders ▶ Outcomes: • 15 material matters • Business Continuity and Risk Management as new material matter • Shift from medium to high priority for Employee Engagement, Health, Safety and Well-Being	▶ Annual review of material matters and key stakeholders ▶ Outcome: No changes to the existing material matters, as they remain aligned with industry peers

The Group's impact materiality assessment results are presented in the following Materiality Matrix:



Economic/Governance	Environmental	Social
1 Economic Performance	1 Conserving the Environment	1 Talent Management
2 Ethics and Compliance	2 Climate Change	2 Employee Engagement, Health, Safety and Well-Being
3 Sustainable Procurement		3 Diversity, Equity and Inclusion
4 Sustainable and Responsible Financing		4 Corporate Social Responsibility
5 Digitalisation		5 Financial Inclusion
6 Customer Experience		
7 Customer Data Privacy		
8 Business Continuity and Risk Management		

SECTION B: IMPACT REPORTING

Linking Material Matters to Climate-related Risks and Opportunities

In FY2026, we performed a financial materiality assessment in accordance with IFRS Sustainability Disclosure Standards ("IFRS SDS"), adopting a climate-first approach. Material climate-related risks and opportunities are disclosed in Note 5 of Section A: IFRS SDS Disclosures.

To strengthen transparency and accountability, we mapped these climate-related risks and opportunities against our material matters.

Climate-related risks and opportunities	Material matters
Physical risk: Flood	• Business Continuity and Risk Management • Climate Change
Transition risk: Emerging GHG emissions regulations and supply chain demands	
Transition risk: Reputation risk arising from financed emissions	
Transition opportunity: New sustainable banking business	• Economic Performance • Sustainable and Responsible Financing • Climate Change
Transition opportunity: Accelerating sustainable banking business for SMEs	

For further information on financial materiality, please refer to Note 5 of Section A: IFRS SDS Disclosures on pages 68 to 70.

This alignment ensures that our sustainability priorities are directly connected to the financial impacts of climate change, enabling us to:

- Highlight key risks that could affect our business resilience.
- Identify opportunities to support customer and stakeholder transition to a low-carbon economy.
- Embed climate matters into strategic decision-making and long-term value creation.

Outlook

We will continue to monitor material matters through both financial and impact materiality lenses, ensuring ongoing alignment with the Group's strategy. This dual approach captures the financial implications of climate-related risks and opportunities as well as broader effects on stakeholders and society.

THE GROUP'S MATERIAL SUSTAINABILITY MATTERS

The section below outlines the Group's material sustainability matters and their alignment to the United Nations Sustainable Development Goals ("UN SDGs"), reinforcing our commitment to the global sustainability agenda.

ECONOMIC/GOVERNANCE

Economic Performance

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

Impact/Significance

- Achieving long-term sustainable financial growth and stakeholders' value by adopting resilient, responsible and well-governed business strategies

Our Response

- 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, aligning with the operational core and the Group's values

Impact/Significance

- Upholding the highest standards of integrity and transparency through robust governance

Our Response

- The Group maintains a zero-tolerance stance towards bribery and corruption, upholding a strong culture of integrity, transparency and accountability through a clear code of conduct, anti-bribery policies and a secure whistleblowing framework
- Robust measures are in place to prevent money laundering, terrorism financing and proliferation financing, ensuring the Group is not used as a conduit for financial crime

Sustainable Procurement

Ensuring the Group's procurement principles and practices are fair, transparent and ethical

Impact/Significance

- Integrating sustainability principles into procurement practices while supporting service providers in strengthening capabilities and increasing awareness of business practices

Our Response

- Maintained ethical and transparent procurement practices by aligning purchases with internal policies, including due diligence assessment during onboarding and annual vendor accreditation reviews, while requiring supplier compliance with the Group's Code of Conduct
- Prioritised local procurement sourcing as part of the Group's commitment to supporting national economic development and building a resilient domestic supply chain

SECTION B: IMPACT REPORTING

ECONOMIC/GOVERNANCE

Sustainable and Responsible Financing

Identifying and incorporating sustainability expectations into the Group's 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

- Embedding ESG criteria into financing decisions to mitigate long-term sustainability risks, while promoting the growth of sustainable banking business and responsible business practices

Our Response

- Leveraged national initiatives guided by Malaysia National Energy Transition Roadmap ("NETR") through launching sustainable financing solutions to support businesses in their low-carbon transition
- Guided by our Sustainable Product Framework ("SPF") in supporting the mobilisation of capital towards activities that contribute to a low-carbon and climate-resilient economy

Digitalisation

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

Impact/Significance

- Advancing our digital innovation and transformation to drive greater operational efficiency and deliver seamless digital experience for our customers

Our Response

- Rolled out various digital initiatives to enhance customer experience and improve product innovation
- Introduced digital solutions to improve employee autonomy, convenience and flexibility

Customer Experience

To be a true partner that proactively supports the Group's customers through every stage of their financial journey

Deepening relationship with customers and building trust

Impact/Significance

- Enhancing service quality and accessibility, together with fair, transparent and customer-centric complaint resolution practices across all touchpoints, fostering stronger customer relationships and addressing evolving expectations

Our Response

- Operationalised the G.R.E.A.T principles in delivering the Alliance Customer Promise
- Ensured fair and responsible customer engagement guided by regulatory standards, including BNM's Fair Treatment of Financial Consumers and Complaints Handling Policy Document and a commitment to customers' best interests

ECONOMIC/GOVERNANCE

Customer Data Privacy

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

Impact/Significance

- By maintaining ethical and effective data protection practices, we safeguard customer rights, prevent security breaches and promote the responsible use of technology. To uphold the trust of customers and stakeholders, we strengthen and integrate robust controls while advancing new initiatives

Our Response

- Guided by a comprehensive data privacy policy with robust controls such as Security Operational Procedure ("SOP") and Security Incident Response Procedure ("SIRP")
- 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

Business Continuity and Risk Management

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

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

- Integrating proactive risk management to maintain business resilience and to safeguard stakeholder value

Our Response

- Integrating climate risk evaluation and embedded climate and sustainability into governance, policies and business strategies, with regular discussions at the Board and committee levels, in alignment with BNM's Climate Risk Management Scenario Analysis ("CRMSA") policy document, ESG RAC and Prohibited Lending List
- Completed the Climate Risk Stress Testing ("CRST") exercise, guided by BNM's CRST 2024 Methodology Paper

ENVIRONMENTAL

Conserving the Environment

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

Impact/Significance

- Adopting resource-efficient practices and encouraging environmental stewardship

Our Response

- Completed energy-efficiency initiatives, including the transition to LED lighting and the installation of solar photovoltaic systems at selected premises
- Launched Menara Alliance Bank's Recycling Collection Centre and introduced recycling initiatives to support our commitment to reinforce our sustainability and responsible waste management practices

SECTION B: IMPACT REPORTING

ENVIRONMENTAL

Climate Change

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

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

Enhancing the Group's practices for environmental risk assessments for business transactions and financing activities

Impact/Significance

- Address climate-related risks and opportunities by reducing the Group's operational GHG emissions and monitoring financed emissions, integrating climate-related risks and opportunities into our strategy and supporting low-carbon transition and climate-resilient initiatives, such as offering green financing solutions and advisory to customers

Our Response

- Progressed towards Net Zero and developed sectoral decarbonisation pathways for financed emissions, starting with the iron and steel sector
- Established strategic partnerships with leading ESG-focused associations, industry associations and regulator-industry committees

SOCIAL

Talent Management

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

Impact/Significance

- Attracting and nurturing talents by providing a rewarding and promising career to our employees while fostering a culture of mutual respect and inclusivity for all employees and job applicants

Our Response

- Established robust talent management programmes to ensure that the Group builds a resilient, future-ready workforce that drives long-term value creation
- Invested in employee capability building, inclusive leadership and cultivating a holistic work environment through our AGILE values

Employee Engagement, Health, Safety and Well-being

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

Impact/Significance

- Fostering a work environment that safeguards the safety, health and well-being of employees

Our Response

- Cultivating a holistic work environment guided by AGILE values – Accountability, Growth-Driven, Integrity, Leadership and Excellence
- Introduction of CarePlus in offering full-time employees an expanded and comprehensive health care benefits package to enhance overall employee well-being

SOCIAL

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

- Promoting diversity, equity and inclusion to create a workplace that fosters inclusion and empowers employees

Our Response

- Upheld Equal Opportunity Principles, ensuring decisions are free of bias and based on merit
- Reinforced a safe workplace free of harassment and discrimination

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

- Empowering communities through inclusive engagement programmes that drive positive social impact, support underprivileged groups with economic empowerment initiatives that create sustainable livelihoods

Our Response

- Guided by the Group's CSR Strategy Framework, the Group promotes employee volunteerism through various initiatives
- Expanded financial literacy initiatives and health equity through various initiatives

Financial Inclusion

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

Impact/Significance

- Promoting accessible and affordable financial services to create economic inclusivity and nurture successful businesses that impact positively on society and the environment

Our Response

- Enabled sustainable growth and long-term resilience through initiatives such as the Zakat Microfinancing ("AZAM"), Economic Empowerment Programme ("EEP") and Halal in One programme
- Championing social empowerment by supporting underprivileged individuals and communities through entrepreneurship via our Shariah-compliant social crowdfunding platform SocioBiz

SECTION B: IMPACT REPORTING

KEY STAKEHOLDER ENGAGEMENT

The Group engages stakeholders through structured, transparent and regular channels to ensure expectations, concerns and priorities are understood and addressed effectively.

Engagement modes, including dialogues, briefings, surveys, meetings, digital channels and collaborations, are conducted at frequencies appropriate to each stakeholder's needs.

Stakeholder feedback continues to shape enhancements in products, services, disclosures, operational processes and strategic sustainability priorities.

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

Legend: ● Ongoing ● As and when needed ● Annually ● Quarterly ● Biannually ● Monthly

Government, Policymakers, Regulators

Interests and Concerns

- Compliance with regulatory requirements
- Adherence to applicable laws
- Regulatory reporting
- Industry collaboration to facilitate knowledge sharing

Addressing Stakeholder Expectations

- Establishing a robust compliance system that is continuously reviewed and enhanced to ensure compliance with regulatory requirements
- Staying updated on changes in policy and regulations
- Providing necessary reports and information in a timely manner
- Actively participating in and contributing to programmes initiated by the government, policymakers and regulators

Mode of Engagement (Frequency of Engagement)

- Dialogue (Ongoing)
- Conferences (Ongoing)
- Periodic regulatory reporting (Ongoing)
- Participation in industry and regulatory initiatives such as the Joint Committee on Climate Change ("JC3") and its sub-committees (As and when needed)
- Annual Compliance exercises (Annually)

Sustainability Pillars and Material Matters

Pillar 1
- Economic Performance
- Climate Change

Pillar 2
- Climate Change

Pillar 3
- Ethics and Compliance
- Business Continuity and Risk Management
- Climate Change

Value to The Group's Stakeholders

- Effective policymaking decisions through engagement with regulators and policymakers
- Adoption of standards and policies across the industry enhances the efficiency of the financial system

Value for the Group

- Proactively stay abreast of regulations, policies and emerging developments to ensure ongoing compliance
- Contribute to a stable monetary and financial system that promotes economic growth and a conducive business environment

SECTION B: IMPACT REPORTING

Ongoing · As and when needed · Annually · Quarterly · Biannually · Monthly

Shareholders, Investors

Interests and Concerns

- Governance
- Growth strategy
- Risk management
- Accurate and comprehensive disclosures
- Regular communication

Addressing Stakeholder Expectations

- Pursuing balanced, sustainable growth through strategic plans to ensure the Group remains competitive and safe
- Focusing on strong risk management to maintain a healthy capital position and actively manage liquidity to sustain financial viability
- Providing timely and comprehensive updates as well as disclosures on performance, strategic progress and significant corporate milestones or strategic partnerships
- Maintaining active engagement with shareholders and investors

Value to The Group's Stakeholders

- Strong investment proposition supported by the Bank's sustainable business growth and consistent performance track record
- Able to gain a clear understanding of the Group's sustainability commitments and dedication to driving climate action

Mode of Engagement (Frequency of Engagement)

- Annual General Meeting (Annually)
- Analyst briefings (Quarterly)
- Special briefings (As and when needed)
- One-on-one and group investor meetings with the management and investor relations team (As and when needed)
- The Group's corporate website (Ongoing)

Sustainability Pillars and Material Matters

Pillar 1
- Economic Performance
- Sustainable and Responsible Financing
- Climate Change

Pillar 2
- Climate Change

Pillar 3
- Conserving the Environment
- Climate Change
- Business Continuity and Risk Management

Value for the Group

- Continuous support allows for a more varied pool of investors to support growth strategies
- Accomplish fair valuations of shares

Employees

Interests and Concerns

- Corporate development, business direction and sustainability initiatives
- Talent development
- Employee health, safety and well-being
- Talent attraction and retention
- Diversity, Equity and Inclusion
- Flexibility in performing day-to-day activities
- Enhancement of technology enablement
- Safeguarding employee rights and fair treatment

Addressing Stakeholder Expectations

- Fostering long-term employee value by cultivating a purpose-driven culture to become an organisation we are proud to belong to
- Advocating open and transparent communication through department/team meetings
- Promoting a culture of appreciation through annual Voice of Employee survey, Alliance Heroes and ManCo Appreciates You initiatives
- Offering various career opportunities for professional growth and nurturing talent pipelines through development programmes
- Organising employee engagement and well-being initiatives through the Sports Club, Employee Engagement Committees and Fit@Alliance
- Cultivating a holistic work environment rooted in core AGILE values (Accountability, Growth-Driven, Integrity, Leadership and Excellence) and remaining committed to eliminating discrimination and harassment
- Ensuring transparency, accountability, compliance, fairness and protection, with secure anonymous channels enabling direct engagement with governance for trust and integrity
- Competitive wages aligned with the cost of living and opportunities for growth, while ensuring all salaries remain above Malaysia's minimum wage

Value to The Group's Stakeholders

- Supportive work environment that encourages innovation, values diversity and promotes well-being with flexible work arrangements
- Benefits programme that supports physical, mental, financial and career needs
- Comprehensive learning and development programmes designed to support continuous growth and career advancement

Mode of Engagement (Frequency of Engagement)

- inAlliance intranet portal (Ongoing)
- Employee survey (Annually)
- Department meetings (Quarterly)
- Townhalls (Annually)
- Upskilling sessions (Ongoing)
- Mentoring programmes (As and when needed)
- Rewards and recognition programmes (Annually)
- Social activities (Ongoing)
- Alliance Bank Academy (Ongoing)

Sustainability Pillars and Material Matters

Pillar 3
- Ethics and Compliance
- Talent Management
- Employee Engagement, Health, Safety and Well-being
- Diversity, Equity and Inclusion

Value for the Group

- An engaged and committed workforce strengthens organisational performance and accelerates business outcomes
- A future-ready talent base drives innovation and transformation, enabling the Group to stay competitive and resilient
- Knowledgeable and enthusiastic employees elevate customer experience and reinforce the Group's brand reputation

SECTION B: IMPACT REPORTING

Ongoing | As and when needed | Annually | Quarterly | Biannually | Monthly

Customers

Interests and Concerns

- Fairness and transparency
- Ability to support and meet financial needs
- Progressive advancement in products and solutions relevant to needs
- Personal data protection and security
- Positive customer experience
- Superior customer service

Addressing Stakeholder Expectations

- Leveraging on the Group's transformation strategy, Acceler8, to focus on good advice and relevant solutions to meet customers' evolving needs
- Ensuring continuous focus on enhancing the Group's products to deliver innovative and effective solutions
- Actively managing and monitoring customers in high ESG risk sectors
- Delivering on our G.R.E.A.T promise, built on five core principles known as Good Advice, Relevant Solutions, Ease, Accuracy and Timeliness
- Complaints are resolved effectively through systemic analysis and translation into process, policy, or system improvements

Mode of Engagement (Frequency of Engagement)

- Physical branches (Ongoing)
- Networking events (Ongoing)
- The Group's corporate website (Ongoing)
- The Group's social media channels (Ongoing)
- Net Promoter Score ("NPS") Surveys (Ongoing)
- Market research (Ongoing)
- Closed-loop feedback mechanism (Ongoing)

Sustainability Pillars and Material Matters

Pillar 1

- Sustainable and Responsible Financing
- Customer Experience
- Customer Data Privacy
- Digitalisation

Value to The Group's Stakeholders

- Personalised solutions and guidance that address customer needs and challenges
- Continuous product and service innovation, with emphasis on digitalisation and sustainability

Value for the Group

- A strong brand reputation reinforced by customer loyalty and positive market recognition
- Increased opportunities to serve existing customers while simultaneously growing and protecting the Group's portfolio

Business Partners

Interests and Concerns

- SME sustainability adoption
- Preferential green financing offerings to drive adoption and uptake of sustainability solutions
- Joint advocacy initiatives

Addressing Stakeholder Expectations

- Continuously improving the Sustainability Impact Programme ("SIP") to provide thought leadership, advisory and beyond banking solutions to the business community
- Co-developed with UNGCMYB the SME climate assessment tool and climate action plan launched as "PROGRESS" ("Promoting Green Resilient & Sustainable SMEs")
- Offering preferential financing and green solutions
- Supporting and providing resources to partners for their awareness programmes and client engagements
- Commissioning SME ESG reports that provides insights into the readiness of SMEs to meet regulatory, market and financial demand while unlocking new market opportunities

Mode of Engagement (Frequency of Engagement)

- Physical meetings (Ongoing)
- Events (webinars, panel discussions, green exhibitions) (Ongoing)
- Social media channels (Ongoing)
- The Group's corporate website (Ongoing)
- Speaking engagements (As and when needed)

Sustainability Pillars and Material Matters

Pillar 1

- Economic Performance
- Sustainable and Responsible Financing
- Climate Change

Pillar 2

- Climate Change

Pillar 3

- Climate Change

Value to The Group's Stakeholders

- Promoting sustainable business practices across the industry through advisory support, practical tools and actionable insights
- Building strong, purpose-driven partnerships through ongoing collaboration and shared values

Value for the Group

- Drive mutual growth through strategic partnerships
- Strengthen innovation and develop new solutions by drawing on industry knowledge and diverse viewpoints

● Ongoing ● As and when needed ● Annually ● Quarterly ● Biannually ● Monthly

Suppliers, Vendors

Interests and Concerns

- Fair and transparent procurement practices
- Sustainable and resilient domestic supply chain
- Environmental stewardship and ethical business conduct
- Elevate awareness and deepen understanding of service
- Supply chain remains free from child labour risks

Addressing Stakeholder Expectations

- Ensure fair treatment of vendors and suppliers by enforcing the Group's Procurement Policy and Standard Operating Procedures
- Strengthen supply-chain ESG practices through the ESG Procurement SAQ, Code of Conduct and Procurement Integrity Terms
- Strengthen local vendors' capacity and alignment with sustainability standards by engaging through ESG workshops and ongoing communication

Mode of Engagement (Frequency of Engagement)

- ● (Ongoing) The Group's e-Procurement System
- ● (Ongoing) The Group's corporate website
- ● (As and when needed) Supplier briefings
- ● (As and when needed) ESG workshops
- ● (Ongoing) Ongoing monitoring and service provider
- ● (Ongoing) Corrective action and follow-up

Sustainability Pillars and Material Matters

Pillar 1
- Climate Change

Pillar 2
- Sustainable Procurement
- Climate Change

Pillar 3
- Climate Change

Value to The Group's Stakeholders

- Long-term business partnerships built on trust and mutual respect
- Encouraging suppliers to integrate environmentally and socially responsible practices into their operations

Value for the Group

- Supplier partnerships are reinforced by maintaining fairness and transparency throughout procurement practices
- Sustainable supply chain practices are cultivated in alignment with the Group's sustainability commitments

Communities

Interests and Concerns

- Community development
- Economic empowerment
- Education
- Health and community well-being
- Income inequality
- Sustainability/environmental awareness

Addressing Stakeholder Expectations

- Promoting volunteerism across the Group as employees actively participate in various initiatives under the Employee Volunteerism Programme ("EVP")
- Providing educational support for students from the B40 and underprivileged communities through the Smart Voices Programme in collaboration with Mercy Mission
- Providing lifelong financial literacy education and nurturing biodiversity awareness among schoolchildren
- Providing healthcare support via the Global Surgery Initiative ("GSI")
- Providing financial assistance through the SocioBiz crowdfunding platform and *Zakat* Microfinancing
- Collaborating with strategic partners to advocate economic empowerment

Mode of Engagement (Frequency of Engagement)

- ● (Ongoing) Community programmes
- ● (Ongoing) The Group's corporate website
- ● (Ongoing) The Group's social media channel
- ● (Ongoing) Collaboration with NGO partners

Sustainability Pillars and Material Matters

Pillar 2
- Corporate Social Responsibility
- Financial Inclusion

Value to The Group's Stakeholders

- Access to financial support and inclusive banking services
- Ensuring availability of essential needs such as necessities, education and healthcare, while promoting financial literacy and sustainability awareness
- Strengthening community economic development through capacity building to secure long-term sustainability and independence

Value for the Group

- Build public confidence to broaden the Group's reach and influence
- Assess community priorities to uncover opportunities for supporting underserved populations

SECTION B: IMPACT REPORTING

MEMBERSHIPS IN ASSOCIATIONS

The Group remains committed to our ambition of being a sustainability-focused institution through active participation in ESG and climate-focused industry associations and regulator–industry platforms.

