Alliance Islamic Bank Berhad 200701018870 (776882-V)

CORPORATE GOVERNANCE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026 (FY2026)

The Board of Directors ("Board") of Alliance Islamic Bank Berhad ("AIS" or "the Bank") firmly believes that good corporate governance is fundamental to the Bank's long-term sustainability, sound management and continued stakeholder confidence. The Board is committed to discharging its fiduciary duties responsibly and to ensuring that the Bank is managed with integrity, transparency and accountability, supported by appropriate governance structures, polies and processes.

This corporate governance statement serves to provide a summary of the Bank's corporate governance practices during FY2026 with reference to paragraph 22.1 of Bank Negara Malaysia ("BNM")'s Policy Document on Corporate Governance.

A. BOARD OF DIRECTORS

1. Board Composition

The Board currently has six (6) members, comprising entirely Non-Executive Directors:

(i) Datuk Wan Azhar bin Wan Ahmad - Non-Independent Non-Executive Director/Chairman

(ii) Dato' Ahmad Hisham bin Kamaruddin - Independent Director

(iii) Rustam Bin Mohd Idris - Independent Director

(iv) Dr John Lee Hin Hock - Independent Director

(v) Mia Idora binti Ismail – Independent Director

(vi) Stephen Oong Kee Leong – Independent Director

(vii) Ibrahim bin Hassan - Independent Director (retired w.e.f. 31 August 2025)

The profiles of each of the members of the Board are available on the Bank's corporate website at: https://www.alliancebank.com.my/islamic/corporate/corporate-profile/board-directors.aspx.

2. The Board's Roles and Responsibilities

The Board holds the overall responsibility for the leadership, oversight and direction of the Bank, and for promoting its sustainable growth and the financial soundness of the Bank. In discharging this responsibility, the Board is managed with integrity, prudence and independence, and that reasonable standards of fair dealing are upheld without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Bank and its stakeholders including customers, employees and the general public.

The key responsibilities of the Board are set out below:

(a) Approve the risk appetite, business plans and other initiatives that will, singularly or cumulatively, have a material impact on the Bank's risk profile;

(b) Approve policies relating to governance structure and reporting arrangements, Shariah non-compliance, risk management and other areas that are material to the effective implementation of Shariah governance within the Bank;

(c) Oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), control function heads and other members of Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank;

(d) Oversee the implementation of the Bank's governance framework and internal control framework, in particular to prevent Shariah non-compliance and any rectification measures to resolve incidences or circumstances that may result or have resulted in Shariah non-compliance, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations;

(e) Oversee the implementation of Shariah Advisory Council ("SAC") rulings and decisions or advice of the Shariah Committee within all business and functional lines, including any business or risk implications arising from such implementation;

(f) Oversee the performance of senior management and other officers entrusted to implement Shariah governance framework such that the Board is satisfied that the measures of their performance are aligned with Shariah governance objectives;

(g) Promote, together with senior management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour as well as reflecting the importance of adhering to Shariah requirements in product development and marketing, strategy formulation, business operations, risk management practices and other aspects that promote end-to-end compliance with Shariah;

(h) Oversee and approve sustainability strategies, priorities and targets through incorporation of appropriate environmental, social and governance considerations in the Bank's business strategies;

(i) Oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and

(j) Promote timely and effective communication between the Bank and Bank Negara Malaysia on matters affecting or that may affect the safety and soundness of the Bank.

The Board has adopted a Board Charter that sets out the mandate, responsibilities and procedures of the Board and the Board Committees, including matters reserved for the Board's decision. The Board Charter is reviewed by the Board at every two years interval, or as and when necessary, in line with evolving corporate governance requirements and practices to ensure its continued relevance.

The Board Charter was last reviewed by the Board on 28 October 2025.

The Board Charter is available on the Bank's corporate website at: https://www.alliancebank.com.my/islamic/corporate/corporate-governance.aspx.

3. **Ethical Leadership by the Board**

The Board provides ethical leadership and sets the tone from the top through a strong commitment to integrity, accountability and responsible conduct. The Bank is guided by the Code of Conduct established by the Board which outlines the conduct required of Board members and individual employees to discharge their duties, ensuring professionalism, honesty and ethical conduct at all times.

In line with this, the Board has established a Conflicts of Interest Policy for Directors, which sets out the principles and requirements to assist Directors in identifying, disclosing and managing any actual or potential conflicts of interest that may arise in the course of their duties. Under the Policy, Directors are required to declare to the Board any conflict or potential conflict of interest in relation to matters under consideration and, where a conflict exists, to abstain from discussions and decision-making on such matters.

Information obtained by Directors in the course of their duties may only be used or disclosed where it is consistent with their responsibilities as Directors and in the best interests of the Bank. The Group Audit Committee ("Group AC") reviews and reports to the Board any conflict of interest situation (if any) that arose, persists or may arise together with the measures taken to resolve, eliminate or to mitigate such conflicts.

The Conflicts of Interest Policy for Directors was last reviewed by the Board on 24 September 2024.

The Code of Conduct and the Conflicts of Interest Policy for Directors, which were established at the Group level, are available on Alliance Bank Malaysia Berhad's ("Alliance Bank") corporate website at: https://www.alliancebank.com.my/corporate/corporate-governance.aspx.

The Directors also adhere to the Code of Ethics for Company Director established by the Companies Commission of Malaysia.

4. **Division of Responsibilities between the Chairman and CEO**

The roles of the Chairman and CEO are held by separate individuals, in line with the good corporate governance principle to promote accountability and provide a clear divison of responsibilities between the Board and Management.

Datuk Wan Azhar being the Non-Independent Non-Executive Chairman in leading the Board, is responsible for the effective overall functioning of the Board. He maintains a close professional relationship with the CEO, En Rizal IL-Ehzan and his Senior Management team and acts as a mentor as required. He chairs Board meetings as well as general meetings of the Bank and concerns himself with the good order and effectiveness of the Board and its processes.

En Rizal IL-Ehzan as CEO, in leading the Senior Management team, bears the primary responsibility over the day-to-day management of the Bank.

5. **Operation of the Board**

The Board is responsible for providing leadership and oversight of the Bank's strategy, performance and governance, and in doing so, discharges its duties through a structured and disciplined meeting process. The Board meets a minimum of ten (10) times annually to review the Group's performance, oversee the execution of approved strategies, and consider business and other matters requiring the Board's approval. All scheduled Board meetings are planned and communicated to Board members in advance before the beginning of each financial year to facilitate effective participation and preparedness. In addition, ad-hoc Board meetings may be convened, where necessary, to deliberate on matters requiring the Board's urgent attention or decision.

Each scheduled Board meeting commences with a Board private session conducted without the presence of Management, providing a forum for open and candid discussion among Board members. This setting helps strengthened objective oversights, supports alignment among Board members and enable the Board to form balanced views before engaging Management.

At scheduled Board meetings, the CEO and Head of Finance of AIS who is also the Group Financial Controller provide regular progress reports on the business and financial performance of the Bank as well as the performance, strategic developments, business plans and initiatives of the respective divisions throughout the year.

To support informed decision-making and robust governance, the Board receives regular and timely reports on internal control, risk management, legal, shariah, compliance, internal audit, human resources, sustainability, governance and information technology related matters. At each Board meeting, the Board also receives reports from the Chairmen of the respective Board Committees on the key highlights, deliberations, and decisions arising from the Board Committee meetings. These updates allow the Board to assess the adequacy and effectiveness of the Group's governance, risk management and internal control frameworks on an ongoing basis.

The Board adopts an annual rolling agenda to ensure that key matters, including strategy, financial performance, risk, sustainability and regulatory issues, are considered at the appropriate times during the financial and regulatory cycle. The flexible nature of the schedule allows emerging, material or time-sensitive matters to be escalated and addressed promptly when they arise.

The Chairman and CEO maintain frequent contact with each other and with the other Board members throughout the year outside of the formal meetings.

Company Secretary

The Board is currently supported by a corporate secretarial team led by Company Secretary, Mr Lee Wei Yen, Simon, who has more than thirty-five (35) years of experience in corporate secretarial practice. He is a Practicing Secretary registered with Companies Commission of Malaysia and is an Associate of the Malaysian Institute of Chartered Secretaries and Administrators. He holds a Master of Business Administration in Finance from Universiti Putra Malaysia and a Master of Advanced Business Practice from University of South Australia.

Mr Lee Wei Yen, Simon provides counsel to the Board on governance matters and facilitates effective information flows between the Board, Board Committees and Senior Management. He renders effective support to the Chairman of the Board/Chairmen of Board Committees and Directors in the discharge of their roles and responsibilities; and facilitates effective communication of decisions and policies made by the Board/Board Committees to the Management. He also ensures Board procedures; applicable rules and regulations; and relevant laws are followed and complied with.

Mr Lee Wei Yen, Simon constantly keeps himself abreast with changes in relevant laws; rules and regulations; and industry development through continuous training and regular interaction with various stakeholders.

The Board assesses the fitness and propriety of Mr Lee Wei Yen, Simon annually in accordance with the Group's Policy on Fit and Proper. For FY2026, the Board is satisfied with the performance and support rendered by him as Company Secretary.

6. **Board Committees**

The Board has established various Board Committees to assist in the effective discharge of its responsibilities by providing focused oversight on the implementation of the Group's strategies and policies, and in supporting sound governance across key areas. These include business decision-making, audit, risk management, compliance, remuneration, Board composition and succession planning, corporate governance, sustainability and information technology.