These memberships enable close collaboration with regulators and industry peers, foster knowledge sharing and contribute to the development of sustainability and climate policies and practices within Malaysia's financial sector. Through these engagements, the Group helps shape ESG and climate frameworks, promotes practical ESG adoption (including among SMEs) and supports Malaysia's transition to a sustainable, low-carbon economy.

The Group is a member of the following associations:

Climate-Related Associations

Joint Committee on Climate Change ("JC3")

The Group actively collaborates with the financial industry on climate action through our participation in JC3, a platform established by Bank Negara Malaysia and the Securities Commission Malaysia.

Since 2019, the Group has been a member of the JC3 SME Focus Group ("JC3 SFG") and the Climate Change and Principle-based Taxonomy Implementation Group ("CCPT IG"). In addition, the Bank also serves on the National Sustainability Reporting Framework Industry Guide Taskforce ("NSRF Industry Guide Taskforce"). Through these platforms, the Group contributes to JC3's agenda to build climate resilience and advance the transition to a low-carbon economy, while working with peers and regulators to address the specific climate and ESG needs of SMEs.

United Nations Global Compact Network Malaysia & Brunei ("UNGCMYB")

Since September 2022, the Group has been a member of UNGCMYB. As a member of UNGCMYB, the Group remains committed to upholding, promoting and implementing the Ten Principles of the UNGCMYB relating to human rights, labour, environment and anti-corruption. These principles include upholding internationally recognised human rights and labour standards, safeguarding freedom of association, eliminating forced labour, child labour and discrimination, adopting a precautionary and responsible approach to environmental stewardship, promoting environmentally friendly technologies and conducting business with integrity by opposing all forms of corruption, including bribery and extortion.

Malaysia Carbon Market Association ("MCMA")

The Group membership and participation in the MCMA is a strategic enabler of the Group's ESG and climate transition pathway. MCMA supports both voluntary and future compliance carbon markets, aligned with the nation's Net Zero ambition by 2050.

Through MCMA, the Group engages directly with industry and policymakers, gaining presence in the evolving carbon market landscape. This enables us to contribute to the development of both voluntary and future compliance carbon markets and to support our customers in building carbon market readiness and advancing their decarbonisation efforts.

Climate Governance Malaysia ("CGM")

The Group's membership and engagement with CGM is a strategic pillar of the Group's ESG governance and climate transition journey.

CGM's emphasis on treating climate change as a top business risk reinforces the Group's efforts to embed climate into enterprise risk management, sustainable finance framework and transition planning.

Trade-Related Associations

The Association of Banks in Malaysia ("ABM") ESG Committee	The Group is committed to industry-wide collaboration on sustainability through our alignment with the ABM ESG Committee. The Group has adopted the broad seven ESG Principles introduced by the ABM ESG Committee at the inaugural Malaysian Banking Conference in 2022. These principles are, namely, Net Zero, integrating ESG into governance, upholding human rights, encouraging sustainable practices in high-impact sectors, fostering financial inclusion and ensuring transparency. These principles guide the Group's efforts to embed sustainable practices within the financial sector and support Malaysia's Intended Nationally Determined Contribution ("NDC") under the United Nations Framework Convention on Climate Change ("UNFCCC").
Capital Markets Malaysia ("CMM")	The Group is a part of CMM to promote and support ESG adoption among SMEs through the Simplified ESG Disclosure Guide ("SEDG"). The Group leverages this CMM-led framework to provide our SME clients with practical, step-by-step guidance on ESG disclosures. Through this collaboration, the Group actively promotes the SEDG as a key resource to help SMEs begin and strengthen their sustainability reporting, improve transparency and enhance their readiness for green financing and sustainable supply chains.
Association of Islamic Banking and Financial Institutions Malaysia ("AIBIM")	Alliance Islamic Bank, the Islamic banking arm of the Group, is a member of AIBIM, the key industry body representing Islamic banks in the country. Through these membership discussions, Alliance Islamic Bank collaborates with peers and regulators to advance Shariah-compliant finance, contribute to industry standards and policy discussions and promote value-based intermediation ("VBI") and sustainable practices within the Islamic finance ecosystem in Malaysia.

SECTION B: IMPACT REPORTING

FY2026 KEY SUSTAINABILITY PERFORMANCE HIGHLIGHTS

RM2,466.3 million
in total economic value generated[1]

RM16.0 billion
in New Sustainable Banking business from FY2022 - FY2026

Over RM590 million
approved under our Sustainability Impact Programme

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

Supported LBS Bina Group in securing
RM88.4 million
in green financing for a 43 MWp solar farm that will generate approximately 53,000 MWh of clean energy

Awarded
Best Sustainability and Best ESG Financing in Asia 2025 in the 19th Annual ESG Green Finance Awards 2025
for Sunway Iskandar Development Sdn Bhd's sustainability bond

Acted as **Sole Principal Adviser, Lead Arranger and Lead Manager and Sustainability Structuring Advisor** for Sunway Iskandar Development Sdn Bhd's RM250 million sustainability bond dedicated to financing a green township

Partnered with **the Penang Green Council to launch Malaysia's first state-level Climate Mitigation Fund**

Our **Sustainability Impact Programme has been recognised through multiple awards,** including the ESG Business Awards, Asia Innovation Excellence Awards and ASEAN Banking Awards

[1] *Economic value generated from revenue.*

Environment

150,343 kg
of recyclable waste collected in FY2026

Supported customer transition of
RM652 million
out of CCPT-rated C5a[2] portfolio

Over
1,300
companies benefitted from our climate assessment tool and action plan (PROGRESS)

Relocated our HQ to Menara Alliance Bank ("MAB"), a Green Mark and LEED certified building

Established **decarbonisation pathway for Iron and Steel** sector as part of progress towards Net Zero 2050

Launched our **first state-specific ESG report** 'Navigating ESG in Sarawak: Insights from SME's' and our **first sector-specific ESG playbook** 'ESG Playbook: Practical Steps for Manufacturing SMEs'

Recognised as **a 5-Star Lister** on the UNGCMYB ESG Select List 2025 for demonstrating consistent commitment and progress in advancing sustainability within our operations, workforce and partnerships

Launched Innovation Impact Lab in **partnership with Monash University and Cradle Fund** to help Malaysian SMEs develop and test commercially viable solutions focused on technology, waste management and the circular economy

Established a **dedicated recycling collection centre**

Conducted ESG capacity building workshops to more than
850
companies nationwide in FY2026

[2] *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.*

SECTION B: IMPACT REPORTING

51.7% of women holding managerial roles

174,354 total training hours for employees

Invested more than **RM900,000** in communities impacting over 16,000 lives

No work-related fatalities

No cases of non-compliance with labour standards

No reported substantiated complaints concerning human rights violations

Provided **RM633,000** in no-cost microfinancing to 98 *asnaf* entrepreneurs by partnering with Lembaga Zakat Selangor (LZS) and Amanah Ikhtiar Malaysia (AIM)

Awarded **4th Most Preferred Graduate Employer (Overall)** and 1st Runner-Up in the Banking sector at **Malaysia's 100 Leading Graduate Employers Awards 2025**

Mobilised a dedicated medical team to complete **13 surgical procedures** in partnership with Ministry of Health ("MOH") Sabah, *Jabatan Bendahari Negeri Sabah* ("JBNS") and Subang Jaya Medical Centre ("SJMC")

Launched the **Biodiversity Edition of the AEIOU challenge** and expanded our **reach to schoolchildren in Sabah for the first time**

Launched the Ultimate Elevator Pitch™, **Malaysia's first feature-length SME business pitch film** and hosted the 2nd edition of the BizSmart® Business Conference with over 700 entrepreneurs

Renewed collaboration with Kinabalu Running Club from 2026-2028 for the **Alliance Bank Borneo International Marathon**, the largest marathon event in Borneo

Raised RM 150,000 for a flood relief campaign in Sabah through the Group's own funding and public crowdfunding through the SocioBiz platform

Launched the Group's provision of **BNM's Relief and Adaptation Facility (RAFt)** that aims to support Micro, Small and Medium Enterprises ("MSMEs") preparedness and business resilience in the face of increasing flood risk in Malaysia

No
reported incidents of corruption

No
reported cases of employee non-compliance with our AB&C policy

9,685 hours
of training on anti-bribery and corruption for our employees

During the year, the Group received a number of external awards and recognitions across a range of areas reflecting different aspects of our operations. For the full list of awards and recognitions received during the year, please refer to pages 26 to 27.

SECTION B: IMPACT REPORTING

Sustainable Business

Relevant stakeholders:

Relevant material matters:

- Sustainable and Responsible Financing
- Climate Change
- Customer Experience
- Digitalisation
- Customer Data Privacy
- Economic Performance

Building an ESG-focused and purpose-driven organisation is a key priority of the Group's Acceler8 strategy. The Group remains committed to generating long-term value for the Group and our stakeholders by embedding sustainability into business strategy and operations, supporting customer transition through responsible financing, advisory services and access to sustainable solutions.

Reflecting strong momentum in our sustainable banking journey, the Group has refreshed our ambition to grow our sustainable banking business to RM17 billion by FY2028. This ambition underscores the Group's commitment to scaling sustainable and transition-aligned financing while maintaining portfolio resilience and alignment with Malaysia's transition agenda.

The Group's sustainable banking growth is anchored in supporting customers across corporate, commercial, SME and consumer segments as they progress on their sustainability and climate transition journeys. Through tailored solutions, advisory engagement, and access to transition-aligned financing, the Group helps customers enhance climate readiness, adapt to emerging risks and capture opportunities arising from the shift towards a low-carbon economy.

The Sustainable Business pillar comprises the following areas:

Integrating Sustainable and Responsible Financing	Advancing The Customer Experience	Safeguarding Customer Data	Delivering Economic Value
We help new and existing customers address challenges such as climate change through financing.	We ensure G.R.E.A.T. customer experience through innovation and operational excellence.	We safeguard customer data through strong governance, controls and responsible data management practices.	We deliver consistent and sustainable economic value to our stakeholders.

Material Matters	FY2026 Achievements
Sustainable and Responsible Financing	• Mobilised more than RM590 million in financing through the Sustainability Impact Programme ("SIP") to support business clients' sustainability transitions • Supported public listed companies through the Sustainability Enhancement Programme ("SEP"), strengthening sustainability performance disclosures across listed companies and their supply chains • Advised, arranged and subscribed a RM250 million sustainability bond issued by Sunway Iskandar Development Sdn Bhd, which is Malaysia's first bond issuance dedicated to financing a green township that has received MARC's "Gold" grading • Partnered with the Penang Green Council ("PGC") to launch the RM100 million Climate Mitigation Fund, supporting Penang SMEs and mid-tier manufacturers in advancing climate mitigation efforts • Provided RM88.4 million in green financing for LBS Bina's 43 MWp solar farm under the Corporate Green Power Programme • Launched the Innovation Impact Lab with Cradle Fund and Monash University, Malaysia's first cross-sector collaboration involving government, academia and a financial institution, to equip SMEs for growth in the low-carbon and circular economy • Received multiple regional and international sustainability awards for supporting businesses to transition towards greener and more sustainable practices, including recognition from: o Asian Innovation Excellence Awards 2025 o ESG Business Awards 2025 o Qorus Reinvention Awards Asia Pacific 2025
Climate Change	• Signed Memoranda of Understanding ("MOUs") with strategic green partners to expand our capabilities in providing solar and battery energy storage, circularity and ESG advisory solutions to SMEs
Customer Experience	• Increased our digital user base to over 866,000 internet and mobile banking users • Achieved a Net Promoter Score ("NPS") of 43
Digitalisation	• Expanded the Group's Virtual Credit Cards ("VCC") offerings by partnering with JomCharge, providing customers a seamless in-app EV charging payment experience with instant credits, charging rebates and enhanced reward benefits • Launched the Biz-Xpress Debit Card for SMEs in collaboration with Mastercard, enabling secure, cashless domestic and cross-border transactions • Enabled CashLoan personal financing and credit card applications directly on the Touch 'n Go eWallet platform
Customer Data Privacy	• Continued the year-round implementation of programmes to enhance ongoing learning and staff awareness on customer data protection, including e-learning modules, Compliance Learning Bytes sessions, branch roadshows and internal communications
Economic Performance	• Total economic value generated: RM2,466.3 million • Total economic value distributed: RM1,830.1 million • Total economic value retained: RM636.2 million

SECTION B: IMPACT REPORTING

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

The Group's sustainability strategy guides our long-term direction by aligning financial activities with Malaysia's transition agenda and supporting customers across the corporate, commercial, SME and consumer segments as they shift towards a low-carbon economy. The Group embeds environmental factors into customer assessments and provides sustainable financing supported by ESG advisory services, climate readiness tools, green technology partnerships and strengthened internal capabilities. This enables our customers to better manage physical, financial and transition risks as they progress along their decarbonisation pathways.

The Sustainable Product Framework

The Group established the Sustainable Product Framework ("SPF") to provide a structured foundation for managing sustainability across the Group's operations. The SPF is periodically reviewed and updated to reflect evolving regulatory expectations, market standards and industry best practices and was most recently revised in FY2026 to strengthen our alignment with the Group's sustainability strategy and changing regulatory requirements.

As the Group scales our sustainable banking ambition, the SPF provides the operating discipline needed to ensure that growth in sustainable and transition-aligned financing remains consistent, credible and aligned with the Group's asset growth targets and sustainability commitments. The SPF defines eligible facilities and steers financing activities towards sustainable outcomes. It also enables the consistent development, assessment and classification of sustainable and transition-aligned financing. This enables clear portfolio tracking, reporting and the structured identification of New Sustainable Banking Business across the Group.

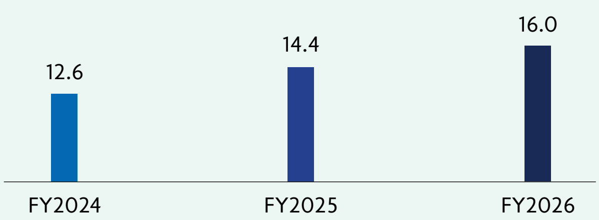
The Group will continue to monitor market and regulatory developments to keep the framework robust and relevant, guiding the growth of sustainable finance and supporting customers' transition to a low-carbon future.

RETARGETING OUR NEW SUSTAINABLE BANKING AMBITION

The Group's growth in sustainable banking has progressed ahead of expectations, reflecting the effective execution of our Acceler8 and sustainability strategies, supported by strong customer demand and the continued expansion of transition-aligned financing solutions.

The Group originally set a target to achieve RM15 billion in cumulative NSB business by FY2027. As of June 2025, the Group had already achieved RM14.9 billion, placing the Group on track to exceed the goal one year ahead of schedule. In light of this early achievement and to sustain growth momentum while continuing to support customers' transition journeys, the Group revised our NSB target to RM17 billion by FY2028. The revised target reflects the Group's proven execution capabilities and commitment to maintaining leadership in sustainable finance, positioning the Group among industry players with higher sustainable-finance penetration relative to total asset size.

Cumulative New Sustainable Banking Business Achieved (RM billion)



DRIVING SUSTAINABLE FINANCING PROPOSITIONS

In line with the Group's commitment to advancing sustainability in the financial sector, we continue to expand our range of sustainable financing products. These solutions support Malaysian businesses in adopting environmentally responsible practices while contributing to the growth of our sustainable banking portfolio. The Group's offerings span a wide range of solutions, including green and transition-aligned financing, sustainability-linked instruments and consumer-focused green products. Since FY2023, the Group has also leveraged various Bank Negara Malaysia ("BNM") schemes to empower SMEs with accessible and affordable sustainable solutions, incorporating newly announced schemes into our evolving product offerings.

In addition, the Group broadened our sustainable financing offerings further in FY2026 through the introduction of products such as the Large Scale Solar Loan and the Green Building Development Loan, supporting businesses in adopting renewable energy and green construction practices.

The Group also continues to strengthen our ecosystem through partnerships with green-solution providers and state-led public bodies. These collaborations enhance our ability to deliver sustainable financing and advisory solutions, while expanding our reach across SME, commercial and corporate segments to support our customers' transition journeys.

Corporate Bonds

The Group continues to play an active role to support the development of sustainable capital markets in Malaysia by structuring and arranging sustainability and sustainability-linked bond issuances that enable corporates to align funding strategies with environmental, social and governance ("ESG") objectives. Through our capital markets capabilities, the Group provides end-to-end support across the transaction lifecycle, including sustainability structuring, framework development and coordination with external reviewers. This leads to enhanced credibility, transparency and investor confidence, enabling corporates to mobilise capital for transition-aligned investments while maintaining financial discipline and meeting evolving market and regulatory expectations.

RM250 Million Sustainability Bond Wins Top ESG Finance Awards

During the year, Sunway Iskandar Development Sdn Bhd ("Sunway Iskandar") successfully completed a RM250.0 million sustainability bond issuance under its RM2.0 billion Medium-Term Notes Programme ("MTN Programme").

Proceeds of the bond issuance were used to finance the development of its flagship integrated township in Johor, i.e. Sunway City Iskandar Puteri. The bond issuance is also Malaysia's first bond for a green township development which has received MARC's "Gold" grading. Unlike conventional gradings that evaluate individual buildings or single-purpose facilities, MARC's assessment of Sunway Iskandar encompasses the environmental and social impact of planned developments across the entire township, alongside governance, risk management frameworks and project selection processes.

The Group acted as the sole Principal Advisor, Lead Arranger, Lead Manager and Subscriber for the bond issuance. The Group also served as their Sustainability Structuring Advisor to jointly develop Sunway Iskandar's Sustainable Finance Framework.

Through this collaboration, The Group supported the structuring and execution of a sustainable financing model that demonstrates how large-scale urban developments can align with environmental, social and governance considerations while remaining commercially viable, reinforcing our role in advancing ESG-driven financing in Malaysia.

As a testament to our innovation, this groundbreaking deal also won the "Best Sustainability & Best ESG Financing in Asia" from Alpha Southeast Asia.

SECTION B: IMPACT REPORTING

NETR Transition Project Financing

In line with Malaysia's National Energy Transition Roadmap ("NETR"), the Group continues to expand our transition-aligned project financing offerings to support the deployment of renewable energy, energy efficiency initiatives and climate mitigation infrastructure. These financing solutions enable customers to scale clean energy capacity, improve operational efficiency and strengthen long-term resilience, while contributing to national decarbonisation efforts.

The Group's approach prioritises commercial viability, sustainable long-term cash-flow and measurable environmental outcomes, supporting bankable projects with clearly defined use of proceeds and sound risk considerations.

During FY2026, these financing propositions were delivered through a range of initiatives, including renewable energy and climate mitigation projects that support customers' transition and resilience objectives.

Alliance Bank Mobilises RM88.4 Million to Support LBS Bina's 43 MWp Solar Build

The Group extended an RM88.4 million green financing facility to Suria Hijauan Sdn Bhd, a special purpose vehicle under LBS Bina Group Berhad, to fund the Engineering, Procurement, Construction and Commissioning ("EPCC") costs of its maiden 43 MWp solar farm project.

The project, undertaken under the Corporate Green Power Programme ("CGPP"), is located in Senawang, Negeri Sembilan and was scheduled for completion by the end of 2025. By supporting the development of utility-scale renewable energy infrastructure, the financing underscores the Group's role in deploying sustainable finance to advance Malaysia's energy transition and decarbonisation objectives.

Once operational, the solar farm is expected to generate approximately 53,000 MWh of clean electricity annually, contributing to the avoidance of around 35,000 tonnes of carbon emissions each year. The project is also expected to deliver stable, recurring revenue, supporting the long-term commercial viability of renewable energy investments.

RM100 Million Climate Mitigation Fund Supports Green Technology Adoption in Penang's Manufacturing Sector

The Bank, in collaboration with the Penang Green Council ("PGC"), launched a RM100 million Climate Mitigation Fund ("CMF") to support small and medium enterprises ("SMEs") and mid-tier companies in Penang's manufacturing sector. The fund primarily targets companies in the electrical and electronics ("E&E"), medical technology and precision engineering sectors, which play a significant role in Penang's economy.

As Penang's first public-private financing programme, the CMF combines financing with capacity building and awareness programmes to help companies navigate transition challenges. The initiative is supported by the Penang State Government and builds on the Group's Sustainability Impact Programme ("SIP"), which provides advisory and financing support to businesses nationwide, reinforcing efforts to accelerate ESG adoption across Penang's manufacturing ecosystem.

Supporting SME Sustainable Financing

Since FY2023, the Group has leveraged various Bank Negara Malaysia ("BNM") financing schemes to empower SMEs with accessible and affordable sustainable and transition-aligned solutions. These facilities support SMEs in adopting low-carbon technologies, improving operational efficiency and strengthening long-term resilience, in line with national decarbonisation efforts.

In FY2026, the Group expanded our product suite to include the Relief and Adaptation Facility ("RAFt"), further enhancing support for businesses affected by climate-related risks and broader economic disruptions. Other key facilities available to customers include the Low Carbon Transition Facility ("LCTF"), High Tech and Green Facility ("HTG"), SME Automation and Digitalisation Facility ("ADF") and Agrofood Facility ("AF").

Green Mortgage

Since FY2021, the Group has approved over RM5 billion in Green Project End Financing limits, demonstrating a sustained commitment to sustainable property development. Over the past five years, this commitment has been further strengthened through the strategic empanelment of 228 certified green projects, fostering a robust and expanding green project ecosystem.

This growth reflects rising customer awareness of sustainable housing solutions, closer collaboration with property developers and enhanced accessibility and attractiveness of the Bank's green mortgage offerings. The Group's efforts are reinforced through strategic partnerships with leading developers, including UEM Sunrise, Sunway Property, Malton, IJM Land, Eastern & Oriental, Avaland, Gamuda Land, Mah Sing, SkyWorld, UOA and TA Global. Through these alliances, the Group continues to advance sustainable finance by enabling green real estate development, supporting customers in their transition to energy-efficient homes and ensuring responsible capital deployment across the property value chain.

UOA Partners with Alliance Bank to Launch Alliance Green Properties Financing for Duo Tower

UOA Development Bhd ("UOA") has signed a Memorandum of Understanding ("MOU") with the Group to introduce the Alliance Green Properties Financing for Duo Tower, Bangsar South. This financing solution is aimed at encouraging the ownership of green-certified properties while supporting sustainable community development. This collaboration underscores a shared commitment to sustainability and sets a new benchmark for future commercial projects seeking green financing solutions.

The partnership comes as Duo Tower, the latest strata office development in Bangsar South, Kuala Lumpur, makes its debut. This cutting-edge development features two corporate office towers soaring over 30 storeys, embodying the principles of biophilic architecture. Designed by the master developer of Bangsar South, Duo Tower seamlessly integrates functionality, sustainability and aesthetics, redefining the modern workplace experience.

Advocacy, Advice and Answers ("3A's")

Beyond financing, the Group plays an active advocacy and advisory role in supporting customers on their sustainability journeys through an integrated approach that combines awareness building, practical guidance and access to relevant solutions. The Advocacy, Advice and Answers ("3A's") approach reflects the Group's belief that effective transition requires not only capital, but also capability building, sustained engagement and strong ecosystem support.

Through structured programmes, digital tools and strategic partnerships, the Group supports customers at different stages of sustainability maturity, helping them strengthen climate readiness, identify appropriate transition pathways and implement practical, actionable steps.

SECTION B: IMPACT REPORTING

Sustainability Impact Programme ("SIP")

The SIP is the Group's primary platform for supporting customers – particularly SMEs – across different stages of their sustainability and transition journey. Through an integrated approach that combines awareness raising, advisory support and access to sustainable and transition-aligned solutions, SIP helps businesses strengthen climate readiness, identify practical transition pathways and adopt more sustainable business practices. The programme enables customer transition at scale by aligning financing with capability-building initiatives and ecosystem partnerships, thereby supporting long-term resilience and competitiveness. In doing so, SIP advances the Group's topline sustainability objectives by scaling new sustainable banking business (Topline Goal 1) and facilitating customer transition in support of the progressive reduction of the Group's C5a-rated portfolio (Topline Goal 2).

For further information about our Sustainability Impact Programme please visit: https://www.alliancebank.com.my/about-us/Sustainability/Solutions/Sustainability-Impact-Programme

Sustainability Enhancement Programme ("SEP")

The SEP complements the Group's sustainability efforts by supporting public listed companies and their supply chains in strengthening sustainability performance and enhancing readiness for evolving disclosure and market expectations. Delivered in collaboration with Bursa Malaysia, the SEP extends its impact beyond listed entities by cascading sustainability practices across value chains and providing transition support to SME suppliers. Through advisory services, digital enablement and targeted incentives, the programme promotes broader adoption of sustainable practices while reinforcing transparency, accountability and resilience across corporate ecosystems.

Together, these programmes support the Group's delivery of integrated advocacy, advisory and access-to-solutions capabilities, translating them into practical support for customer transition across sectors and value chains. The Group's flagship SIP received several external recognitions in FY2026, reflecting our role in advancing sustainable finance solutions and collaborative engagement with SMEs.

For further information, please refer to Note 7.2.3 Transition Opportunities: New sustainable banking business and accelerating sustainable business for SMEs in Section A: IFRS SDS Disclosures on pages 91 to 95.

Key recognitions include:

Asian Innovation Excellence Awards 2025

- Malaysia Green Innovation of the Year – Financial Services
- Malaysia Strategic Partnership of the Year – Financial Services

ESG Business Awards 2025

- Collaborative Partnership Award – Malaysia
- Stakeholder Engagement Award – Malaysia

Qorus Reinvention Awards Asia Pacific 2025

- Best SME Bank of the Year in Asia Pacific

ADVANCING THE CUSTOMER EXPERIENCE

We ensure G.R.E.A.T customer experience through innovation and operational excellence.

Relevant material matters:

Customer Experience	Digitalisation

The Group places customers at the heart of everything we do, guided by the Alliance Customer Promise, which is built on the G.R.E.A.T principles of Good Advice, Relevant Solutions, Ease, Accuracy and Timeliness. These principles underpin how the Group designs products, delivers services and engages customers across all touchpoints, ensuring that customer needs and expectations remain central to all business decisions.

As customer preferences continue to evolve and digital adoption accelerates, the Group remains focused on simplifying interactions, improving accessibility and delivering seamless, end-to-end customer journeys. This approach strengthens trust, enhances long-term customer relationships and supports inclusive access to banking services.

Complaint Management and Customer Feedback

The Group places strong emphasis on service quality and fair customer outcomes, supported by a structured complaint management framework. This framework is guided by BNM's latest Policy Document on Complaints Handling, which will come into full effect on 1 April 2026. Customer complaints are managed through a defined process that prioritises timely and effective resolution, supported by data-driven insights to identify root causes and systemic issues.

In FY2026, the Group resolved over 85% of customer complaints within turnaround time. Complaint trends and key themes are monitored continuously, with reports submitted monthly to Management and biannually to the Board, ensuring appropriate oversight and accountability in addressing customer concerns.

Customer feedback is actively leveraged to drive continuous improvement. Insights gathered from complaints and feedback channels are analysed and translated into enhancements across products, services and internal processes. In FY2026, this closed-loop feedback mechanism resulted in over 60 process improvements, reinforcing the Group's commitment to building a more responsive, reliable and customer-centric organisation. The effectiveness of implemented improvements is monitored to prevent recurrence and sustain service quality over time.

DIGITAL BANKING AND CUSTOMER ACCESS

The Group continues to advance our digitalisation agenda to enhance the overall customer experience by improving accessibility, convenience and efficiency across key customer journeys, while reducing reliance on manual and paper-based processes.

The Group's Branch-in-a-Tablet initiative enables straight-through account opening and significantly improves onboarding efficiency. Customers are able to open up to 20 product types, such as current and savings accounts, via this digital solution, reducing onboarding time by more than 48%. In FY2026, the average monthly number of accounts opened through Branch-in-a-Tablet represented approximately 93% of total consumer accounts opened at branches. This provides a more convenient "*1-day, 1-visit*" experience while enhancing service productivity.

Complementing this, the Group's fully digital e-KYC solution enables customers to open savings accounts or apply for loans and credit cards through the *allianceonline* mobile app without visiting a branch.

SECTION B: IMPACT REPORTING

In FY2026, through collaboration with Touch 'n Go eWallet, the Group embedded banking products, including personal financing through CashLoan and credit card application journeys, directly within the e-wallet platform. This reduces application friction and enhances customer convenience by enabling customers to access banking solutions within digital environments they already use.

The Group continued to see strong adoption of our digital banking channels, with total digital users across online and mobile platforms recording a double-digit year-on-year increase, supported by growth in both consumer and business segments. Active mobile app usage also recorded consistent expansion over the reporting period, reflecting deeper customer engagement following enhancements to digital capabilities and services.

Virtual Credit Card ("VCC")

Introduced in 2023, the Group's VCC has become a core component of the Group's digitalisation and sustainability agenda, offering a secure, flexible and environmentally responsible payment solution. Powered by Dynamic Card Number ("DCN") technology, the VCC allows customers to generate one-time or recurring virtual card numbers via the *allianceonline* mobile app, enhancing control over digital transactions while supporting plastic-free and paperless banking by eliminating physical card issuance and paper-based servicing.

Customer adoption of the VCCs has been strong, with more than 80,000 VCCs approved in FY2026 and approximately 160% increase in the Group's credit card user base since launch. This demonstrates how digital innovation can scale customer engagement while supporting the Group's commitment to sustainable banking practices.

To accelerate adoption, the VCC has been embedded across the Group's digital channels and partner platforms. Integration with Samsung Pay and Google Pay enables customers to access credit and perform cashless payments seamlessly within widely used digital ecosystems.

In FY2026, the Group further expanded our VCC proposition through a partnership with JomCharge, Malaysia's leading electric vehicle ("EV") charging network, introducing the first VCC tailored for EV charging. This collaboration enables seamless, cashless payments and exclusive rewards for EV owners nationwide, supporting electric mobility while reinforcing the Group's commitment to sustainable consumption and low-carbon lifestyles.

JomCharge and Alliance Bank Launch Malaysia's First Virtual Credit Card for EV Charging

JomCharge, Malaysia's leading EV charging network, has partnered with the Group to introduce the country's first ever VCC designed specifically for EV charging, offering exclusive rewards and convenient, seamless payments for EV owners nationwide.

This groundbreaking partnership enables JomCharge users to apply for the Alliance Bank VCC directly through the JomCharge app. As an incentive, every successful application receives RM100 in JomCharge credits, allowing users to enjoy immediate benefits. In addition, Alliance Bank VCC holders receive a 20% rebate on all charging sessions across more than 3,000 charging points on the JomCharge app, making EV ownership even more cost-effective. Users also enjoy 8x Three-years Bonus Points on all JomCharge charging sessions paid with the Alliance Bank VCC.

The Alliance Bank VCC is a fully digital, hassle-free payment solution that eliminates the need for a physical card. Integrated directly into the JomCharge app, it provides a seamless way for users to track and manage their EV charging expenses while unlocking valuable rewards.

Biz-Xpress Debit Card

To support SMEs in a digital-first economy, the Group introduced the Biz-Xpress Debit Card in collaboration with Mastercard in December 2025. The card enables secure, cashless transactions for domestic and international online and in-store purchases, with support for foreign currency payments, global ATM access and cash deposits and withdrawals.

By providing a dedicated business payment solution, it enhances transaction visibility, traceability and reconciliation, supporting more efficient financial management. As SMEs transition to digital payments, reliance on cash-based, manual and paper-driven processes is reduced, supporting more efficient operations, lower environmental impact and inclusive, future-ready banking.

BizSmart® Mobile App

Introduced in 2019, the BizSmart® Mobile App enables businesses to manage accounts, submit and approve transactions remotely and conduct day-to-day banking more efficiently. It also serves as a personalised security token for login validation and transaction authorisation, strengthening protection for customers against financial scams and fraudulent activities.

The app allows business owners to conveniently make employee salary payments and statutory contributions through employee pre-registration, while also enabling fixed deposit placements and withdrawals. Complementing this, the BizSmart® Chatbot, BOB, provides 24/7 instant self-help via WhatsApp messaging, using automated and AI-assisted capabilities to respond to common banking queries, guide users through basic troubleshooting and offer real-time support across weekends and public holidays.

BizSmart® eTrade

The Group pioneered mobile trade financing in Malaysia through the BizSmart® eTrade platform. The Group's 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.

BizSmart® eTrade supports a comprehensive range of trade financing and trade services, covering both domestic and international trade transactions. Through the platform, customers can perform domestic and international transfers to more than 190 countries via eTrade transactions. Reflecting growing customer adoption of digital trade solutions, more than 55% of trade submissions were conducted via the platform, supporting the Group's ongoing efforts to reduce reliance on manual and paper-based processes.

Revolutionising SME Operational Processes

To enhance the Group's credit approach for MSMEs, the Digital SME team ("DSME") introduced the Bank Statement Analyser ("BSA"), a tool that uses analytical algorithms to streamline operational processes and forms part of the Group's broader strategy to deliver faster, better and more personalised banking solutions, broadening financial access for more MSMEs.

The BSA has played an instrumental role in the launch of the Straight-Through Processing ("STP") business loan initiative, aimed at digitalising the loan application and approval process from start to finish, enabling same-day approvals.

SECTION B: IMPACT REPORTING

SAFEGUARDING CUSTOMER DATA

We safeguard customer data through strong governance, controls and responsible data management practices.

Relevant material matters:

Customer Data Privacy

Protecting customer data privacy remains a top priority as the Group continues to expand our digital operations. The Group recognises the importance of implementing robust controls to preserve the trust of customers and stakeholders, while ensuring compliance with the Personal Data Protection Act (Amendment) 2024, the Financial Services Act 2013, the Islamic Financial Services Act 2013 and all other applicable regulatory requirements.

GOVERNANCE AND DATA MANAGEMENT FRAMEWORK

The Group has established a comprehensive internal framework comprising Personal Data Privacy Policy and Data Management Policy to govern the responsible handling of customer data. These policies set out clear requirements for the collection, use, management, retention and protection of personal data across the organisation.

Access to customer data is strictly limited to authorised personnel and is governed by defined roles and responsibilities. Physical documents containing personal data are securely stored in locked cabinets at designated secure locations, while obsolete materials are disposed of through secure destruction processes in accordance with prescribed retention periods and internal procedures.

STRENGTHENING CYBERSECURITY AND DATA PROTECTION CONTROLS

The Group continues to enhance our cybersecurity capabilities through regular assessments and ongoing improvements to infrastructure to mitigate the risk of unauthorised access, security breaches and information leaks.

Cybersecurity and data privacy awareness training is conducted regularly to equip employees with the necessary knowledge and industry practices. These efforts are reinforced through mandatory e-learning modules and periodic staff bulletins, supporting a sustained culture of vigilance across the organisation.

ENHANCING CUSTOMER SATISFACTION THROUGH TRUST AND FAIR TREATMENT

The Group remains committed to enhancing customer satisfaction through trust, transparency and fair treatment. The Group is guided by BNM's policy document on the issuance of Product Disclosure Sheets, which ensures that key information on products and services is communicated clearly and consistently to customers. The objectives of the Product Disclosure Sheet are to promote customer understanding, facilitate consistent disclosure, minimise mis-selling, ensure product suitability and support informed decision-making.

The Group is also guided by BNM's Fair Treatment of Financial Consumers policy, which underpins fair, transparent and customer-centric interactions across all touchpoints. Customer loyalty and satisfaction are measured through the Net Promoter Score ("NPS"). Feedback obtained through NPS is analysed and translated into targeted improvements to products, service delivery and digital experiences.

SECURITY OPERATIONS, INCIDENT RESPONSE AND ASSURANCE

Personal data and customer privacy are safeguarded through robust security controls and established procedures under the Group's Security Operational Procedure ("SOP") and Security Incident Response Procedure ("SIRP"). Together, these frameworks establish a structured, end-to-end approach to managing and mitigating cybersecurity risks, incorporating proactive threat detection and timely, effective incident response.

The Group maintains ongoing dialogue with regulatory authorities, including the Cyber Security Task Force ("CSTF") and undergoes regular independent assessments to ensure continuous compliance and resilience. These include annual Payment Card Industry Data Security Standard ("PCI DSS") certification audits and biannual General IT Control audits by external auditors, covering vulnerability assessments and penetration testing at both application and infrastructure levels. The Group's Vulnerability Management ("VM") Programme also adheres to BNM's Risk Management in Technology ("RMiT") guidelines, supporting the protection of the Group's digital assets.

These security operations, incident response and assurance mechanisms are aligned with the National Institute of Standards and Technology ("NIST") Cybersecurity Framework, encompassing the Identify, Protect, Detect, Respond and Recover functions.

DELIVERING ECONOMIC VALUE

We deliver consistent and sustainable economic value to our stakeholders.

Relevant material matters:

Economic Performance

The Group remains committed to maintaining a strong capital foundation and ensuring robust liquidity levels across all market conditions. These fundamentals enable the Group to serve the financing needs of individuals, SMEs and corporates, while supporting Malaysia's broader economic development.

In preparing for potential macroeconomic challenges, including slower Gross Domestic Product ("GDP") growth, rising interest rates and increasing unemployment, we conduct regular risk management, capital adequacy and stress-testing assessments across the Group. Through this approach, we continue to deliver sustainable value to stakeholders amid an evolving operating environment.

DIRECT ECONOMIC VALUE GENERATED

(A) FY2026 TOTAL ECONOMIC VALUE GENERATED
RM2,466.3 million*

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

(B) FY2026 TOTAL ECONOMIC VALUE DISTRIBUTED
RM1,830.1 million

FY2026 Operating Costs (excluding personnel expenses and community investments)
RM318.8 million

FY2026 Allowances for Expected Credit Losses
RM216.8 million

FY2026 Community Investments
RM0.9 million

FY2026 Payments to Government – Taxation and Zakat
RM241.6 million

FY2026 Employee Wages and Benefits
RM736.6 million

FY2026 Payments to Providers of Capital – Cash Dividends Paid to Shareholders
RM315.4 million

(A)-(B) FY2026 TOTAL DIRECT ECONOMIC VALUE RETAINED
RM636.2 million

SECTION B: IMPACT REPORTING

Sustainable Society

Relevant stakeholders:

Relevant material matters:
- Climate Change
- Financial Inclusion
- Sustainable Procurement
- Corporate Social Responsibility

The Group remains committed to empowering customers and communities to embed sustainable practices into their lifestyles and business operations. As an ESG-centric organisation, the Group strives to create meaningful impact through stakeholder engagement, strategic partnerships and investments that support the diverse needs of SMEs and local communities. In addition, the Group continues to play an active role in the climate transition by managing and reducing our financed emissions, while guiding customers and stakeholders towards a resilient, low-carbon ecosystem.

The Sustainable Society pillar comprises the following areas:

Driving Change Beyond Business	Improving Community Well-Being
We partner with our stakeholders to effect sustainable outcomes across the business ecosystem and society at large.	We channel resources into initiatives that support the needs of our communities, including the underserved groups.