The Board has six (6) Board Committees, comprising solely Non-Executive Directors, namely Group Executive Committee ("Group EXCO"), Group Audit Committee ("Group AC"), Group Nomination & Remuneration Committee ("Group NRC"), Group Risk Management Committee ("Group RMC"), Group Sustainability Committee ("Group SC") and Group Information Technology Committee ("Group ITC").

These Board Committees operate on a Group basis covering the Bank and its holding company, namely Alliance Bank Malaysia Berhad ("ABMB") (collectively, "the Group").

Each Board Committee operates in accordance with its respective Terms of Reference, as approved by the Board, and these are reviewed at least once every two years or whenever necessary. Any proposed amendments to the Terms of Reference of the Board Committees are subject to Board approval. The Terms of Reference of the Board Committees are available on Alliance Bank's website at: https://www.alliancebank.com.my/About-Us/Governance-Investor-Relations/Corporate-Governance.

Group EXCO

The Group EXCO supports the Board by providing oversight and guidance on matters of strategic importance and material impact to the Group. Its responsibilities include reviewing the Group's strategies and business plans, strategic investments and divestments, capital structure and restructuring initiatives, funding requirements and dividend proposals, prior to submission to the Board, where applicable.

The functions of the Group EXCO are set out in its Terms of Reference which is published on the Alliance Bank's corporate website at: https://www.alliancebank.com.my/About-Us/Governance-Investor-Relations/Corporate-Governance.

The Terms of Reference of the Group EXCO was last reviewed by the Board on 29 April 2025.

The members of the Group EXCO are as follows:

1. Wong Yuen Weng Ernest - Chairman
2. Tan Sri Amirsham bin A Aziz
3. Chia Yew Hock Wilson
4. Stephen Oong Kee Leong
5. Tan Chian Khong *(Retired as a member of Group EXCO following his retirement from the Alliance Bank Board w.e.f. 30 July 2025 after having served the Group for a maximum period of nine years as an Independent Director)*

During FY2026, the Group EXCO met fourteen (14) times, including two (2) joint meetings with the Group RMC. Details of each Group EXCO member's attendance during FY2026 are as follows:

No.	Group EXCO Members	Attendance	Percentage
1.	Wong Yuen Weng Ernest (Chairman)	14/14	100%
2.	Tan Sri Amirsham bin A Aziz	14/14	100%
3.	Chia Yew Hock Wilson	14/14	100%
4.	Stephen Oong Kee Leong	14/14	100%
5.	Tan Chian Khong *(Retired as a member of Group EXCO following his retirement from the Alliance Bank Board w.e.f. 30 July 2025)*	4/4	100%

Group AC

The Group AC reviews the effectiveness of the Group's financial reporting, internal control and risk management processes, including matters arising from internal and external audits, regulatory reviews, related party transactions, conflicts of interest and whistleblowing arrangements. In discharging its responsibilities, the Group AC engages with the Group RMC for the exchange of information to support comprehensive coverage of risks and the effectiveness of the Group's internal control framework.

The functions of the Group AC are set out in its Terms of Reference which is published on the Alliance Bank's corporate website at: https://www.alliancebank.com.my/About-Us/Governance-Investor-Relations/Corporate-Governance.

The Terms of Reference of the Group AC was last reviewed by the Board on 30 July 2024.

The members of the Group AC are as follows:

1. Stephen Oong Kee Leong – Chairman *(Redesignated as Chairman of the Group AC on 31 July 2025)*
2. Cheryl Khor Hui Peng
3. Lily Rozita Binti Mohamad Khairi
4. Tan Chian Khong (*Retired as the Chairman of Group AC following her retirement from the Alliance Bank Board on 30 July 2025 after having served the Group for a maximum period of nine years as an Independent Director.)*

The Group AC met thirteen (13) times during FY2026, including one (1) joint meeting with the Group RMC, for an effective exchange of information between the two Board Committees so as to enable effective coverage of all risks, including emerging risk issues that could have an impact on the Bank's risk appetite and business plans.

Details of each Group AC Member's attendance during FY2026 are as follows:

No.	Group AC Members	Attendance	Percentage
1.	Stephen Oong Kee Leong (Chairman)	13/13	100%
2.	Cheryl Khor Hui Peng	13/13	100%
3.	Lily Rozita Binti Mohamad	13/13	100%
4.	Tan Chian Khong *(Retired as the Chairman of Group AC following his retirement from the Alliance Bank Board on 30 July 2025)*	6/6	100%

Group NRC

The Group NRC supports the Board in matters relating to the composition, effectiveness and succession of the Board, Board Committees, Shariah Committee and Senior Management. Its responsibilities include supporting the appointment, re-appointment and removal process, assessing suitability and independence, overseeing performance evaluations, and promoting the ongoing development of Directors and Senior Management to ensure the Group continues to be led by individuals with appropriate skills, experience and capability.In addition, the Group NRC supports the Board in overseeing the design and implementation of the Group's remuneration framework including the Long-Term Incentive Plan ("LTIP") for eligible employees to ensure alignment with the Group's strategy, values and long-term interests. A LTIP Committee was established as a sub-committee of the Group NRC to implement and administer the LTIP. The LTIP Committee comprises all members of the Group NRC.

The Group NRC also periodically reviews Directors' remuneration to ensure it remains appropriate and reflective of their responsibilities, contributions, and level of commitment, and makes recommendations to the Board and relevant subsidiary boards, where applicable. The functions of the Group NRC are set out in its Terms of Reference which is published on the Alliance Bank's corporate website at: https://www.alliancebank.com.my/corporate/corporate-governance.aspx.

The Terms of Reference of the Group NRC was last reviewed and approved by the Board on 25 September 2024.

The members of the Group NRC are as follows:

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

During FY2026, the Group NRC met fifteen (15) times. Twelve (12) were scheduled meetings while three (3) meetings were ad-hoc meetings convened to consider exigency matters. Details of each Group NRC member's attendance during FY2026 are as follows:

No.	Group NRC Members	Attendance	Percentage
1.	Susan Yuen Su Min (Chairman)	15/15	100%
2.	Wong Yuen Weng Ernest	15/15	100%
3.	Dr John Lee Hin Hock	15/15	100%

Group RMC

The Group RMC supports the Board by providing oversight on the Group's enterprise-wide risk and compliance management across key risk areas, including credit, market, liquidity, operational, compliance, legal, information technology, cybersecurity and sustainability. In carrying out its role, the Group RMC oversees the establishment and implementation of the Group's risk and compliance strategies, frameworks, policies, methodologies and risk tolerance, and monitors their ongoing effectiveness in supporting prudent risk-taking and regulatory compliance.

The Group RMC also oversees the adequacy of risk and compliance governance, including the availability of appropriate infrastructure, resources and systems, and the independence of the risk and compliance functions. It reviews Management's reports on risk exposures, sustainability-related risks, compliance status, regulatory developments and remediation actions, and provides guidance to ensure timely resolution of risk and compliance issues. In addition, the Group RMC supports the Board in meeting regulatory expectations on risk governance and promotes a strong culture of risk awareness, compliance and proactive risk management across the Group.

The functions of the Group RMC are set out in its Terms of Reference which is published on Alliance Bank's corporate website at: https://www.alliancebank.com.my/corporate/corporate-governance.aspx.

The Terms of Reference of the Group RMC was last reviewed by the Board on 26 November 2025.

The members of the Group RMC are as follows:

1. Dr. John Lee Hin Hock – Chairman
2. Lum Piew
3. Chia Yew Hock Wilson
4. Lily Rozita Binti Mohamad Khairi
5. Ibrahim bin Hassan *(retired as a member of Group RMC following his retirement from the Alliance Islamic Bank Board on 31 August 2025 after having served the Group for a maximum period of nine years as an Independent Director.)*

During FY2026, the Group RMC met sixteen (16) times, including one (1) joint meeting with the Group AC, two (2) joint meetings with the Group EXCO and two (2) joint meetings with the Group ITC.

Details of each Group RMC member's attendance during FY2026 are as follows:

No.	Group RMC members	Attendance	Percentage
1.	Dr. John Lee Hin Hock (Chairman)	16/16	100%
2.	Lum Piew	16/16	100%
3.	Chia Yew Hock Wilson	16/16	100%
4.	Lily Rozita Binti Mohamad Khairi	16/16	100%
5.	Ibrahim bin Hassan *(Retired as a member of Group RMC following his retirement from the Alliance Islamic Bank Board on 31 August 2025)*	7/7	100%

Group SC

The Group SC supports the Board in overseeing the Group's sustainability agenda, including the development, implementation and monitoring of sustainability strategies, priorities and targets, considering environmental, climate-related and broader sustainability risks and opportunities. In this role, the Group SC provides guidance to ensure that the Group's sustainability objectives are aligned with its overall strategy, risk appetite and long-term resilience. The Group SC also provides oversight on the integration of sustainability and climate-related considerations into the Group's business operations, risk management and governance framework. This includes monitoring progress against sustainability targets, reviewing sustainability-related reporting and disclosures, considering findings from audits, assurance reviews and regulatory feedback, and supporting capability-building, stakeholder engagement and people-related initiatives.

The functions of the Group SC are set out in its Terms of Reference which is published on Alliance Bank's corporate website at: https://www.alliancebank.com.my/corporate/corporate-governance.aspx.