Material Matters	FY2026 Achievements
Climate Change	• As part of the Group's Topline Goal 2, we helped transition RM652 million of the Climate Change and Principle-based Taxonomy ("CCPT")-rated C5a portfolio for SMEs in high-emitting sectors, as well as larger commercial and corporate banking customers • Empowered more than 850 companies in FY2026 and more than 1,500 since FY2024 with ESG knowledge and innovative solutions for low-carbon and digital transition through our supply chain workshops • Launched "The ESG Playbook: Practical Steps for Manufacturing SMEs" in collaboration with Monash University Malaysia, Zurich Malaysia and strategic partners including the United Nations Global Compact Network Malaysia & Brunei ("UNGCMYB"), Malaysian Plastics Manufacturers Association ("MPMA") and Penang Green Council ("PGC")
Financial Inclusion	• Provided RM1,061,000 in financing via the Alliance Islamic Bank ("AIS") Zakat Microfinancing programme since its inception • Halal in One earned its third consecutive win at the World Halal Excellence Awards 2024 (Awarded in December 2025)
Sustainable Procurement	• More than 90% of procurement spend on local suppliers

Material Matters	FY2026 Achievements
Corporate Social Responsibility	• Launched the biodiversity module as part of the AEIOU Financial Literacy Programme, which was held for the first time in Sabah across 20 schools • Partnered with Malaysian Relief Aid ("MRA") to provide financial aid to flood victims • Organised the third edition of the Alliance Bank Heritage Run, which attracted the Group's highest ever participants at 5,500 runners • Partnered with the Ministry of Health ("MOH") of Sabah, *Jabatan Bendahari Negeri Sabah* ("JBNS") and Subang Jaya Medical Centre ("SJMC") to mobilise a dedicated medical team to complete 13 surgical procedures. The collaboration delivered essential surgical care to underserved communities in Malaysia as part of the Global Surgery Initiative

DRIVING CHANGE BEYOND BUSINESS

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

Relevant material matters:

Financial Inclusion	Climate Change

Supporting Our Customers towards Climate Transition

Guided by the Group's Topline Goal 2 – to transition RM547 million of the Climate Change and Principle-based Taxonomy ("CCPT")-rated C5a portfolio – we remain committed to supporting customers in their climate transition. We advance this commitment by fostering strategic partnerships, providing tailored tools and solutions and building capacity to help customers embed sustainability into their operations and strengthen resilience in a low-carbon economy.

Our commitment to delivering innovative banking and non-banking solutions was recognised through multiple prestigious awards in FY2026. Alliance Bank Malaysia Berhad was named Best SME Bank in Malaysia at The Digital Banker's Global Retail Banking Innovation Awards, reflecting our leadership in SME-focused innovation. We also received the Best SME Financial Inclusion Initiative in Malaysia at the Asian Banking & Finance ("ABF") Retail Banking Awards, underscoring our dedication to expanding access to financing and tailored solutions for SMEs.

SECTION B: IMPACT REPORTING

STRATEGIC PARTNERSHIPS

We maintain our commitment to being a sustainability-focused organisation through ongoing collaboration with regulators, industry peers and leading ESG associations. These partnerships allow us to strengthen industry knowledge networks, shape sustainability policies and accelerate Malaysia's progress towards a low-carbon future. Key strategic collaborations include the following:

Partnership with UNGCMYB

Global Compact Network Malaysia & Brunei

In FY2024, the Group entered a three-year exclusive partnership with UNGCMYB to advance the sustainability performance of SMEs and address evolving client expectations.

In FY2026, collaboration continued through initiatives such as:

- Joint development of thought leadership, workshops, research and conferences to promote ESG awareness among SMEs
- National- and state-level partnerships to drive SME ESG adoption across large-scale supplier ecosystems
- Deployment of our PROGRESS (climate assessment tool) and START (ESG assessment tool) to help SMEs assess and improve their ESG performance via personalised climate transition plans
- Provision of green financing to incentivise climate-action measures among SMEs nationwide
- Capacity-building support through tools and expertise to help SMEs implement their transition plans

Partnership with Monash University Malaysia and Zurich Malaysia as Knowledge Partners

Building on the success of the Group's inaugural national sustainability report in FY2023 ("ESG 1.0") and the follow-up report, The Path to Sustainable Impact – Sectoral Insights of Malaysian SMEs ("ESG 2.0"), in FY2025, we have continued to collaborate with Monash University Malaysia and Zurich Malaysia as our knowledge partners to provide valuable insights into the perspectives of Malaysian SMEs towards adopting ESG practices.

In FY2026, the Group collaborated with our knowledge partners to produce our first state-specific report and sector-specific playbook:

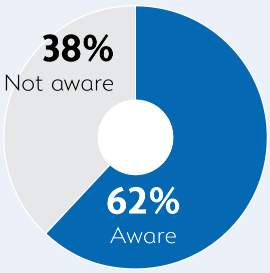
- Navigating ESG in Sarawak: Insights from SMEs ("Sarawak SME ESG Report")
- ESG Playbook: Practical Steps for Manufacturing SMEs

Navigating ESG in Sarawak: Insights from SMEs ("Sarawak SME ESG Report")

Following the launch of our national ESG report, The Path to Sustainable Impact: Sectoral Insights of Malaysian SMEs, in FY2024, we developed our first state-focused ESG report in collaboration with the Sarawak Government, InvestSarawak, Monash University Malaysia and UNGCMYB.

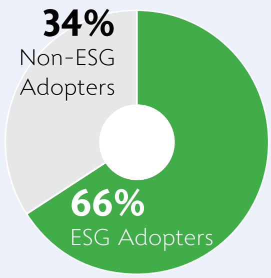
Launched by the Premier of Sarawak, the Right Honourable Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg, the report provides insights into ESG awareness, ESG adoption levels and key challenges faced by Sarawak SMEs, alongside practical recommendations to guide their sustainability journey.

Key findings of the Sarawak SME ESG Report:



General ESG Awareness Level

The encouraging level of ESG awareness is the result of concerted efforts by government bodies, NGOs and corporations in disseminating ESG-related information and promoting sustainable business practices.



General ESG Adoption Level

Two-thirds of SMEs in Sarawak have incorporated ESG practices into their business operations, demonstrating a strong commitment to sustainability.

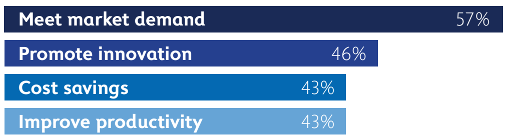
Top Motivations for ESG Implementation

ESG Adopters

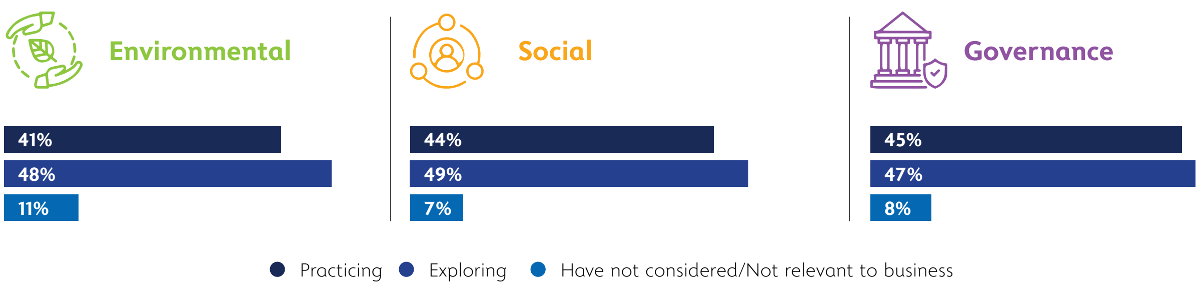
Meeting market demand, along with the pursuit of cost efficiencies, has driven ESG adoption among SMEs. These efforts not only enhanced competitiveness but also unlocked access to new customer segments and expanded market opportunities.

Non-ESG Adopters

Similarly, meeting market demand and cost savings were key drivers for non-adopters, while innovation gained importance by offering new paths to profitability and growth.



Adoption Level of Three ESG Pillars



Over 40% of SMEs in Sarawak reported implementing initiatives across Environmental, Social and Governance ("ESG") pillars, signalling growing momentum.

Governance emerged as the most widely adopted pillar, with key practices including the strengthening of technology and data governance.

In the Social pillar, aligning leadership with social responsibility was emphasised, whereas within the Environmental pillar, more SMEs have adopted practices to manage waste and resources.

For further information, please download the full report at: *https://www.alliancebank.com.my/about-us/Sustainability/Sustainability-Reports/sarawak-sme-esg-2025*

SECTION B: IMPACT REPORTING

Guiding Manufacturing SMEs Towards Sustainable Growth

The ESG Playbook: Practical Steps for Manufacturing SMEs was developed in collaboration with Monash University Malaysia, Zurich Malaysia and strategic partners including UNGCMYB, Malaysian Plastics Manufacturers Association ("MPMA") and Penang Green Council ("PGC").

The playbook serves as a comprehensive guide for manufacturing SMEs to integrate ESG practices across the value chain, from procurement and sourcing to delivery and distribution. It outlines practical strategies for SMEs to balance sustainability with efficiency and growth, enabling SMEs to build resilience and unlock new opportunities.

Core contents of the ESG Playbook

- Overview of how ESG principles are shaping the manufacturing industry
- ESG practices and archetypes in the manufacturing industry
- Case studies: Success stories from local manufacturers
- ESG tools and programmes (e.g. government grants, initiatives, financial incentives)

Aligned with the Group's Acceler8 2027 strategy, this playbook demonstrates the Group's commitment to enabling manufacturers to progress meaningfully in their ESG journey. It is part of a broader series of ESG playbooks to be developed for other key industry sectors, as part of Innovation Impact Lab's efforts to drive greater adoption of circularity practices and scale innovation.

Key findings of the study:

1

How ESG enhances each stage of the value chain: ESG transforms the manufacturing value chain from a linear, cost-driven model into a circular, responsible and future-ready system. By embedding ESG into each stage, SMEs can unlock efficiencies, meet stakeholder expectations and build resilience in a rapidly evolving market.

		UPSTREAM VALUE CHAIN	OWN OPERATIONS		DOWNSTREAM VALUE CHAIN
		Procurement & Sourcing	**Production & Process Management**	**Waste & Resource Management**	**Distribution & Delivery**
Before ESG Integration	**Previous State**	Traditionally cost and speed-driven	Resource-intensive	Viewed as a cost centre	High carbon footprint
After ESG Integration	**New State**	Sustainable, ethically-aligned suppliers are prioritised	New focus on efficiency, accountability and innovation	Now seen as value generator	Green logistics and responsible trade now encouraged
	ESG Initiatives	• Sustainable, ethical sourcing improves supply resilience • Optimised logistics reduce emissions and costs	• Efficient equipment, lean processes and sustainable packaging reduce energy and waste • Enhanced safety and compliance	• Circular practices and closed-loop recycling cut waste and raw material use • Safe disposal ensures compliance	• Renewable logistics and electrified fleets cut emissions • Regulatory-aligned exports
	ESG Impact	• Stronger, ESG-aligned supplier base, reduces reputational risk, aligns with global buyer expectations	• Lower environmental footprint, better workforce well-being	• Minimises waste and regulatory risk	• Cleaner supply chain, better market access
	Business Impact	• More reliable suppliers, lower procurement risk	• Lower costs, higher productivity	• New revenue, lower material costs, fewer penalties	• Faster, cleaner logistics; better global access

SECTION B: IMPACT REPORTING

2

ESG Archetypes: Manufacturers are not all at the same stage of ESG maturity, nor do they approach sustainability in the same way. This is where ESG archetypes come in to provide a practical lens to identify how different players lead ESG transformation based on their strategic focus and operational strengths.

Archetypes of ESG Leaders in Manufacturing Sector

UPSTREAM

Green Material Innovators
(Raw materials sourcing & sustainable inputs)
E

Develop sustainable, renewable, or low-carbon alternatives to traditional inputs.

Ethical Supply Chain Stewards
(Sourcing, supplier responsibility, traceability)
G

Ensure traceable, transparent and ethical sourcing.

CORE

Clean Energy & Efficiency Champions
(Energy efficiency and low-carbon production processes)
E

Integrate renewable energy, carbon-neutral or energy-efficient production.

Lean/Operational Excellence Leaders
(Process optimisation, waste reduction, productivity)
E G

Use Lean, Kaizen, Six Sigma and TPM to eliminate inefficiency, reduce defects and save resources.

DOWNSTREAM

Circular Economy Innovators
(Recycling, reuse, closed-loop production, end-of-life management)
E

Reuse, recycle and valorise waste streams into new inputs.

Responsible Design Champions
(Design for sustainability, lifecycle accountability, customer use impacts)
E S

Design safe, eco-friendly, inclusive products with life cycle responsibility (take back, repair).

ENABLERS

ESG Tech & Data Enablers
(Digital, data and AI solutions supporting ESG integration across the chain)
G

Use IoT, AI and blockchain for ESG monitoring, reporting and optimisation.

Responsible Employer & Community Builders
(Human capital, workplace practices and community engagement outcomes)
S

Prioritise worker safety, inclusivity, welfare and community impact.

Legend

E Environmental S Social G Governance

For further information, please download the full report at:
https://www.alliancebank.com.my/about-us/Sustainability/Sustainability-Reports/esg-manufacturing-playbook-2026

Since FY2024, we have engaged over 1,500 companies in supply chains by providing ESG capacity building workshops. These initiatives strengthen supply chain resilience and enable SMEs to embed sustainable practices into their operations, reinforcing our role in advancing Malaysia's low-carbon economy.

In recognition of these efforts, the Bank received the Sustainable Supply Chain Award at the Forward Faster Sustainability Awards ("FFSA") 2026.

Alliance Bank Received the Sustainable Supply Chain Award at the Forward Faster Sustainability Awards 2026

The Group is honoured to have been recognised with the Sustainable Supply Chain Award at the Forward Faster Sustainability Awards ("FFSA") 2026, organised by UNGCMYB.

This accolade celebrates organisations that deliver measurable, real-world sustainability outcomes across their value chains – from responsible sourcing and ethical partnerships to strong governance and transparency – aligned with the UN Sustainable Development Goals ("UN SDGs").

Winning under the Sustainable Supply Chain category reflects our ongoing efforts to embed sustainability into how we operate and work with our partners, going beyond compliance to drive long-term business and societal value.

SECTION B: IMPACT REPORTING

SME-FOCUSED INITIATIVES

Innovation Impact Lab

Alliance Bank, Cradle and Monash Launch 'Innovation Impact Lab' to Accelerate Innovation and Circularity Adoption

The Group, in collaboration with Cradle Fund Sdn Bhd ("Cradle") and Monash University Malaysia ("Monash"), has launched the Innovation Impact Lab, Malaysia's first cross-sector collaboration involving government, academia and a financial institution. Unveiled at the Cradle LIVE! Startup ASEAN Summit 2025, the Lab marks a strategic move to position Malaysian SMEs at the forefront of the low-carbon and circular economy.

Anchored under the Group's Sustainability Impact Programme, the Lab leverages the complementary strengths of all three partners to empower SMEs with the tools and networks needed for sustainable growth:

- The Group integrates its BizSmart® Challenge, a flagship programme that nurtures entrepreneurs through mentorship, exposure and business acceleration and offers preferential financing for sustainable, tech-aligned businesses.
- Cradle provides programme access, grants funding and market access through its extensive startup ecosystem.
- Monash brings research capacity, talent development and design thinking expertise to support solution development and knowledge sharing.

Together, the holistic offering under the Lab enables SMEs to validate problem statements, prototype scalable solutions, explore design thinking improvements and access commercialisation support effectively.

The next milestone for the Lab will be a stakeholder roundtable at Monash, convening technology innovators, circular-economy solution providers, corporates with real business challenges, government agencies and academia to collaboratively identify priority areas for Malaysian SMEs.

PROGRESS Tool

Developed in collaboration with UNGCMYB, the PROGRESS digital tool supports SME climate action by providing a structured climate assessment that benchmarks sustainability maturity, helps businesses understand their climate readiness and generates a personalised transition action plan by identifying priority improvement areas across governance, emissions reduction and business strategy.

PROGRESS also links sustainability progress with access to transition-aligned support, including preferential green financing and now features a corporate dashboard to facilitate supply chain engagement and informs decarbonisation efforts.

The Ultimate Elevator Pitch™

The Group launched The Ultimate Elevator Pitch™ in June 2025, Malaysia's first feature-length SME business pitch film. Showcasing 13 inspiring finalists from the FY2025 BizSmart® Challenge Accelerator Edition, the documentary captures the grit and spirit of entrepreneurship amongst the participants.

The feature film reflects our move towards authentic, unscripted storytelling and reinforces our commitment to empowering SMEs and inspiring the generation of founders.

BizSmart® Business Conference 2025

The Group hosted the second edition of the BizSmart® Business Conference 2025, convening over 700 entrepreneurs, business leaders and innovators. It aims to empower SME growth by encouraging businesses to embrace new possibilities and adapt to evolving market dynamics.

The conference addressed key challenges faced by SMEs, including digital disruption, access to funding, talent shortages and rising customer expectations. Through keynote sessions, panel discussions and networking opportunities, participants gained practical insights and strategies to strengthen resilience, drive innovation and pursue sustainable growth.

CAPACITY-BUILDING IN CUSTOMER ADVISORY FOR RELATIONSHIP MANAGERS

The Group continues to strengthen the capabilities of Relationship Managers ("RMs") to engage customers effectively on climate-related matters through digital guides and dedicated training programmes.

In FY2026, a CCPT Due Diligence Questions ("DDQ") training session was delivered to RMs from Group Business & Transaction Banking. The session enhanced understanding of the CCPT framework and the practical application of DDQs, equipping RMs to assess customers' climate-related risks and sustainability readiness.

ALLIANCE BANK MALAYSIA BERHAD ESG BRAND HEALTH

Since FY2023, the Group has conducted a national Brand Health survey to assess our performance across key dimensions, including brand perception and ESG, among our customer segments.

In FY2026, the survey findings were very positive, with Alliance Bank Malaysia Berhad rising to 4th position (vs 5th in FY2025) for "Top of Mind" ESG Awareness[3] – placing us just after the three largest banks in Malaysia. We also ranked 7th (7th in FY2025) in ESG Spontaneous Awareness[4], demonstrating continued progress in strengthening our ESG brand equity.

Our strong ESG leadership position is anchored in the depth of our industry partnerships and collaborations, as well as our fit-for-purpose green financing that directly addresses the evolving needs of our customers.

We remain committed to building on this momentum, especially as 50% of consumers surveyed indicate that ESG considerations influence their choice of banking partners, while 70% of SMEs look to their banks to help integrate ESG into their operations. Guided by these insights, we will continue to strengthen our role as a trusted enabler of sustainable progress.

[3] *Top of Mind: Which bank do you associate with when it comes to ESG? [First Brand keyed in]*
[4] *Total Spontaneous: Any other brand aside from what you've mentioned? [All Brands keyed in]*

EMBEDDING A SUSTAINABLE SUPPLY CHAIN

Relevant material matters:

Sustainable Procurement

The Group is committed to responsible, transparent and sustainable procurement that upholds ESG standards across our supply chain. Our procurement activities are governed by the Group's Procurement Policy, Standard Operating Procedures, Code of Conduct and Procurement Integrity Terms.

Recognising that sourcing decisions can influence environmental and social outcomes, we work closely with suppliers to strengthen sustainability practices that enhance their resilience and create economic, social and environmental value.

SECTION B: IMPACT REPORTING

Procurement Policy and Procedures

Since FY2023, the Group has embedded ESG factors within our Procurement Policy and Procedures, recognising the interdependence of sustainability risks and opportunities across the supply chain.

Code of Conduct

All suppliers are required to comply with the Group's Code of Conduct and Procurement Integrity terms, which are embedded within procurement documentation to safeguard ethical and responsible business practices. These commitments are further reinforced through the Group's e-Procurement platform, which streamlines submissions, promotes fair competition and enables transparent and efficient evaluation.

ESG Service Provider Self-Assessment Questionnaire ("SAQ")

To strengthen supplier due diligence on ESG matters, the Group introduced the ESG Service Provider SAQ within the e-Procurement system. The SAQ covers key ESG dimensions, including anti-bribery and corruption practices, labour practices, workplace safety and ethical conduct, providing a more robust framework for evaluating suppliers. Where gaps are identified, suppliers are required to implement corrective actions, supported by follow-up engagement and ongoing monitoring. In FY2025, the SAQ was further enhanced to encourage stronger sustainability practices and improve visibility of ESG performance across the supply chain. All new suppliers engaged in FY2026 were screened using the SAQ.

STRENGTHENING OUR SUPPLIER RESILIENCE THROUGH ESG ENGAGEMENT

Supply Chain Workshop for our suppliers

In FY2026, the Group conducted our second Supply Chain Workshop, following the inaugural session in FY2025. The programme engaged more than 90 vendors from diverse industries, with notable participation from the IT sector.

By embedding climate action into supplier engagement, we are strengthening sustainability practices across our value chain while opening pathways to green financing and innovative solutions. This initiative reflects our broader ambition to build resilience, foster responsible business practices and accelerate progress towards a sustainable future.

Supporting local procurement

In FY2026, we continued to prioritise local sourcing as part of our commitment to supporting national economic development and building a resilient domestic supply chain. Our procurement approach emphasises the engagement of Malaysian-based service providers where feasible, particularly for goods and services that can be competitively sourced within the local market.

Local service providers remain a significant component of our vendor base and play an important role in supporting business continuity, enabling timely service delivery and reducing environmental impact from the logistics. We also engage local vendors through ESG-focused workshops and ongoing communication on procurement requirements, aimed at enhancing their capabilities and promoting responsible business practices across the supply chain.

In FY2026, more than 90% of our total procurement spending was directed to local service providers. This reflects our continued commitment to supporting local industries, contributing to job creation and fostering sustainable economic growth within the communities we serve.

IMPROVING COMMUNITY WELL-BEING

We channel resources into initiatives that support the needs of our communities, including the underserved groups.

Relevant material matters:

Corporate Social Responsibility

The Group recognises that the strength and resilience of our business is deeply connected to the well-being of the communities we serve. Aligned with our vision to be The Bank For Life and the Group's strategy to foster lifelong relationships with local communities, we continue to cultivate trust and community-centricity, values that have long defined our organisation.

Through close collaboration with partners who share our commitment to uplifting lives, we work alongside local stakeholders and community organisations to address pressing social needs and create meaningful, sustainable impact.

Guided by our Corporate Social Responsibility ("CSR") Strategy Framework, our initiatives prioritise investments into programmes that empower target beneficiaries across four key focus areas: economic empowerment, education, health and community well-being and sustainability and environmental awareness. Through these efforts, we strengthen community capabilities while supporting long-term value creation. This underscores the Group's dedication to building alliances that enable communities and the Group to grow and succeed together.

ALLIANCE BANK

CSR's alignment with The Bank For Life supports the goal of building stronger, more sustainable communities while enhancing the Group's reputation as a socially responsible and community-focused financial institution.

Target Beneficiaries/Focus

Underserved Communities	Local/Small Businesses	Children/Youth	The Environment
Asnaf, B40 Communities, B40 Microentrepreneurs	Local and MSME businesses that have limited access to funding, training and networks	Primary/Secondary Schoolchildren University students	Sustainability, Environmental Preservation and Awareness
Economic Empowerment	**Education**	**Health & Community Well-Being**	**Sustainability & Environmental Preservation**

Programmes

ZAKAT MICRO FINANCING ALLIANCE ISLAMIC BANK

ALLIANCE ISLAMIC BANK SocioBIZ

ALLIANCE BANK BizSmart CHALLENGE ACCELERATOR EDITION

ALLIANCE BANK AEIOU SEEDS FOR LIFE

ALLIANCE BANK Support LOKAL!

EEP | Smart Voices | Zero Waste Programme

Collaborative Impact Programmes (together with strategic partners)

Employee Volunteerism Programme ("EVP")

SECTION B: IMPACT REPORTING

In FY2026, the Group allocated over RM900,000 towards community development initiatives, positively impacting more than 16,000 beneficiaries. These efforts reinforce our commitment to fostering inclusive growth, supporting vulnerable groups and contributing to long-term community empowerment across the areas we serve.

Employee Volunteerism Programme ("EVP")

The Group's employees actively contribute their time and skills through the EVP, including:

- Volunteering at the Group's inaugural EVP activity in Sabah for the Borneo International Marathon.
- Supporting the PLAY Reel Adventure Tour, where children from *Rumah Kasih Harmoni* enjoyed a movie day and learned the fundamentals of filmmaking.
- Collaborating with Jane Goodall's Roots and Shoots for the AEIOU Sabah Biodiversity Edition, expanding outreach to approximately 200 schoolchildren.
- Conducting six thematic workshops (Aug–Nov 2025) across SK Seri Suria and SK Kepong Baru in collaboration with Mercy Mission under the Smart Voices programme. The programme targeted Year 4–6 students from B40 families facing literacy, numeracy and English language challenges. A financial literacy session, Money Matters, based on AEIOU modules, was also introduced.
- Distributing pre-loved festive clothing to more than 100 underserved beneficiaries through the *Kongsi* CNY & *Raya* Festive Wardrobe Swap initiative, promoting circular fashion and enabling communities to participate meaningfully in festive celebrations.
- Participating in the *Kongsi Raya* EVP on 28 February 2026, celebrating Chinese New Year and *Ramadhan* with underserved communities identified through the Great Heart Community Centre in Klang. The initiative included grocery assistance and the redistribution of pre-loved festive clothing collected from employees, in support of the Group's Zero Waste Programme introduced in 2024 under the CSR pillar of Sustainability and Environmental Preservation.

AEIOU – Financial Literacy Programme for Schoolchildren

The AEIOU Challenge, which has won multiple awards (including the Asia ESG Gold Winner for Relations with Local Communities), is a financial literacy programme for children aged 9 to 12. The Group expanded its reach in Sabah in FY2026. The programme engaged approximately 200 schoolchildren across Kota Kinabalu, Penampang and Tuaran, equipping them with essential money management skills and introducing biodiversity awareness through creative and interactive learning formats.

Since our launch in 2015, the AEIOU Challenge has grown into one of Malaysia's most recognised youth financial education initiatives, benefitting more than 148,000 children and involving approximately 2,900 trained teachers nationwide.

Through these efforts, the Group continues to strengthen financial literacy among the next generation, fostering early financial responsibility and supporting national aspirations for improved financial well-being.

Alliance Bank Partners with Jane Goodall's Roots & Shoots Malaysia for the Financial Literacy & Biodiversity Challenge Programme in Sabah

The Group has partnered with Jane Goodall's Roots & Shoots Malaysia to introduce a two-year, youth-driven programme designed to build both financial literacy and biodiversity awareness among schoolchildren. The collaboration begins with the 2025 AEIOU Financial Literacy and Biodiversity Programme in Sabah, marking a significant expansion of the Bank's AEIOU financial education platform.

Centred on the theme "AEIOU for Responsible Living: Smarter Finances, Caring for Nature, Greener Choices," the programme engages 20 schools across Kota Kinabalu, Penampang and Tuaran. Through a combination of financial literacy workshops, biodiversity simulations and the Biodiversity Challenge, students learn to link responsible money management with sustainable living. As part of the Challenge, participating students design and present real-world biodiversity and environmental projects aimed at improving their schools and communities.

This initiative nurtures young leaders equipped not only with practical financial skills but also with ecological awareness and stewardship. The programme reinforces the Group's broader commitment to education, sustainability and community resilience – empowering the next generation to make informed financial decisions while caring for the environment.

REBUILDING LIVES AND STRENGTHENING FLOOD RESILIENCE

In September 2025, The Group partnered with the Malaysian Relief Agency ("MRA") to assess both the immediate and longer-term needs of communities affected by severe flooding in Sabah. Through this collaboration, the Group contributed RM150,000 – via internal funding and public crowdfunding on SocioBiz – to deliver urgent relief aid to affected households.

Beyond emergency assistance, the Group extended further support through the Flood Relief Assistance Programme, offering loan moratoriums of up to six months, flexible repayment modifications and waivers of fees and charges across conventional and Islamic financing facilities. These measures helped ease financial burdens and enabled affected customers to regain stability.

As part of our proactive approach to flood-related risks, we continue to finance flood resilience projects and work with insurance partners to offer tailored flood insurance solutions. These initiatives reflect the Group's broader commitment to safeguarding livelihoods, enhancing resilience and supporting sustainable recovery in the face of growing climate-related challenges.

Zakat Contributions

In FY2026, Alliance Islamic Bank ("AIS") allocated RM1.3 million for *zakat* (Islamic tithes) as part of its continued commitment to support *asnaf* (underprivileged) groups. For FY2026, AIS has disbursed RM718,000 to uplift *asnaf* communities through the following initiatives:

- **Alliance Islamic Bank Zakat Microfinancing ("AZAM") Programme:** AIS supported eligible *asnaf* entrepreneurs through Malaysia's first Islamic microfinancing programme funded by *zakat*, a pioneering initiative that productively deploys *zakat* as a catalyst for economic empowerment by transforming it into a sustainable financing mechanism. Through AZAM, meaningful and tangible positive outcomes have been achieved, including improved business stability and more resilient, sustainable livelihoods. These outcomes reflect AZAM's impactful role in empowering *asnaf* entrepreneurs and advancing long-term socio-economic upliftment within the communities served.
- **Youth Upliftment Programme:** Funded 80% of Yayasan Sejahtera's Youth Upliftment Programme for nine *asnaf* microentrepreneurs to scale up their business and generate sustainable income that was affected by floods.
- **Entrepreneurship Development and Skills Training:** AIS continued to support the fund training for 25 youth *asnaf* entrepreneurs for AIS Economic Empowerment Programme 4.0 ("EEP4.0"). This is a 4-month structured training programme aimed at building entrepreneurial skills for *asnaf* to grow their business beyond their circle and market reach while assisting eligible participants to get access to working capital.
- **Zakat Distribution to State Religious Councils:** Channelled *zakat* funds through state *zakat* authorities to reach eligible *asnaf* beneficiaries across Pulau Pinang, ensuring targeted and effective distribution aligned with local community needs.

ADVANCING COMMUNITY HEALTH THROUGH SURGICAL SUPPORT AND ACTIVE LIFESTYLE INITIATIVES

The Group continues to champion initiatives that integrate health and wellness into our sustainability agenda, reinforcing our commitment to resilient communities and a healthier Malaysia.

Alliance Bank Partners with JBNS, MOH of Sabah and SJMC to Advance Global Surgery Initiative

As an advocate for health equity, Alliance Bank partnered with Jabatan Bendahari Negeri Sabah ("JBNS"), MOH Sabah and Subang Jaya Medical Centre ("SJMC") to advance the Global Surgery Initiative, which aims to provide access to safe and affordable surgical and anaesthesia care in underserved areas.

In FY2026, the mission extended to Keningau, Sabah, enabling a dedicated SJMC medical team to be mobilised. Conducted over 7–8 July 2025, the mission successfully completed 13 surgical procedures at Hospital Keningau. SJMC's team – comprising three surgeons, one anaesthesiologist and three nurses – worked alongside the local medical team to deliver life-changing care.

SECTION B: IMPACT REPORTING

Alliance Bank's Heritage Run 2025

Held annually since 2023, the sustainability-themed Heritage Run in George Town, Penang, recorded its highest turnout in 2025 with nearly 5,500 participants. Set against UNESCO World Heritage surroundings, the event featured four categories: a newly introduced 21 km half marathon, a 12 km race, a 7 km run and a 3 km family walk, appealing to participants of all ages and abilities.

Aligned with the Acceler8 2027 strategy, the Heritage Run reinforces our commitment to promoting sustainability and encouraging ESG adoption among communities.

Sustainability remains embedded in the event's design – race essentials were produced using eco-friendly materials such as upcycled t-shirts, reusable canvas bags and medals crafted from natural wood – demonstrating the Group's commitment to responsible community engagement.

FOSTERING FINANCIAL WELL-BEING AMONG COMMUNITIES

Relevant material matters:

Financial Inclusion

The Group remains committed to advancing financial inclusion and strengthening community resilience. Through our key social finance initiatives, including Zakat Microfinancing, SocioBiz, the Economic Empowerment Programme ("EEP"), Halal in One and #SupportLokal, the Group empowers underserved groups and supports sustainable, inclusive growth.

Alliance Islamic Bank Zakat Microfinancing ("AZAM")

Launched in December 2023, AZAM is Malaysia's first Islamic social finance programme utilising *zakat wakalah* funds to empower *asnaf* micro-entrepreneurs. As of 2026, AIS is the first Islamic bank accorded approval by Selangor, Penang and the Federal Territories Fatwa Council to utilise *zakat* for microfinancing.

The programme supports recipients in growing their businesses by providing profit-free financing under the *Qard* concept. Eligible participants are identified through *Amanah Ikhtiar Malaysia*, ensuring targeted assistance. Repayments are reinvested into the fund, creating a sustaining model that continuously extends financing to new recipients – reflecting Value-Based Intermediation ("VBI") principles.

Since its inception in 2023, AIS has channelled RM750,000 in *zakat wakalah* to support the programme. In FY2026, AIS channelled RM300,000 *zakat wakalah*, which benefitted 36 new *asnaf* micro-entrepreneurs in Selangor. In addition, RM333,000 was disbursed to 62 new micro-entrepreneurs using *zakat wakalah* funds repaid by recipients, further extending our outreach to additional *asnaf* micro-entrepreneurs. Since inception up to the end of FY2026, total financing from the *zakat wakalah* pool and funds repaid by recipients totalled around RM1,061,000.

AIS recently embarked on the Social Return on Investment ("SROI") evaluation for AZAM, done by Social Value Malaysia. The findings of the evaluation are as follows:[5]

- 55% of participants reported improved business stability, moving from day-to-day survival to a more sustainable operating model.
- Nearly 4 in 10 (46 participants) have achieved a greater sense of financial security, providing a critical buffer for their families against economic shocks.
- The programme's most significant shift was in mindset, with 71% of participants reporting a marked increase in their confidence to lead and grow their ventures.
- Beyond the individual, the programme is sparking a legacy of entrepreneurship; 35% of participants noted their children are now taking an active interest in the family business.
- Economic empowerment led to social dividends, with 24% of participants experiencing more harmonious household relationships as financial pressures eased. While most saw gains, 11% reported increased financial stress. This insight is being used to refine our support systems for those managing the complexities of rapid business growth and further improve the training embedded in AZAM. AIS reaffirms our commitment to financial inclusion by scaling AZAM across more states to serve *asnaf* micro-entrepreneurs.

SocioBiz

Launched in 2019, SocioBiz is a Shariah-compliant social crowdfunding 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 income.

Looking ahead, the Group remains committed to broadening the reach and impact of SocioBiz. By facilitating meaningful fundraising initiatives, the Group aims to advance economic inclusion and support the development of sustainable, community-driven businesses.

Economic Empowerment Programme ("EEP")

Launched in December 2020, the programme strengthens the economic resilience of *asnaf* and B40 micro-entrepreneurs by offering integrated entrepreneurial, financial and digital capability-building to support business growth.

In our fourth iteration, EEP supported 25 micro-entrepreneurs through four months of structured training and coaching, resulting in an average post-programme income increase of 126%.

Alliance Islamic TEJA iTEKAD Programme

AIS aims to roll out the second iteration of the AIS TEJA Programme (an iTEKAD initiative) in FY2027 as part of the EEP. This programme will channel seed capital and structured training to 50 women micro-entrepreneurs in 2027.

[5] *N=117. The AZAM SROI analysis is in the assurance phase. In line with responsible reporting and to avoid over-claiming, monetised values and any SROI ratio are withheld from external communications until assurance is concluded and the final assured outputs are approved for publication.*

SECTION B: IMPACT REPORTING

Halal in One honoured with World Halal Excellence Awards 2024

AIS was honoured with the prestigious World Halal Excellence Awards 2024 in December 2025, marking our third consecutive year of recognition. This continued recognition underscores AIS' unwavering commitment to supporting the growth of *halal* SMEs in Malaysia.

Recognising the rapid expansion of the *halal* economy, AIS continues to advance Halal in One ("HiO"), its one-stop *halal* support programme, designed to guide businesses at every stage of their *halal* growth journey.

HiO – an award-winning growth partner goes beyond traditional banking to deliver end-to-end *halal* business solutions spanning certification support, market access and banking solutions, all under one roof. Since inception, HiO has supported over 1,450 SMEs via financing by expanding their market reach and enabled 14 SMEs to obtain *halal* certification.

To enhance the programme's value proposition, the Group collaborated with FWD Takaful to introduce tailored protection solutions to safeguard SMEs. This collaboration also launched a campaign offering up to RM100,000 in cash prizes and media exposure to boost brand awareness, particularly targeting HiO customers seeking *halal*-aligned financing within the SME and commercial segments. This demonstrates HiO's evolution; combining certification, market visibility, finance and protection into a holistic growth package for businesses.

#SupportLokal

#SupportLokal continues to advance the growth of Malaysian micro, small and medium enterprises ("MSMEs") by enhancing their brand visibility and enabling broader customer outreach. In FY2026, the programme broadened its impact and elevated the exposure of local enterprises through active involvement in key community and business events, including the Alliance Bank BizSmart® Business Conference 2025.

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

The Group's view of a sustainable workplace extends beyond physical spaces to encompass ethical conduct, climate and environmental factors and a safe, inclusive environment that supports employee well-being, continuous learning and long-term development.

These commitments are reflected in the design of our workplaces as well as in our people-centred practices. In FY2026, we relocated our headquarters to Menara Alliance Bank to support lower-carbon and resource-efficient operations, while human capital initiatives continued to prioritise fair employment practices, diversity, equity and inclusion ("DEI"), continuous learning and strong employee engagement. Together, these efforts reinforce our ambition to cultivate a future-ready workplace that enables sustainable performance and long-term organisational resilience.

The Sustainable Workplace pillar comprises the following areas:

Managing Our Environmental Footprint	Ensuring an Ethical Workplace	Fostering a Safe, Inclusive and Future-Ready Work Environment
We implement initiatives to minimise our impact on the environment.	We uphold the utmost adherence to responsible business practices and compliance requirements.	We continually strive to cultivate a healthy, engaged and inclusive workforce.

Material Matters	FY2026 Achievements
Ethics and Compliance	• No reported incidents of corruption • No reported cases of employee non-compliance with the Group's AB&C policy • Reported no provisions for fines or settlements related to ESG issues in the audited financial statements for FY2026
Business Continuity and Risk Management	• Completed the climate risk stress testing ("CRST") exercise, guided by BNM's CRST 2024 Methodology Paper
Climate Change	• Relocated the Group's headquarters to Menara Alliance Bank ("MAB"), a green-certified building • Completed decarbonisation pathway for the Iron and Steel sector

SECTION B: IMPACT REPORTING

Material Matters	FY2026 Achievements
Conserving the Environment	• Established a dedicated Recycling Collection Centre in the basement of Menara Alliance Bank • Collected 150,343 kg of recyclable waste in FY2026 • Completed key energy-efficiency initiatives, including the transition to LED lighting and the installation of solar photovoltaic systems at selected premises
Talent Management	• Recognised as one of Malaysia's Most Preferred Employers at the Malaysia's 100 Leading Graduate Employers Awards 2025 • Launched the Alliance Bank Academy, a dedicated learning and development platform to support capability building and ongoing learning • Provided over 174,354 learning hours across the workforce (42.6 hours per employee on average)
Employee Engagement, Health, Safety and Well-being	• Introduced CarePlus, a refreshed medical benefits plan offering enhanced preventive health coverage, expanded screenings and greater flexibility in employee medical benefits • Achieved Sustainable Engagement Index ("SEI") score of 91% • No reported cases of non-compliance with labour standards
Diversity, Equity and Inclusion	• Women currently represent over 60% of the Group's workforce • No reported incidents of discrimination

MANAGING OUR ENVIRONMENTAL FOOTPRINT

We implement initiatives to minimise our impact on the environment.

Relevant material matters:

Climate Change	Conserving the Environment	Business Continuity and Risk Management

CULTIVATING A CULTURE ROOTED IN SUSTAINABILITY AND SHARED RESPONSIBILITY

The Group's sustainability progress is reflected in the strength of our ESG performance, demonstrated by our continued standing in the FTSE4Good ESG Rating, which places the Group among the distinguished companies in the FTSE Bursa Malaysia EMAS Index. The Group continues to keep pace with evolving regulatory reporting expectations through a structured disclosure adoption plan that assesses alignment with both mandatory requirements and leading voluntary standards. These efforts reinforce the Group's dedication to sustainable business practices, deeper ESG integration and transparent, accountable reporting to stakeholders.

Climate Risk Management Processes

The Group remains committed to addressing climate change and reducing our environmental footprint, recognising the material impact that climate-related risks can have on long-term resilience. In line with this commitment, the Group continues to strengthen our ability to identify, assess and manage climate-related impacts by embedding climate considerations within our broader risk management framework. This includes evaluating both physical and transition risks in accordance with regulatory expectations, such as Bank Negara Malaysia's Climate Change and Principles-based Taxonomy ("CCPT") and Climate Risk Management and Scenario Analysis ("CRMSA") requirements and integrating these insights into strategic planning and decision-making.