The Terms of Reference of the Group SC was last reviewed by the Board on 29 September 2025.

The members of the Group SC are as follows:

i. Susan Yuen Su Min – Chairman
ii. Dato' Ahmad Hisham bin Kamaruddin
iii. Cheryl Khor Hui Peng
iv. Chia Yew Hock, Wilson

During FY2026, the Group SC met four (4) times, of which all were scheduled meetings. Details of each Group SC member's attendance during FY2026 are as follows:

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

Group ITC

The Group ITC supports the Board by providing oversight of the Group's information technology and digital strategies, initiatives and technology-related matters. Its role includes reviewing and overseeing the Group's IT and digital strategies in alignment with the overall business strategy.

The Group ITC also oversees the adequacy and implementation of the Group's IT and cybersecurity strategies, technology risk management and cyber resilience frameworks, and key technology investments and programmes to ensure the stability, security and continuity of the Group's operations and delivery of products and services. In addition, the Group ITC reviews reporting on the digital ecosystem and customer experience, and provides oversight of the IT function, including enterprise architecture, system resilience, information security and the effective execution of technology initiatives.

The functions of the Group ITC are set out in its Terms of Reference which is published on Alliance Bank's corporate website at: https://www.alliancebank.com.my/corporate/corporate-governance.aspx

The Terms of Reference of the Group ITC was last reviewed by AIS Board on 26 November 2024.

The members of the Group ITC are as follows:

i. Lum Piew - Chairman
ii. Cheryl Khor Hui Peng
iii. Chia Yew Hock Wilson

During FY2026, the Group ITC met fourteen (14) times, including two (2) joint meetings with Group RMC to ensure effective exchange of information between the two Board Committees.

Details of each Group ITC member's attendance during FY2026 are as follows:

No.	Group ITC Members	Attendance	Percentage
1.	Lum Piew (Chairman)	14/14	100%
2.	Cheryl Khor Hui Peng	14/14	100%
3.	Chia Yew Hock Wilson	14/14	100%

Board Size, Composition, Tenure and Independence

The Board has six (6) members composing entirely of Non-Executive Directors, majority of whom are Independent Directors.

The Board comprises individuals of high calibre with diverse experience which collectively has the necessary skills, experience and qualifications to effectively manage the Bank and to discharge the responsibilities of the Board. The diversity of the Directors' professional backgrounds enables the Board to draw upon a wide range of perspectives, including regional and industry experience, thereby supporting informed decision-making, the long-term success of the Bank and the sustainable creation of value for shareholder.

The Board considers a strong element of independence among its members to be fundamental to good corporate governance. The Independent Directors exercise independent judgement and participate in Board deliberations objectively, ensuring that no individual or small group of individuals dominates the Board's decision-making process. Currently, Independent Directors comprise more than 83% of the Board, thereby exceeding the requirement of the BNM's Policy Document on Corporate Governance, which stipulates that the Board must at all times have a majority of Independent Directors.

The Board, through the Group NRC, undertakes an annual assessment of the independence of its Independent Director.

In respect of the annual assessment of Directors for FY2026, the Board was satisfied that each of the Independent Directors of the Bank continued to be independent and free from any business or other relationship that could materially interfere with the exercise of independent judgement or the ability to act in the best interests of the Bank. The Board further concluded that each Independent Directors continued to meet the independence criteria set out in the BNM Policy Document on Corporate Governance.

The Bank has adopted a nine (9)-year policy for tenure of Independent Directors and a twelve (12)-year policy for the tenure of Non-Independent Non-Executive Directors. As at the date of this Statement, none of the Bank's Independent Directors have served for a cumulative period of more than nine (9) years and twelve (12) years in the Bank, respectively.

7. **Board Gender Diversity**

The Board has adopted a Board Gender Diversity Policy which guides the identification and appointment of Directors. In line with the Policy, the Board, through the Group NRC, ensures that women candidates are given priority consideration in the selection and recruitment process of Directors towards achieving the gender diversity target of 30% women representation, while at the same time maintaining the effectiveness of the Board.

8. **New Appointment and Re-Appointment of Director**

The appointment and re-appointment of Directors to the Board are overseen by the Group NRC. In discharging its responsibilities, the Group NRC is guided by the Group Board Succession Plan and the Board Gender Diversity Policy, which provide the framework for effective succession planning, continuity and orderly transition of the Board. Potential candidates are identified from various sources, including referrals from existing Directors, the Directors Register maintained by the Financial Institutions Directors' Education (FIDE) Forum and/or other leadership development and consulting organisations. Where appropriate, the GNRC engages directly with prospective candidates to assess their suitability for appointment to the Board.