For further information on climate-related risks and opportunities, mitigation strategies, scenario analysis, stress testing, and the metrics and targets used to monitor progress, please refer to Notes 7 and 8 in Section A: IFRS SDS Disclosures on pages 76 to 99.

Efficiency-Led Decarbonisation of Operational Emissions

The Group's emissions reduction efforts are driven by a commitment to operational efficiency, responsible resource management and long-term alignment with national and global Net Zero aspirations. Our decarbonisation approach focuses on systematically lowering Scope 1 and Scope 2 emissions through improvements in building performance, the adoption of energy-efficient technologies and the integration of renewable energy solutions across our operations.

With the relocation of our headquarters to Menara Alliance Bank ("MAB") – a BCA Green Mark- and LEED-certified building equipped with modern efficiency features – we have strengthened our foundation for sustained emissions reduction. In addition to technology-driven improvements, the Group embeds responsible consumption practices across operational workflows by reducing waste, increasing recycling rates and promoting circularity principles in workplace design and procurement. These measures help minimise resource use and avoid emissions associated with waste generation, transportation and disposal.

The Group continues to enhance our emissions reduction performance through ongoing monitoring, data quality improvements and the integration of environmental metrics into operational decision-making. This includes strengthening systems and processes for tracking energy and water consumption, analysing usage patterns and identifying opportunities for incremental efficiency gains. Looking ahead, the Group remains committed to pursuing progressive emissions reduction pathways through expanded renewable energy adoption, enhanced energy management practices and continued alignment with evolving climate-related disclosure requirements. These efforts reinforce our long-term ambition to advance operational decarbonisation, build organisational resilience and contribute meaningfully to a sustainable, low-carbon future.

Relocation to Menara Alliance Bank, a Green Mark- and LEED-Certified Building

A Sustainable, Future-Ready Headquarters to Power the Group's Next Chapter

"This move marks a meaningful new chapter for Alliance Bank. More than a relocation, it's a reflection of who we are today and the Bank we are building for tomorrow – one that is bold, collaborative and purpose-led."

Kellee Kam
Group Chief Executive Officer

The building's design reinforces a vibrant and inclusive workplace culture. Featuring work cafés on every floor, a community level equipped with a gym, *surau*, nursing room and sick bay, as well as flexible collaboration and event spaces, Menara Alliance Bank functions as a "live campus" where work, connection and well-being blend seamlessly – reflecting the Group's aspiration to be The Bank For Life.

As a Green Mark- and LEED-certified building, our new headquarters incorporates a range of energy-efficient and environmentally responsible systems that help reduce Scope 1 and Scope 2 emissions while enhancing overall operational efficiency. Menara Alliance Bank integrates solar photovoltaic panels, solar-powered sky signage and furniture, energy-efficient LED lighting and digital displays, motion sensor systems, water-efficient sanitary fittings and a highly efficient Variable Refrigerant Volume ("VRV") air conditioning system that optimises cooling and lowers energy consumption.

These initiatives are complemented by circularity measures, including carpets made from recycled plastic bottles, chairs crafted from repurposed materials such as coffee grounds, rice husks and fishing nets and the upcycling of blinds from the previous headquarters into tote bags. Established in FY2026, a dedicated Recycling Collection Centre is open to building occupants and the wider community, strengthening waste segregation and promoting more sustainable habits among employees, tenants and visitors.

Operational excellence is further supported by advanced building technologies, including a Building Management System ("BMS"), AI-enabled smart lifts, an indoor navigation robot and interactive digital panels – all of which enhance energy performance, user experience and day-to-day efficiency. The headquarters also upholds high standards of indoor environmental quality through structured, preventive facilities management and periodic indoor air quality assessments. Together, these features enhance operational ESG performance and demonstrate the Group's commitment to responsible property management and long-term environmental stewardship.

SECTION B: IMPACT REPORTING

Energy Management

We continue to advance our wider energy-efficiency agenda as part of our commitment to minimise energy consumption. Following the relocation to MAB, the Group recorded a temporary increase in overall energy consumption. The increase was primarily driven by the larger floor area of MAB, inclusive of common spaces. Additional factors included the concurrent operation of both the Bank's former headquarters at Menara Multi Purpose and MAB over a four-month transition period, along with renovation works that elevated electricity consumption.

While MAB is equipped with existing solar photovoltaic panels as part of the building's infrastructure, management has also proactively installed solar photovoltaic panels at 3Alliance, our branch building, to increase renewable energy uptake and offset grid-based electricity consumption. Together, these systems – 133.88 kWp at Menara Alliance Bank and 88 kWp at 3Alliance – generate clean electricity that supports a lower-carbon energy mix and helps reduce operational emissions.

In addition to the Group's full transition to LED lighting since 2025, further targeted measures were implemented across the Group's premises, including the "Lights Off After Work" practice and the replacement of ageing air-conditioning units and electrical gensets with higher efficiency models.

We have also introduced electric vehicles ("EVs") into our fleet, reducing fuel consumption and supporting cleaner operational mobility.

To ensure transparency and accurately reflect the Group's expanded operational footprint, a revised Scope 1 and Scope 2 GHG emissions baseline is being developed. The updated baseline – expected to be completed in FY2027 – will guide future energy reduction initiatives and strengthen performance tracking.

TOTAL ELECTRICITY CONSUMPTION

FY2026
14,274,126.2 kWh

FY2025 – 13,897,767.0 kWh
FY2024 – 13,806,591.3 kWh

TOTAL ENERGY CONSUMPTION

FY2026
51,704.1 GJ

FY2025 – 50,384.8 GJ
FY2024 – 49,741.1 GJ

kWh = kilowatt hour, GJ = gigajoule

Water Management

The Group continues to enhance environmental stewardship by improving water management practices across our operations. With the relocation to Menara Alliance Bank, the Group now benefits from a comprehensive suite of water-efficient technologies designed to minimise wastage and optimise usage.

In FY2026, total water consumption amounted to 53,230.8 m³. The new headquarters is equipped with sensor-activated taps, smart flushing systems and high-efficiency sanitary fixtures that regulate water flow to reduce unnecessary consumption. Complementing these technologies is an enzyme-based grease trap system that lowers reliance on chemical treatments, promoting more environmentally responsible wastewater management.

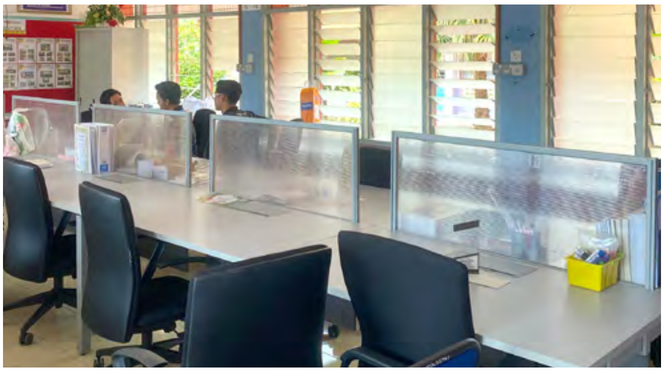
Waste Management

Launch of MAB's Recycling Collection Centre and Related Initiatives

To reinforce waste management practices, the Group established a dedicated Recycling Collection Centre in the basement of Menara Alliance Bank in FY2026. The centre functions as a central hub for segregating and responsibly disposing of recyclable materials, including paper, plastics, metals, textiles and selected e-waste, encouraging more sustainable habits among employees, tenants and visitors. Recycling bins placed at designated floors further improve accessibility and promote consistent recycling behaviour. Collectively, these initiatives enhance resource efficiency, reduce the Group's overall environmental footprint and support the Group's broader corporate social responsibility objectives.

In FY2026, the Group collected 150,343 kg of recyclable waste. In addition, nearly 200 refurbished furniture items from the previous headquarters were donated to six schools across Kuala Lumpur, Selangor and Perak, extending the positive impact of the relocation to local communities.

Refurbishment and Delivery of Furniture to Schools



During the renovation and fit-out of MAB, the Group embedded circular economy principles into construction activities by implementing structured waste segregation and recycling practices aligned with green building standards. From February to August 2025, the Group tracked approximately 194,293 kg of construction waste, of which around 49,000 kg (approximately 26%) was successfully diverted from landfill through dedicated recycling streams and responsible material handling. This robust construction waste management practice contributed meaningfully to reducing landfill impact during the transition to our new headquarters and strengthened the building's overall sustainability credentials. Throughout the construction phase, the Group generated 5.8 kg/m² of waste – well below the LEED threshold of 37.5 kg/m² – effectively surpassing the requirement.

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Sayang Green 2026 Brings Sustainability into Everyday Malaysian Life Through Simple, Practical Actions

Sayang Green 2026, a three-day sustainability showcase that took place from 16 to 18 January at IPC Shopping Centre, Petaling Jaya, was built on a simple idea: sustainability works best when it is easy, accessible and affordable.

The main focus of Sayang Green is to demonstrate how small changes in daily habits, such as reuse practices, waste reduction and more responsible consumption choices, can have a meaningful impact on the environment when carried out consistently.

From clean energy solutions, crafting functional items from recycled plastic and the introduction of refill-and-return mechanics, Sayang Green demonstrates that greener living does not require perfection, but simply a willingness to start. It reinforces the idea that real progress is driven not by a few people practising sustainability perfectly, but by many people adopting small, imperfect actions consistently.

The Group, as the partner of Sayang Green, was recognised by ASEAN Records for achieving the First Consumer Bazaar Designed with Environmentally Friendly Principles Applied Uniformly Across All Functional Zones. The recognition reflects the consistent application of sustainability principles across the planning, design and execution of the entire event experience.

As part of its carbon management approach, Sayang Green adopted cardboard-based event structures, which are lighter, modular and highly recyclable. The event's carbon footprint was calculated in accordance with ISO 14064-1, with total emissions recorded at 12.56 tCO_2e within the defined project boundary.

ENSURING AN ETHICAL WORKPLACE

We uphold the highest standards of responsible, ethical and compliant business conduct.

Ethical Business Practices

Relevant material matters:

Ethics and Compliance

The Group is committed to conducting business with the highest standards of integrity, transparency and accountability. Through robust governance frameworks, policies and controls, we foster a culture of responsibility that empowers employees to act with professionalism. These measures safeguard our people, protect the Group's reputation, strengthen stakeholder trust and support sustainable, long-term performance.

CODE OF CONDUCT

The Group's Code of Conduct sets out the standards of ethical and professional behaviour expected of all directors and employees. All individuals are required to consistently uphold and comply with applicable laws, rules and regulations relevant to their duties.

Core areas of ethical and professional behaviour outlined in the Code of Conduct include:

- Compliance with laws, regulations, internal policies and procedures
- Misuse of information and insider trading
- Avoidance of conflicts of interest
- Rejecting bribery and corruption
- Prohibition of misuse of position
- Respecting customer confidentiality and data privacy

The Board oversees compliance with the Code of Conduct. The Code is reviewed every two years, with updates incorporated to reflect evolving requirements and business needs. It is accessible to all employees via the inAlliance intranet in English. Ethics and compliance are embedded across daily operations through Code of Conduct e-learning modules, staff orientation programmes, Anti-Bribery and Corruption ("AB&C") training, virtual sessions, branch roadshows and regular staff communications via the intranet.

Whistleblowing Policy

The Group has established a Whistleblowing Policy to guide and facilitate the reporting of any misconduct, wrongdoing, or irregularities without fear of reprisal. Examples include:

- Any unlawful act, whether criminal or civil in nature
- Fraud, corruption, or bribery
- Misuse of position or information
- Profiteering from insider knowledge
- Theft or embezzlement
- Forgery or alteration of any documents belonging to the Group, customers, other financial institutions, or agents of the Group
- Harassment, discrimination and unethical conduct or behaviour

The Policy is accessible to employees through the inAlliance intranet, while a Whistleblowing Statement is published on the corporate website for external stakeholders, including vendors, contractors and customers. Reports may be submitted anonymously, with confidentiality protected where required, reinforcing the Group's commitment to transparency and accountability.

Oversight of the whistleblowing process is provided by the Group Audit Committee ("GAC"), comprising Independent Non-Executive Directors. The GAC exercises oversight over the handling of complaints and investigations. Senior executives – including the GAC Chairman, Board Chairman, Group Nomination and Remuneration Committee Chairman and Group CEO – are engaged in the process to ensure appropriate escalation to the Group's Board and relevant subsidiary boards.

For further information, please refer to the Group's Whistleblowing Statement at: https://www.alliancebank.com.my/anti-bribery-and-corruption-summary-of-policy

Consequence Management Framework

The Group enforces a comprehensive Consequence Management Framework to address instances of misconduct, negligence or breaches involving regulatory, operational or risk-related matters. The framework evaluates the nature and severity of violations and prescribes proportionate disciplinary actions in line with internal policies and external regulatory obligations.

SECTION B: IMPACT REPORTING

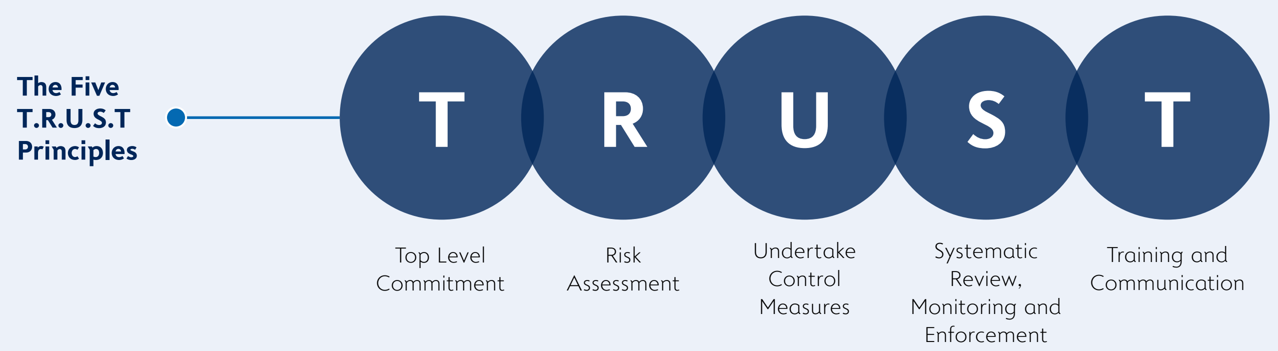
The Group adheres to our Procedures on Disciplinary Action and Disciplinary Management Policy, which guide the investigation, follow-up and resolution of non-compliance, misconduct and related matters. Cases related to regulatory, operational or risk issues are escalated to Group Compliance and/or Group Risk Management, as specified in the Code of Conduct and Compliance Guide. All complaints and cases are reported to department heads unless exceptional circumstances require alternative escalation.

Reporting Pathways for Misconduct Concerns

Secure and confidential reporting channels	Reporting externally to regulators/ enforcement authorities	Escalation, investigation and disciplinary action in accordance with the consequence management framework

Anti-Bribery and Corruption

The Group upholds a strict zero-tolerance stance against all forms of bribery and corruption, guided by the five T.R.U.S.T. principles adopted from the Malaysian Anti-Corruption Commission ("MACC") Guidelines on Adequate Procedures. These principles reinforce the Group's commitment to conducting business with integrity, professionalism, fairness and accountability.



This commitment is embedded in the Group's Code of Conduct, Anti-Bribery and Corruption ("AB&C") Policy and Gifts & Entertainment Policy, which outline minimum conduct standards and key principles for managing bribery and corruption risks across all operations. All directors and employees of the Group are required to comply with the AB&C policy.

Key principles

- Giving or receiving bribes or participating in any form of bribery and corruption in its business dealings is strictly prohibited;
- The engagements and dealings with third parties must not be for the purpose of inducing or gaining an unfair or unethical business advantage, or influencing a government or regulatory decision for the Group or for personal gain;
- The giving and receiving of gifts and entertainment, including donations and corporate sponsorships, whether directly or indirectly, with the intention to bribe, to gain an unfair or unethical business advantage, or for personal gain, is strictly prohibited; and
- Actual or potential Conflict of Interest, which could result in actual or potential bribery and corruption risk to the Group, is prohibited.

Employees can access the policies through the inAlliance intranet portal, while the AB&C Policy is also published on the corporate website for external stakeholders, including intermediaries. Suppliers and vendors are informed of our AB&C policy during the contract signing stage.

For further information on the Group's AB&C Policy, please refer to the corporate website at: https://www.alliancebank.com.my/anti-bribery-and-corruption-summary-of-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 complement the core principles of the Code of Conduct.	To protect the reputation of the Group 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 Group.	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.

The Group's AB&C Policy establishes clear requirements for due diligence when engaging with third parties, including new business partners, associated persons and customers. The Policy sets out procedures for the pre-approval and declaration of gifts and entertainment, as well as for the evaluation and approval of donations and corporate sponsorships. Any actual or suspected breaches may be reported through the Group's whistleblowing channels, in line with the Whistleblowing Policy.

Oversight of regulatory compliance, including the AB&C framework, is undertaken by the Group Risk Management Committee ("GRMC"), a Board-level committee. The Group adopts a structured and systematic bribery and corruption risk assessment methodology to identify, assess and manage potential corruption exposures across our operations.

For intermediaries such as contractors and agents, corruption risk assessments include due diligence reviews during onboarding and during the annual vendor accreditation process. Risk and Compliance Officers assess the adequacy of control measures through the Risk & Control Self-Assessment ("RCSA") process, with Group Risk Management reviewing and validating these risks as part of continuous oversight. This includes heightened scrutiny of business units or operations assessed as "high risk". The AB&C Procedures also outline Bribery and Corruption Risk Assessment Factors, providing a comprehensive framework to identify and address corruption-related risks across key activities.

We integrate AB&C principles into employee induction programmes to instil early awareness of ethical standards. Policy updates are communicated regularly through engagement initiatives, including training sessions. Directors and employees are required to complete AB&C training tailored to their roles, operational context and legal jurisdictions. To reinforce accountability, all employees and directors are required to complete annual AB&C training through an e-learning module, with a minimum passing score of 70%. All employees, including clerical and non-clerical staff, have access to the training.

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	Scenarios and case studies

SECTION B: IMPACT REPORTING

In FY2026, a total of 9,685 training hours by 3,874 employees were recorded for anti-bribery and corruption training, underscoring the Group's commitment to raising awareness among employees.

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

Money laundering, terrorism financing and proliferation financing continue to pose significant and evolving threats to the global financial system. These risks are amplified by rapid technological advancements, accelerating digitalisation and increasing cross-border financial flows. In this environment, the Group maintains a robust and adaptive control environment, continuously strengthening our governance, processes and technology to ensure resilience against emerging typologies and evolving regulatory expectations.

The Group's Anti-Money Laundering, Counter Financing of Terrorism and Counter Proliferation Financing ("AML/CFT/CPF") Framework is designed to meet all applicable regulatory requirements and is aligned with international standards, including the Financial Action Task Force ("FATF") Recommendations. The Framework establishes clear responsibilities, risk-based controls and systematic monitoring processes to detect, prevent and report illicit financial activity, forming an integral part of our enterprise-wide risk management approach.

The Group implements comprehensive customer due dilligence ("CDD") measures to verify the identity of customers, beneficial owners and connected parties. These measures include customer identification, verification using reliable independent sources and understanding the nature and purpose of customer relationships. For higher risk segments, such as politically exposed persons ("PEPs"), non-resident customers, complex structures, or high-risk industries, we apply Enhanced Due Diligence ("EDD") measures, which include deeper background checks, senior management approval and ongoing enhanced monitoring. CDD and EDD processes are applied throughout the customer lifecycle, from onboarding to periodic and event-driven reviews, ensuring that risk profiles remain accurate and up to date.

The framework ensures that employees:

- Carry out effective customer due diligence during the 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.

The Group remains committed to upholding the highest standards of compliance in relation to AML/CFT/CPF. Robust safeguards are in place to prevent money laundering, terrorism financing and proliferation financing ("ML/TF/PF"), ensuring that the Group is not misused as a conduit for financial crime. Throughout the year, the Group continued to strengthen our control environment through enhancements to sanctions screening processes and the ongoing deployment of advanced technology solutions designed to improve detection, monitoring and overall compliance effectiveness.

The Group mandates annual AML/CFT/CPF e-learning for all employees, including directors and senior management. A minimum passing score of 70% is required to ensure adequate understanding of regulatory obligations and internal policies. In FY2026, the Group achieved 9,695 AML/CFT training hours, completed by over 3,878 employees, demonstrating sustained commitment to capability building across the organisation. Importantly, no employees were disciplined or dismissed for non-compliance with AML/CFT/CPF requirements during the reporting year, reflecting the effectiveness of the Group's compliance culture, internal controls and ongoing monitoring mechanisms.

FOSTERING A SAFE, INCLUSIVE AND FUTURE-READY WORK ENVIRONMENT

We continually strive to cultivate a healthy, engaged and inclusive workforce that is future-ready.

Cultivating a Future-Ready and Agile Workforce

Relevant material matters:

Talent Management

LABOUR STANDARDS AND FAIR EMPLOYMENT

The Group upholds strong labour standards to ensure fair, safe and supportive working conditions for all employees. The Group complies with all applicable labour and industrial relations laws, promotes ethical employment practices and fosters an environment where employee well-being and growth are prioritised.

The Group remains committed to maintaining competitive total annual wages that reflect market benchmarks and rising cost-of-living conditions. All employees receive salaries above Malaysia's minimum wage, reflecting the Group's commitment to equitable pay. In FY2026, the Group implemented a shareholder-approved Long-Term Incentive Plan ("LTIP") that supports the alignment of remuneration outcomes with long-term performance and the Group's long-term objectives.

Recognising that employee well-being is fundamental to sustainable performance, the Group continues to cultivate a supportive and balanced workplace. It prioritises work–life harmony, psychological safety and overall wellness through flexible work options, comprehensive wellness programmes and equitable employment practices. These measures ensure employees feel supported and able to thrive both personally and professionally.

OUR EMPLOYEE VALUE PROPOSITION

Our Employee Value Proposition – INSPIRE – is our unique brand promise and recognition of our current and potential employees for their contributions and dedication to our organisation.

The Group is guided by a collective desire to make a positive impact on our colleagues, customers and the communities we serve. We are differentiated by our ability and belief to be fast and responsive with a challenger mindset, playing to win and committed to inspiring our team to dream bigger, reach higher and make a meaningful impact in both their careers and personal lives.

INSPIRE encompasses three interweaving threads – Culture, Career and Well-being – that enable us to attract, engage and retain talent towards fulfilling our aspirations of becoming an employer of choice.

Culture

Our culture reflects who we are as an organisation, strengthening organisational pride and connection by activating our shared identity, fostering inclusion and building a recognition-driven environment where employees feel genuinely valued and united. We celebrate diversity, appreciating our people and remain committed to shaping a responsible future.

These values are brought to life at our new headquarters, Menara Alliance Bank, which features a community floor with a gym, training rooms, a multi-purpose room and open communal space designed to foster collaboration and connection.

We marked several inaugural moments in our new building, including Human Resource Open Day, International Men's Day, as well as Technology Day, Sustainability Week and International Women's Day, featuring our first-ever fireside chat in the new amphitheatre alongside other activities.

Together, these initiatives help foster an inspiring, purpose-driven culture that binds us together.

SECTION B: IMPACT REPORTING

Career

We empower growth by providing structured learning pathways, future-ready skills development and targeted programmes that help employees build meaningful, sustainable careers.

Our Alliance Bank Academy delivers a comprehensive suite of internal, leadership development and external programmes to support continuous learning and career progression.

Structured leadership programmes such as the Premier Talent Programme ("PTP"), Emerging Talent Programme ("ETP"), People Manager Programme ("PMP"), Aspiring Manager Programme ("AMP") and the Alliance Mentoring Programme provide clear leadership pathways across the organisation.

To further strengthen our internal capabilities and deepen technical expertise, we offer role-specific professional certifications such as the Alliance Islamic Finance ("ALIF") Certification, Internal Trade Certification ("ITC") and Commercial Banker Certification. These programmes equip our employees with specialised knowledge, industry-relevant competencies and practical skills essential for delivering.

Well-being

Our employees are the backbone of our organisation and their well-being remains a key priority. We promote holistic wellness through initiatives to support physical, mental, social and financial well-being, enabling employees to remain resilient and perform at their best.

Our well-being approach is supported by a range of programmes across these areas, complemented by flexible work arrangements to help employees balance professional responsibilities with personal commitment, contributing to a more supportive and inclusive work environment.

Employees also build meaningful connections within the organisation and the wider community through Fit@Alliance and Sports Club activities, as well as volunteering initiatives. Throughout the year, we continued to roll out initiatives including monthly webinars, the Activ@Work Step Challenge with PERKESO and the Ironman Challenge.

Additionally, our inaugural Journey to a Healthier You programme enabled employees to develop personalised 10-week plans tailored to their individual health goals.

HR Excellence Award

The HR Excellence Award is a prestigious platform that celebrates and recognises outstanding achievements and innovations in human resources management across Malaysia. In 2025, we achieved:

Gold:
Employer of the Year
Excellence in Workplace Culture

Silver:
Excellence in Workplace Well-being

These significant achievements reflect the Group's commitment to excellence across multiple aspects of HR management and are a testament to our people-first strategy, where our employees always come first.

Alliance Bank Recognised Among Malaysia's Most Preferred Graduate Employers

The Group is honoured to be recognised as one of Malaysia's Most Preferred Employers at the prestigious Malaysia's 100 Leading Graduate Employers Awards 2025. In FY2026, we achieved:

- 4th Most Preferred Graduate Employer (Overall Ranking)
- 1st Runner-Up in the Banking Sector

We have moved up from last year's rankings (5th Overall and 2nd Runner-Up in the Banking Sector), reflecting our continued commitment to building a strong employer brand and creating a workplace where talent thrives.

The Malaysia's 100 Leading Graduate Employers Awards is based on votes from over 50,000 students nationwide, making it one of the most credible benchmarks for graduate recruitment trends in Malaysia.

Securing a position among the top employers demonstrates that the Group is recognised as an organisation offering meaningful career opportunities, a supportive workplace culture and clear pathways for professional growth. This achievement underscores our ongoing commitment to attracting, developing and retaining the best talent.

SECTION B: IMPACT REPORTING

RECRUITMENT, PERFORMANCE MANAGEMENT AND CAREER DEVELOPMENT

The Group remains committed to fair, transparent and merit-based recruitment and performance management practices. As an equal opportunity employer, the Group ensures that hiring decisions are free from discrimination based on nationality, race, religion, gender, age, sexual orientation, or disability, while remaining dedicated to providing employment opportunities to local talent.

To uphold objectivity and fairness, recruitment processes incorporate multi-stage assessments involving interviewers from diverse backgrounds. This structured approach enables a balanced evaluation of candidates' competencies and behaviours while minimising potential bias. The Group remains steadfast in valuing professionalism and merit, providing equal access to employment opportunities for all qualified candidates.

Performance management is anchored on clearly defined behavioural and professional criteria to ensure consistent and equitable evaluations. Promotion and remuneration decisions undergo a structured review by a diverse senior management committee, reinforcing impartiality and safeguarding alignment with the Group's strategic priorities.

The Group continues to prioritise internal career progression by ensuring employees have access to development opportunities that support long-term growth. Internal candidates are given precedence for openings and promotions, supported by structured training and development initiatives. The Alliance Mentoring Programme further complements these efforts by connecting emerging talent with senior leaders for guidance, knowledge sharing and career support, strengthening leadership readiness and supporting a collaborative learning culture.

SHAPING OUR FUTURE WORKPLACE

The Group remains committed to developing a sustainable talent pipeline by supporting youth employability and equipping young Malaysians with future workplace-ready skillsets through structured programmes and community-focused initiatives.

In FY2026, we hired more than 60 young graduates under our Structured Internship Programme, offering practical exposure to the banking environment, hands-on experience and professional mentoring. The programme achieved a satisfaction rate of over 90% based on the FY2026 internship satisfaction survey, supporting both pre- and post-graduation career readiness.

To broaden outreach and improve access to opportunities, we actively collaborated with higher education institutions, participating in more than 40 university and public career fairs and delivering career talks on employability skills, industry trends and expectations within the financial sector.

Further supporting youth development, we organised the Business Pitch Challenge, providing students with opportunities to cultivate entrepreneurial thinking, creativity and presentation skills, reinforcing our commitment to developing future-ready talent and contributing to community development.

LEARNING AND DEVELOPMENT

The Group promotes a culture of continuous learning by providing development opportunities that empower employees to take ownership of their professional growth. Our training and development agenda focuses on equipping employees with relevant skills and knowledge to thrive in a rapidly evolving banking landscape, supported by structured learning pathways, leadership development and skills-building initiatives.

Training participation, learning outcomes and programme effectiveness are regularly monitored to ensure quality, relevance and continuous enhancement. These ongoing efforts support the development of a high-performing workforce that remains agile and equipped to meet evolving business needs.

As part of our commitment to strengthening enterprise-wide ESG capabilities, the Group mandates completion of a Sustainability e-learning module for all employees. This ensures that every staff member possesses foundational ESG knowledge, reinforcing the Group's commitment to embed sustainability into daily operations and organisational culture.

Total training hours in FY2026

174,354 hours

Average training hours per employee in FY2026

42.6 hours

An overview of some of the key programmes available to our employees:

Power Skills Programmes

In FY2026, Alliance Bank delivered a comprehensive bank-wide learning calendar structured around 12 Power Skills, covering leadership, digital fluency, analytics, governance, innovation and employee well-being. Key programmes included Data Analytics and Digital Fluency courses such as Power BI, Excel, SQL for Data Analysis, Power Automate Essentials, fintech, cybersecurity and emerging banking technologies to strengthen data-driven capabilities. Leadership, influence, communication and coaching programmes were conducted to build adaptive, resilient and people-centric leaders across the organisation.

The calendar also addressed risk governance, financial literacy, sustainability and mental well-being, supporting holistic workforce development. Collectively, these programmes enhanced organisational capability, supported business transformation and reinforced a culture of continuous learning.

Alliance Islamic Finance (“ALIF”) Programme

Developed exclusively with the Islamic Banking and Finance Institute Malaysia (“IBFIM”) for AIS, it strengthens technical and Shariah-based competencies in credit and risk management. Aligned with Bank Negara Malaysia’s Future Skills Framework and the Financial Sector Blueprint 2022–2026, the programme supports workforce upskilling and agility while reinforcing our commitment to building future-ready talent under our brand promise, The Bank For Life.

More than
50
participants have been enrolled for the certification and are expected to complete in FY2027

Internal Credit Certification for Commercial RMs

The Internal Credit Certification for Commercial RMs aims to enhance the relationship manager’s knowledge and skills in delivering progressive customer relationship management practices, enabling them to retain existing customers and acquire new customers.

More than
10
participants completed the certification

Internal Trade Certification (“ITC”)

The ITC equips employees with practical knowledge and skills in trade finance facilities and services to support overseas business expansion, enhance cash flow and profitability and strengthen trade capabilities in line with industry standards recognised by The London Institute of Banking & Finance (“LBIF”).

More than
19
participants completed the certification

Overall satisfaction rate
95%

Internal programmes delivered
338

SECTION B: IMPACT REPORTING

Alliance Bank Academy

> **The launch of the Alliance Bank Academy represents a pivotal step in strengthening our future-ready workforce. It provides structured, high-quality learning pathways that enable our people to deepen their skills, build leadership capabilities and contribute with greater impact to the Bank's long-term growth and success.**
>
> **Tan Mui Sim,**
> Chief Human Resource Officer

A significant milestone in FY2026 was the launch of the Alliance Bank Academy, the Group's central platform for capability building and leadership development. The Academy brings together all learning initiatives under a unified, structured framework that supports employees across various stages of their career journey. The programmes span three key domains – Internal Programmes, Leadership Development and External Programmes – enabling employees to build technical competencies, enhance behavioural skills and pursue relevant industry certifications.

Through the Academy, employees gain access to curated training designed to enhance role effectiveness and support evolving business priorities. Leadership development continues to be a key focus, with programmes such as the Aspiring Manager Programme and People Manager Programme strengthening readiness for people-leadership roles and fostering a high-performance team culture. Programme quality is maintained through post-training evaluations that assess content relevance, trainer effectiveness and practical application, guiding ongoing refinement.

SUCCESSION PLANNING

The Group maintains a succession planning framework for senior leadership and critical roles to strengthen our leadership pipeline and mitigate key-person risks. Talent reviews are conducted regularly to identify high-potential employees, assess readiness levels and map successors to key positions.

Successors are developed through targeted interventions such as leadership development programmes, stretch assignments, mentoring and cross-functional exposure. This structured approach ensures the Group has capable, future-ready leaders who can support long-term business continuity and growth.

CARING FOR OUR EMPLOYEES' WELL-BEING

Relevant material matters:

Employee Engagement	Health, Safety and Well-being

OUR PEOPLE – THE HEART OF ALLIANCE BANK

The Group continues to foster an engaged, empowered and purpose-driven workforce. The workplace culture is anchored by the Alliance DNA, which brings together the Group's Vision, Mission, Customer Promise and AGILE values – Accountability, Growth-Driven, Integrity, Leadership and Excellence. These principles guide how the Group communicates, collaborates and upholds a positive workplace culture. Our efforts prioritise clear communication, employee satisfaction and workplace diversity, supported by engagement initiatives and wellness programmes that foster transparency, enhance employee experience and boost productivity.

In FY2026, following the Group's relocation to Menara Alliance Bank, significant focus was placed on preparing employees for the transition to an agile and flexible workplace designed to enhance collaboration and drive innovation. Engagement efforts ensured that employees were equipped to embrace new ways of working and felt supported throughout the transition.

LISTENING TO OUR PEOPLE

Voice of Employee ("VOE")

The Group actively listens to insights from our annual VOE survey to understand employee needs and strengthen engagement initiatives, as well as areas of confidence. The survey plays an important part in shaping strategies that enhance the overall employee experience and ensure employees feel heard and supported.

Key highlights from the survey include:

82%
of employees responded favourably to the well-being index

87%
of employees were able to balance their work and personal commitments

92%
Sustainability Index Score, reflecting employee awareness of the Group's ESG goal and their roles and interest towards contributing towards the Group's sustainability agenda

92%
of employees perceive the workplace as inclusive, non-discriminatory and supportive of advancement regardless of personal identity

85%
of employees trust the whistleblowing process within the Group without fear of reprisal and feel safe to speak up

89%
of employees have confidence in their career development opportunities

Employee Engagement Committee

The Group supports divisional engagement through annual budgets allocated for team activities. These initiatives are coordinated by the Employee Engagement Committee, comprising employees selected by senior management. The Committee also reviews and acts on feedback from employee surveys to improve workplace experience.

In FY2026, the Committee supported over 80 engagement activities across the Group, fostering stronger connections, collaboration and team cohesion.

SECTION B: IMPACT REPORTING

Sustainability Engagement Initiatives

In FY2026, the Group continued efforts to raise sustainability awareness and encourage employee participation in ESG initiatives. Activities included:

Sustainability webinars	A Paper Reduction Campaign across our headquarters and 3Alliance
Sustainability Week	Volunteering activities such as soup kitchen programmes and clothes donation drives
'Lights-off' after Office Hours	Launch of the Recycling Collection Centre at Menara Alliance Bank to encourage daily recycling habits among employees
Recycling and environmental activities through the Sports Club	

These initiatives build on previous sustainability engagement initiatives such as recycling drives, composting and plant nursery workshops and community support initiatives, demonstrating the Group's ongoing commitment to environmental stewardship and community impact.

CHAMPIONING OUR EMPLOYEES' HEALTH AND WELL-BEING

Employee well-being continues to be a core component of the Group's priorities. The Group emphasises maintaining healthy work-life integration and encouraging positive lifestyle habits to cultivate a resilient and supportive work environment. Through the Fit@Alliance programme, employees are supported across four well-being dimensions – physical, mental, financial and social.

Throughout FY2026, the Group expanded our well-being initiatives with targeted programmes, wellness challenges and strategic partnerships designed to enhance employee health and overall quality of life.

Key Fit@Alliance Initiatives in FY2026:

Activ@Work Challenge ("AWC") 2025	Health & Wellness Day 2025
Ironman Challenge 2025	Weight Management Programme
Weekly Exercise Classes	Wellness Webinars
Partnerships Supporting Employee Health	

FY2026 Refreshed Health Care Benefits – Alliance CarePlus

We provide comprehensive health care benefits to all full-time employees, reflecting our commitment to safeguarding employee well-being and supporting long-term health outcomes. In FY2026, the Group introduced CarePlus, a refreshed medical benefits plan aimed at strengthening preventive healthcare, promoting early intervention and supporting overall employee well-being. All new joiners in the Management Staff category are enrolled under CarePlus, while existing employees on legacy plans were given the option to transition to the refreshed medical benefits plan.

Leave Benefits

To support employees through significant life events and personal needs and continuous development, the Group provides comprehensive leave benefits, including maternity, paternity, study and examination leave. These policies help employees balance work commitments with family responsibilities, personal well-being and professional development.

Health and wellness	Family support	Personal growth
• Annual leave • Medical leave • Hospitalisation leave • Birthday leave	• Marriage leave • Maternity leave • Paternity leave • Compassionate leave	• Examination leave • Study leave

HEALTH AND SAFETY

The Group places the highest priority on protecting the health and safety of our employees, customers and the communities we serve. This commitment is anchored in a comprehensive Occupational Safety and Health ("OSH") Policy, applicable to all employees and subcontractors and aligned with Malaysia's Occupational Safety & Health Act 1994. The Policy outlines standards and procedures to prevent workplace hazards and maintain a safe and respectful environment across operations.

Strong OSH governance is supported through branch-level OSH Committees managing location-specific safety matters, complemented by a Central OSH Committee providing Group-wide oversight. These committees regularly review safety risks, monitor compliance, implement preventive measures and investigate reportable incidents. During the year, professional oversight was further strengthened through the appointment of a certified Safety and Health Officer registered with the Department of Occupational Safety and Health ("DOSH"), with timely reporting made to DOSH to reinforce transparency and accountability.

Robust safety measures are maintained across all premises, supported by OSH training covering safety protocols, hazard identification and emergency response procedures. Workplace harassment workshops further reinforced a respectful, inclusive and safe working environment.

Through strengthened policies, governance and capability-building initiatives, the Group remains committed to fostering a workplace where employees can perform their duties confidently and safely.

No	0.00
incidents of work-related fatalities	lost time injury rate

SECTION B: IMPACT REPORTING

LABOUR AND HUMAN RIGHTS

The Group is firmly committed to upholding human rights within the organisation, consistent with the principles of the UN Global Compact, the Association of Banks in Malaysia ("ABM") and Malaysian labour laws. The stance on labour-related human rights issues is embedded across our policies, practices and operations.

No

reported substantiated complaints concerning human rights

Child Labour

The Group strongly opposes all forms of child labour and the exploitation of young persons in any aspect of its operations. It maintains a strict prohibition on employing individuals under the age of 18, in line with the Children and Young Persons (Employment) Act 1966 and relevant Labour Regulations.

Key commitments include:

- No employment of individuals under 18
- Internships or attachments involving individuals under 18 must strictly comply with applicable legislations
- Extension of the Group's child labour prohibition to suppliers and vendors through the ESG Supplier Self-Assessment Questionnaire ("SAQ")

These commitments are publicly disclosed on the Group's website.

Forced or Compulsory Labour

The Group maintains a zero-tolerance stance on forced or compulsory labour, including bonded, indentured, or trafficked labour. Employment is based on voluntary acceptance of terms and is compliant with Malaysian laws on working hours and overtime. We fully comply with all relevant national laws regarding working hours and overtime compensation, with the goal of eliminating excessive working hours.

In FY2026, ESG screenings through the ESG Service Provider SAQ identified no significant risks or incidents of forced or compulsory labour.

Freedom of Association

The Group acknowledges and respects employees' constitutional right to freedom of association. Employees are free to form and join trade unions and we comply with all relevant national labour laws.

Right to Collective Bargaining

The Group adheres to the Industrial Relations Act 1967, Trade Unions Act 1959 and Employment Act 1955 and supports employees' rights to collective bargaining.

The Group is party to four collective agreements, covering:

- Non-Clerical employees
- Clerical employees
- Special Grade Clerks/Financial Services Enablers/Sales & Service Non-Executive
- Officers

Workplace Harassment and Discrimination

The Group maintains comprehensive guidelines and policies to ensure a safe and respectful workplace, including the:

- Occupational Safety and Health ("OSH") Policy
- Guidelines on Workplace Harassment and Discrimination
- Whistleblowing Policy

These frameworks reinforce the Group's commitment to preventing harassment, discrimination and misconduct and provide employees with safe channels to raise concerns.