<u>Assessment Criteria and Appointment Process for Board Candidates</u>

In assessing candidates for new appointments, the Group NRC considers the strategic direction and needs of the Group and the overall composition of the Board, including the diversity of skills, knowledge, experience and gender. In respect of re-appointments, the GNRC undertakes an objective assessment of the Director's performance, contribution and overall effectiveness, taking into consideration the results of the annual assessment.

To ensure a candidate has the character, experience, integrity and competency to effectively discharge his/her role as a Director, the Group NRC assesses the candidates on the following criteria:

(a) Is not disqualified under section 68(1) of the Islamic Financial Services Act, 2013;
(b) Is in compliance with the fit and proper requirements in accordance with the Group's Policy on Fit and Proper;
(c) Does not have any competing time commitments that impair his/her ability to discharge his/her duties effectively;
(d) Is not an active politician;
(e) Is not an officer of a firm appointed as the external auditor of the Bank who is directly involved in the engagement or a partner of the firm until at least three (3) years after: (i) he/she ceases to be an officer or partner of that firm; or (ii) the firm last served as an auditor of the Bank and its subsidiaries; and
(f) Is preferably at a minimum holds a degree qualification and/or other equivalent qualification(s) and with at least five (5) years in senior managerial position.

For Independent Directors, the Group NRC assesses candidates' independence against the criteria set out in the BNM Policy Document on Corporate Governance. Upon completion of this assessment, the Group NRC will submit its recommendation to the Board for approval in accordance with Section 63 of the Islamic Financial Services Act 2013.

9. **Board and Board Committee Meetings**

Directors/Board Committee members are required to attend at least 75% of Board/Board Committees meetings held during each financial year. To facilitate effective participation, Board members are provided with adequate information in a timely manner. The agenda for each Board/Board Committee meeting, together with comprehensive reports and proposal papers are circulated to the Directors well in advance of the meeting to allow sufficient time for review. The Directors may request additional information or clarification as required prior to meetings Relevant Senior Management Officers are invited to attend Board/Board Committees meetings to provide detailed explanations and clarifications on the proposals tabled, thereby enabling informed deliberation and decision-making.

The Board may also engage directly with Management at any time, or request further explanation, information or updates on any aspect of the Bank's operations or business matters.

The Board may obtain independent professional advisers whenever it considers this necessary. When it is appropriate for a Director to seek external professional advice separate from advice obtained on behalf of the Bank, this is arranged in consultation with the Chairman and the advice obtained would ordinarily be made available to all directors.

Minutes of Board and Board Committees' meetings are circulated to the Board members in a timely manner for their review to ensure that the minutes accurately record the deliberations and decisions of the Board and Board Committees.

The Group has implemented paperless meetings, with meeting materials uploaded to a secure Board portal accessible to Directors via their tablets. This initiative has enhanced the efficiency and security of the creation, distribution and review of confidential Board materials, expedited the dissemination of Board packs and eliminated the need for hard copy documents, in support of the Group's sustainability initiatives and efforts to reduce its carbon footprint.

The Board had met 15 times during FY2026, including two (2) meetings to review and approve the Strategy and Budget of the Group and two (2) Engagement Session with the Shariah Committee.

All Directors have demonstrated their ability to devote sufficient time and attention to the affairs of the Bank in discharging their duties and responsibilities. This is evidenced by their attendance records at Board and Board Committee meetings held during FY2026, as reflected below:

No.	Directors	Attendance
1.	Datuk Wan Azhar bin Wan Ahmad Chairman of the Board/Non-Independent Non-Executive Director	13/15
2.	Dato' Ahmad Hisham bin Kamaruddin Independent Director	15/15
3.	Rustam bin Mohd Idris Independent Director	15/15
4.	Dr John Lee Hin Hock Independent Director	15/15
5.	Mia Idora binti Ismail Independent Director	15/15
6.	Stephen Oong Kee Leong Independent Director	15/15
7.	Ibrahim bin Hassan Independent Director *(Retired from the Board on 31 August 2025 after having served the Board for a maximum period of nine years as an Independent Director)*	5/6

10. **Board Effectiveness Assessment**

The Board recognises that maintaining a high level of effectiveness is integral to its ability to discharge its oversight and strategic responsibilities. In this regard, the Board adopts a structured and continuous approach to evaluating its performance through the Annual Board Effectiveness Assessment, complemented by ongoing Board development initiatives to support its evolving role.The Annual Board Effectiveness Assessment, conducted under the oversight of the Group NRC, provides a comprehensive evaluation of the effectiveness of the Board as a whole, its Board Committees and the contributions of each individual Director. The assessment encompasses key dimensions including governance and oversight, strategy supervision, Board composition, dynamics and operational effectiveness. To strengthen objectivity and ensure an independent perspective, the Board, through the Group NRC, engages an external independent consultant once every three (3) years to facilitate the Annual Board Effectiveness Assessment.

In FY2026, the Board engaged and external independent consultant, Willis Towers Watson (“WTW”) to conduct a comprehensive Board Effectiveness Assessment, leveraging a structured and multi-faceted approach to assess the Board’s performance and identify areas for continued enhancement.

There were five (5) modules in the Board Effectiveness Assessment exercise for FY2026 as follows:

Module 1: Board Assessment Questionnaire

- Development of the Board Assessment Questionnaire based on input from one-on-one Director interviews, the Bank’s strategy and feedback received from the Chairperson of the Board and Group NRC
- Completion of the questionnaire by all Directors via WTW’s online platform, rating Board effectiveness on a numeric scale
- Consolidation of responses to provide an overall assessment of Board effectiveness

Module 2: Board of Directors Interviews

- One-on-one interviews with the Chairperson, Board Committee Chairs and the Group CEO to obtain insights on expectations, organisational aspirations and areas of improvement
- Incorporation of interview outputs into the questionnaire design and consolidation of feedback in the Board Effectiveness Assessment Report

Module 3: Diversity and Board Composition Review

- Review and analyse the Board’s composition, including skills and experience of the Non-Executive Director (“NEDs”), based on annual report disclosures and publicly available information
- Construction of a peer group of 6–8 high-performing companies for benchmarking purposes

Module 4: Stewardship Style Assessment

- Saville Wave Professional Assessment by Board members via an online platform
- Consolidation of individual and overall results into a final report as part of the broader Board evaluation

Module 5: Action Planning Workshop

- Integration of the learnings and insights into a focused action plan outlining key objectives and priority areas, as well as potential mechanisms to measure and track progress
- Identification and agreement with the Chairs (Board and Group NRC) on areas to be developed and explored further for the following calendar year

Findings from the Board Effectiveness Assessment exercise for FY2026 showed that the operation of the Board is regarded as highly effective, with strong capabilities in strategy, governance, and oversight, supported by a well-balanced composition and a collaborative partnership with Management that drives long-term resilience. The assessment reflected that the Board’s established structures and processes enable effective decision-making, while opportunities remain to further strengthen future-readiness through enhanced expertise in digitalisation, fintech, and sustainability, as well as deeper strategic engagement. As the Board continues to perform strongly in organisational performance and regulatory oversight, it is increasingly prioritising sustainability and future growth, with greater focus on talent development, innovation, and digital transformation.

Fitness and Propriety Assessment

The Board, through the Group NRC, assessed the fitness and propriety of each Director in accordance with the Group's Policy on Fit and Proper, which is undertaken in conjunction with the Annual Board Effectiveness Assessment exercise. As part of this process, all Directors are required to complete and sign the prescribed Fit and Proper Declaration on an annual basis, confirming their compliance with the applicable criteria under the Policy.

In addition to the self-declarations by the individual Directors, the Bank also undertakes independent verification procedures. This includes obtaining independent screening reports from external parties, namely Verity Intelligence Sdn Bhd, Venovox and CTOS, for each Director as part of the overall assessment process. These screenings are conducted to validate the information disclosed by the Directors and to identify any potential adverse findings.

For FY2026, no adverse findings were noted from the independent screening reports. Based on the Fit and Proper Declarations submitted, together with the results of the independent verification, the Board was satisfied that each individual Director met the fit and proper criteria as set out in BNM's Policy Document on Fit and Proper Criteria, as well as the Group's Policy on Fit and Proper.

11. **Board Training and Development**

The Bank has established an In-house Directors' Orientation Programme designed specifically for newly appointed Directors. In addition to the regulatory mandatory training programmes, such as the Mandatory Accreditation Programme of Bursa Securities, the Financial Institutions Directors' Education Core Programme, and the Islamic Finance for Board Programme, new Directors are required to participate in this comprehensive orientation.

Typically, a newly appointed Director attends the In-house Directors' Orientation Programme within three months of their appointment. During this programme, Senior Management provides detailed briefings covering the Bank's operations and business strategies, aiming to ensure that new Directors become familiar with both the Bank and the Group's organisational context. Additionally, Directors receive guidance from the Group Company Secretary regarding the Bank's governance framework and relevant policies. This includes an outline of their responsibilities and duties as Directors of the Bank, ensuring that they are well-informed and equipped to contribute effectively from the outset of their tenure.

Directors are consistently provided with opportunities to attend relevant training programmes across a broad spectrum of key areas. These areas include corporate governance, compliance, risk management, anti-money laundering and counter-terrorism financing, anti-bribery and corruption, climate risk and opportunities, strategic issues, emerging trends, cyber security awareness, and sustainability. Further emphasis is placed on climate change, Shariah compliance culture, sustainability reporting as well as the latest developments, innovations, and disruptive technologies within the financial services industry. These initiatives ensure that Directors remain up to date with the latest trends and best practices. In addition, all Directors receive regular updates on new requirements that impact their responsibilities and are continuously reminded of their obligations.