CREATING A FAIR AND INCLUSIVE WORK CULTURE

Relevant material matters:

Diversity, Equity and Inclusion

The Group is committed to cultivating a diverse, equitable and inclusive workplace where all employees feel respected, valued and empowered to thrive. The Group believes that diversity of backgrounds, experiences and perspectives strengthens our ability to innovate, collaborate and deliver sustainable long-term value.

The commitment is embedded in the Group's Sustainability Framework, which reinforces our position as an equal opportunity employer and guides how we recruit, develop and engage our people to ensure fair access to growth and advancement opportunities.

UPHOLDING A SAFE, RESPECTFUL AND HARASSMENT-FREE WORKPLACE

To maintain a workplace grounded in respect and dignity, the Group upholds a zero-tolerance stance towards discrimination and harassment. This is reinforced through the Guidelines on Workplace Harassment & Discrimination ("Guidelines"), which clearly outline expected conduct, prohibited behaviours, reporting channels, investigation procedures and the responsibilities of employees and supervisors. The Guidelines are accessible to all employees through internal communications and the inAlliance intranet portal, ensuring ongoing visibility and awareness.

All new hires, including Managers, undergo mandatory onboarding training on identifying, addressing and reporting harassment and discrimination, equipping them with the knowledge and confidence to contribute to a safe, respectful and supportive workplace culture from the outset.

EMBEDDING DIVERSITY, EQUITY, AND INCLUSION ("DEI") IN OUR PEOPLE AND CULTURE

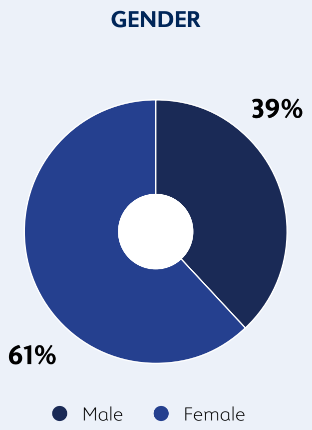
The Group integrates DEI principles across the employee lifecycle to ensure fair, transparent and merit-based opportunities for all. Recruitment and career progression decisions are guided by structured behavioural and professional criteria, supported by multi-stage interviews involving diverse stakeholders and reviewed by a diverse senior management committee. The Group upholds non-discriminatory practices in all employment decisions and continues refining our HR processes to ensure equitable access to growth and development.

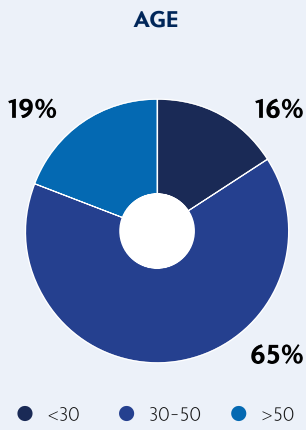
A sense of belonging is fostered through cultural appreciation initiatives aligned with major festivals, including festival advances. Divisional Employee Engagement Committees further support inclusivity through ground-level initiatives that reflect the needs and diversity of each division.

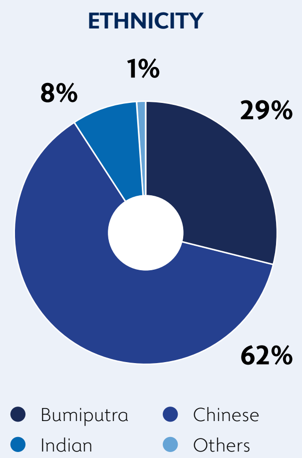
SECTION B: IMPACT REPORTING

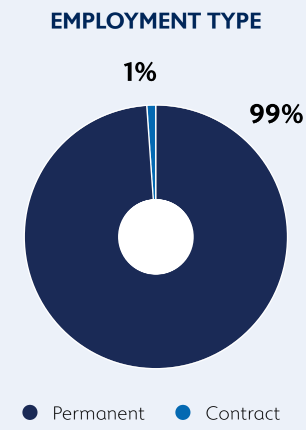
COMPOSITION OF THE GROUP'S WORKFORCE

To further demonstrate our commitment to DEI, we regularly monitor our workforce composition to understand representation trends and ensure that our people practices support a balanced and inclusive organisation. The diversity of the Group's workforce is presented below.









In FY2026, the Group recorded a favourable score of 92% in the DEI dimension of our Voice of Employee survey, reflecting continued confidence in our inclusive work culture.

APPENDIX

BURSA MALAYSIA PRESCRIBED TABLE

ALLIANCE BANK MALAYSIA BERHAD

IFRS S2

Date & Time: 2026-05-25_12:17:23

Main Market | Group 1 | FYE 31/03/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Climate Change	Scope 1 GHG Emissions	tCO2e	202.4	227.5	—	External (Limited)
Climate Change	Scope 2 GHG Emissions (Location-based)	tCO2e	9,830.5	10,078.6	—	External (Limited)
Climate Change	Scope 3 GHG Emissions (Category 6: Business Travel)	tCO2e	632.8	624.6	—	No assurance
Climate Change	Scope 3 GHG Emissions (Category 7: Employee Commuting)	tCO2e	5,606.1	5,167.0	—	No assurance
Climate Change	Cumulative New Sustainable Banking Business mobilised	RM billion	14.4	16.0	RM17 billion by FY2028	External (Limited)

This report was generated on the Bursa Malaysia CSI Platform on 2026-05-25_12:17:23

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PERFORMANCE DATA TABLE

Indicators		Unit	FY2024	FY2025	FY2026
Economic/Governance					
Customer Data Privacy					
Total number of substantiated complaints concerning breaches of customer privacy		No.	2	0	3
Total number of account holders affected by identified leaks, thefts, or losses of customer data		No.	2	0	0
Ethics and Compliance					
Percentage of operations assessed for corruption-related risks[1]		%	24%	25%	100%
Reported 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
Number of non-compliance incidents in relation to labour standards		No.	0	0	0
Cost of fines, penalties, or settlements in relation to corruption		RM	0	0	0
Provisions for fines and settlements specified for ESG issues in audited accounts		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	0	0	0
Total amount of political contributions made		RM	0	0	0
Environmental					
Climate Change					
Total energy consumption		Gigajoules	49,741.1	50,384.8	51,704.1
Total electricity consumption		kWh	13,806,591.3	13,897,767.0	14,274,126.2
Direct GHG emissions (Scope 1)		tCO_2e	25.5	202.4	227.5
Indirect GHG emissions (Scope 2) (location-based)		tCO_2e	9,766.1	9,830.5	10,078.6
Other Indirect GHG emissions (Scope 3) - Business Travel		tCO_2e	680.7	632.8	624.6
Other Indirect GHG emissions (Scope 3) - Employee Commuting		tCO_2e	N/A	5,606.1	5,167.0
Social					
Diversity, Equity and Inclusion					
Total number of employees		No.	3,999	3,916	4,096
Percentage of employees by gender	Male	%	38%	38%	39%
	Female	%	62%	62%	61%
Percentage of women in the global workforce[2]		%	62%	62%	61%
Percentage of employees who are contractors or temporary staff		%	1%	1%	1%
Percentage of global staff with a disability[2]		%	0.05%	0.05%[3]	0.07%
Talent Management					
Total training hours		Hours	147,377	169,186	174,354
Average training per employee		Hours	36.9	43.2	42.6
		Days[4]	4.6	5.4	5.3
Employee turnover rate		Rate	0.15	0.15	0.14

1 *The Group successfully completed the Alliance Bank Group Bribery & Corruption Risk Assessment ("BCRA") in FY2026.*
2 *The Group's operations are entirely based in Malaysia.*
3 *FY2025 figure has been restated due to a rounding error.*
4 *One working day is defined as 8 hours.*

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GRI CONTENT INDEX

Statement of use	The Group has reported the information cited in this GRI Content Index for the period 1 April 2025 to 31 March 2026 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	GRI Disclosure		Location
GRI 2: General Disclosures 2021	**The Organisation and its reporting practices**		
	2-1	Organisational details	Page 3: Corporate Profile
	2-2	Entities in the organisation's sustainability reporting	Page 61: Overview of the Group and Value Chain
	2-3	Reporting period, frequency and contact point	Page 54: Our Sustainability Statement, Introduction
	2-4	Restatements of information	Page 54: Our Sustainability Statement, Introduction
	2-5	External assurance	Page 177: Statement of Assurance
	Activities and Workers		
	2-6	Activities, value chain and other business relationships	Page 61: Overview of the Group and Value Chain
	2-7	Employees	Page 162: Caring for our Employees' Well-Being Page 167: Creating a Fair and Inclusive Work Culture
	2-8	Workers who are not employees	Page 167: Creating a Fair and Inclusive Work Culture
	Governance		
	2-9	Governance structure and composition	Page 71: Sustainability Governance
	2-10	Nomination and selection of the highest governance body	Page 180: Corporate Governance Overview Statement
	2-11	Chair of the highest governance body	Page 180: Corporate Governance Overview Statement
	2-12	Role of the highest governance body in overseeing the management of impacts	Page 71: Sustainability Governance
	2-13	Delegation of responsibility for managing impacts	Page 71: Sustainability Governance
	2-14	Role of the highest governance body in sustainability reporting	Page 71: Sustainability Governance
	2-15	Conflicts of interest	Page 180: Corporate Governance Overview Statement
	2-16	Communication of critical concerns	Page 223: Statement on Risk Management and Internal Control, Risk Management
	2-17	Collective knowledge of the highest governance body	Page 71: Sustainability Governance
	2-18	Evaluation of the performance of the highest governance body	Page 180: Corporate Governance Overview Statement

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GRI CONTENT INDEX

GRI Standard	GRI Disclosure		Location
GRI 2: General Disclosures 2021	2-19	Remuneration policies	Page 180: Corporate Governance Overview Statement Page 71: Sustainability Governance
	2-20	Process to determine remuneration	Page 180: Corporate Governance Overview Statement
	2-21	Annual total compensation ratio	Page 180: Corporate Governance Overview Statement
	Strategy, policies and practices		
	2-22	Statement on sustainable development strategy	Page 61: Overview of the Group and Value Chain
	2-23	Policy Commitments	Page 120: The Sustainable Product Framework Page 166: Labour and Human Rights
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	Page 153: Ethical Business Practices
	2-26	Mechanisms for seeking advice and raising concerns	Page 153: Ethical Business Practices
	2-27	Compliance with laws and regulations	Page 153: Ethical Business Practices Page 157: Future-Ready and Agile Workforce Page 166: Labour and Human Rights
	2-28	Membership Associations	Page 112: Memberships In Associations
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Page 108: Key Stakeholder Engagement
Economic/Governance			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 100: Impact Materiality Assessment
	3-2	List of material topics	Page 100: The Group's Sustainability Approach
GRI 201: Economic Performance 2016	3-3	Management of material topics	Page 103: The Group's Material Sustainability Matters
	201-1	Direct economic value generated and distributed	Page 129: Delivering Economic Value

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GRI Standard	GRI Disclosure		Location
Economic/Governance			
GRI 203: Indirect Economic Impacts 2016	3-3	Management of material topics	Page 120: Integrating Sustainable and Responsible Financing Page 141: Corporate Social Responsibility Page 144: Fostering Financial Well-being Among Communities
	203-1	Infrastructure investments and services supported	
	203-2	Significant indirect economic impacts	
GRI 204: Procurement Practices 2016	3-3	Management of material topics	Page 139: Embedding a Sustainable Supply Chain
	204-1	Proportions of spending on local suppliers	
GRI 205: Anti-Corruption 2016	3-3	Management of material topics	Page 153: Ethical Business Practices
	205-1	Operations assessed for risk related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
Environmental			
GRI 302: Energy 2016	3-3	Management of material topics	Page 148: Managing Our Environmental Footprint
	302-1	Energy consumption within the organisation	
	302-4	Reduction of energy consumption	
GRI 303: Water and Effluents 2018	3-3	Management of material topics	Page 148: Managing Our Environmental Footprint
	303-5	Water consumption	
GRI 305: Emissions 2016	3-3	Management of material topics	Page 148: Managing Our Environmental Footprint
	305-1	Direct (Scope 1) GHG emissions	Page 80: Section A Note 7.2.1: Metrics and targets
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	Page 80, 86: Section A Note 7.2.1 and 7.2.2: Metrics and targets
	305-5	Reduction of GHG emissions	Page 80, 86: Section A Note 7.2.1 and 7.2.2: Metrics and targets Page 148: Managing Our Environmental Footprint
GRI 306: Waste 2020	3-3	Management of material topics	Page 148: Managing Our Environmental Footprint
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
GRI 308: Supplier Environment Assessment	3-3	Management of material topics	Page 139: Embedding a Sustainable Supply Chain
	308-1	New suppliers that were screened using environmental criteria	
	308-2	Negative environmental impacts in the supply chain and actions taken	

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GRI CONTENT INDEX

GRI Standard	GRI Disclosure		Location
Social			
GRI 401: Employment 2016	3-3	Management of material topics	Page 157: Fostering a Safe, Inclusive and Future-Ready Workplace
	401-1	New employee hires and employee turnover	Page 170: Performance Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employee	Page 162: Caring for Our Employees' Well-Being
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	Page 162: Caring for Our Employees' Well-Being
	403-1	Occupational health and safety management system	
	403-2	Hazard identification, risk assessment and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
	403-10	Work-related ill health	
GRI 404: Training and Education 2016	3-3	Management of material topics	Page 157: Cultivating a Future-Ready and Agile Workforce
	404-1	Average hours of training per year per employee	
	404-2	Programmes for upgrading employee skills and transition assistance programmes	
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	Page 157: Fostering a Safe, Inclusive and Future-Ready Workplace
	405-1	Diversity of governance bodies and employees	Page 167: Creating a Fair and Inclusive Work Culture
GRI 406: Non-Discrimination 2016	3-3	Management of material topics	Page 166: Labour and Human Rights
	406-1	Incidents of discrimination and corrective actions taken	
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics	Page 166: Labour and Human Rights
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labor 2016	3-3	Management of material topics	Page 166: Labour and Human Rights
GRI 409: Forced or Compulsory Labor 2016	3-3	Management of material topics	Page 166: Labour and Human Rights

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GRI Standard	GRI Disclosure		Location
Social			
GRI 413: Local Communities 2016	3-3	Management of material topics	Page 141: Corporate Social Responsibility Page 144: Fostering Financial Well-being Among Communities Page 148: Managing Our Environmental Footprint
	413-1	Operations with local community engagement, impact assessments and development programmes	
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics	Page 139: Embedding a Sustainable Supply Chain
	414-1	New suppliers that were screened using social criteria	
	414- 2	Negative social impacts in the supply chain and actions taken	
GRI 417: Marketing and Labelling 2016	3-3	Management of material topics	Page 128: Enhancing Customer Satisfaction through Trust and Fair Treatment
	417-1	Requirement for product and service information and labelling	
GRI 418: Customer Privacy 2016	3-3	Management of material topics	Page 128: Strengthening Cybersecurity and Data Protection Controls
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	

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SASB CONTENT INDEX

Metric	Category	Category	Location
Data Security			
(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	Quantitative	FN-CB-230a.1	Page 170: Customer Data Privacy
Description of approach to identifying and addressing data security risks	Discussion and Analysis	FN-CB-230a.2	Page 128: Safeguarding Customer Data
Financial Inclusion and Capacity Building			
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	FN-CB-240a.4	Page 144: Fostering Financial Well-being Among Communities
Incorporation of Environmental, Social and Governance Factors in Credit Analysis			
Description of approach to incorporation of environmental, social and governance ("ESG") factors in credit analysis	Discussion and Analysis	FN-CB-240a.4	Page 98: Section A Note 8.2: Climate Risk Management Process
Financed Emissions			
Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	FN-CB-410b.1	Page 80, 86: Section A Note 7.2.1 and 7.2.2: Metrics and Targets
Gross exposure for each industry by asset class	Quantitative	FN-CB-410b.2	Page 86: Section A Note 7.2.2: Metrics and Targets
Percentage of gross exposure included in the financed emissions calculation	Quantitative	FN-CB-410b.3	Page 86: Section A Note 7.2.2: Metrics and Targets
Description of the methodology used to calculate financed emissions	Discussion and Analysis	FN-CB-410b.4	Page 86: Section A Note 7.2.2: Metrics and Targets
Business Ethics			
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 170: Performance Data
Description of whistleblower policies and procedures	Discussion and Analysis	FN-CB-510a.2	Page 153: Ethical Business Practices
Systemic Risk Management			
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 96: Section A Note 8.1: Climate Resilience

APPENDIX

STATEMENT OF ASSURANCE

INDEPENDENT ASSURANCE STATEMENT

INDEPENDENT ASSURANCE STATEMENT

Control Union (Malaysia) Sdn. Bhd. (hereinafter referred to as "Control Union") was commissioned by Alliance Bank Malaysia Berhad (hereinafter referred to as "ABMB" or "the Group") to undertake an independent limited assurance engagement on ABMB's FY2026 Sustainability Statement over selected sustainability information for the reporting period from 1 April 2025 to 31 March 2026 (FY2026).

This Independent Limited Assurance Statement applies to the selected disclosures described in the Scope of Work section below, as presented in ABMB's FY2026 Sustainability Statement. The objective of this limited assurance engagement is to provide an independent conclusion, in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, on whether the selected sustainability information has been prepared, in all material respects, in accordance with the applicable reporting criteria.

Scope of Work

The scope of this limited assurance engagement encompasses the following selected indicators:

(a) GHG Emissions Scope 1 and Scope 2

(b) Energy Consumption

(c) New Sustainable Banking Business

The GHG emissions and energy consumption disclosures which were prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standards, were subject to review and verification of governance structures, reporting boundaries, methodological approaches, and management controls. The assurance procedures were designed to assess the completeness, accuracy, and consistency of the reported information with the applicable requirements of the GHG Protocol.

Responsibilities

ABMB is responsible for the collection, analysis, preparation, and fair presentation of the information contained in the FY2026 Sustainability Statement.

Control Union is responsible for verifying the information and providing a limited assurance conclusion on the information included in the ABMB's FY2026 Sustainability Statement, within the defined scope of work. The engagement is conducted on the basis that the information provided by ABMB has been prepared in good faith and is reliable, for the purpose of informing ABMB's stakeholders and other intended users. Control Union was not involved in the preparation of the Sustainability Statement, other than the issuance of this Independent Assurance Statement.

APPENDIX
STATEMENT OF ASSURANCE

INDEPENDENT ASSURANCE STATEMENT

Methodology

Our verification of ABMB's FY2026 Sustainability Statement was conducted using an assurance methodology that included, among others, a review of the statement narrative (pre-assurance procedures), examination of relevant internal and external documentary evidence, and the collection and validation of data at the Group level.

Specifically, our procedures comprised the following:

1. Reviewing the definitions, boundaries, assumptions, and methodologies applied by ABMB in relation to the selected disclosures;
2. Performing sample-based testing of supporting documentation to assess the traceability of selected disclosures to underlying records; and
3. Evaluating the presentation of the selected disclosures, including consistency of units of measurement and application of rounding conventions.

Reporting Criteria and Level of Assurance

This engagement was conducted in accordance with the requirements of ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement involves the performance of procedures designed to obtain sufficient appropriate evidence to support a conclusion expressed in negative form. Accordingly, the nature, timing, and extent of procedures performed are less extensive than those undertaken for a reasonable assurance engagement.

The independent verification was planned and executed to identify potential material misstatements, omissions, or errors in accordance with the requirements applicable to limited assurance engagements under ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Independence and Quality Control

Control Union is an accredited certification and assurance body operating in more than 80 countries. These accreditations and recognitions require the maintenance of a comprehensive system of quality control, including documented policies and procedures addressing compliance with ethical and legal requirements, as well as independence and objectivity.

The personnel involved in this engagement were selected based on appropriate qualifications, training, and relevant experience. The engagement is also subject to internal review processes to ensure that it is conducted in accordance with applicable assurance standards and established quality control procedures.

INDEPENDENT ASSURANCE STATEMENT

Conclusion

Based on our limited assurance engagement process, nothing has come to our attention that causes us to believe that the scope of work as detailed above and presented in the ABMB's FY2026 Sustainability Statement is not presented fairly in accordance with the criteria. Hence, our work confirms that the information included in the ABMB's FY2026 Sustainability Statement is reliable, objective and is presented clearly.

For and on behalf of Control Union (Malaysia) Sdn Bhd,

Signed: Ebnu Holdoon Shawal

Designation: Lead Verifier, Assurance Services
Date: 4th May 2026

Signed: Supun Nigamuni

Designation: Managing Director
Date: 4th May 2026