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

During FY2026, the Directors have attended various training programmes. The list of training programmes attended by the Directors is as follows:

Directors	Training Programmes attended by Directors
Datuk Wan Azhar bin Wan Ahmad	• In-house training: E-Invoice • ISRA: Muzakarah 2025 – Transformasi Sistem Kewangan Islam yang Bersepadu and Masterclass – Methodologies of Deriving Fatwas in Fiqh al-Mu'amalat • 20th International Shari'ah Scholars Forum: The Introdution of Islamic Banking: Advancing Towards a Sustainable Financial System • In-house training: AMLA 2001 & MACC Act 2009 - AML/CFT/CPF & TFS: Adopt, Evolve, Transform Towards an Effective Compliance • World Zakat and Waqf Forum in Sarawak • In-house training: Sustainability Training "Navigating the Net Zero Transition - Board Oversight on Climate Governance" • In-house training: Enhancing Shariah Compliance Culture in Islamic Financial Institutions • In-house training: Preparing for IFRS Sustainability Disclosure Standards (IFRS SDS)
Dato' Ahmad Hisham bin Kamaruddin	• In-house training: E-Invoice • In-house training: AMLA 2001 & MACC Act 2009 - AML/CFT/CPF & TFS: Adopt, Evolve, Transform Towards an Effective Compliance • FIDE Forum: Bridging Standards and Shariah: Strengthening Islamic Finance in a Modern Banking Landscape • In-house training: Sustainability Training "Navigating the Net Zero Transition - Board Oversight on Climate Governance" • In-house training: Enhancing Shariah Compliance Culture in Islamic Financial Institutions • ICDM: PowerTalk - From Curiosity to Control: Board Intelligence in the Age of AI • In-house training: Preparing for IFRS Sustainability Disclosure Standards (IFRS SDS)
Rustam bin Mohd Idris	• In-house training: E-Invoice • Muzakarah Cendekiawan Syariah Nusantara Kali Ke-19 (Transformasi Sistem Kewangan Islam yang Bersepadu) Advanced Training on Methodologies of Deriving Fatwas in Fiqh Al-Muamalat • In-house training: AMLA 2001 & MACC Act 2009 - AML/CFT/CPF & TFS: Adopt, Evolve, Transform Towards an Effective Compliance • In-house training: Sustainability Training "Navigating the

Directors	Training Programmes attended by Directors
	Net Zero Transition - Board Oversight on Climate Governance" • In-house training: Enhancing Shariah Compliance Culture in Islamic Financial Institutions • ICDM: PowerTalk - From Curiosity to Control: Board Intelligence in the Age of AI • In-house training: Preparing for IFRS Sustainability Disclosure Standards (IFRS SDS)
Dr John Lee Hin Hock	• ASB: Governance of Generative AI • FIDE Forum: Bank Negara Malaysia Annual Report 2024-Economic and Monetary Review 2024 and Financial Stability Review for the Second Half of 2024 • In-house training: E-Invoice • FIDE Forum: Board Culture and Leadership Report 2025 • FIDE Core Programme: Module A • FIDE Core Programme: Module B • In-house training: AMLA 2001 & MACC Act 2009 - AML/CFT/CPF & TFS: Adopt, Evolve, Transform Towards an Effective Compliance • Moody's Briefing on Implications of US policies & tariffs to Malaysia & ABMB • In-house training: Sustainability Training "Navigating the Net Zero Transition - Board Oversight on Climate Governance" • In-house training: Enhancing Shariah Compliance Culture in Islamic Financial Institutions
Mia Idora binti Ismail	• SIDC: Capital Market Director Programme (Module 1, 2B, 3 & 4) • FIDE Forum: Bank Negara Malaysia Annual Report 2024-Economic and Monetary Review 2024 and Financial Stability Review for the Second Half of 2024 • In-house training: E-Invoice • Islamic Finance for Board Program (IF4BoD) • Asian School of Business: Climate First…..or Last?" • In-house training: AMLA 2001 & MACC Act 2009 - AML/CFT/CPF & TFS: Adopt, Evolve, Transform Towards an Effective Compliance • FIDE Core Programme: Module A • FIDE Core Programme: Module B

Directors	Training Programmes attended by Directors
	• FIDE Forum: Bridging Standards and Shariah: Strengthening Islamic Finance in a Modern Banking Landscape • In-house training: Sustainability Training "Navigating the Net Zero Transition - Board Oversight on Climate Governance" • In-house training: Enhancing Shariah Compliance Culture in Islamic Financial Institutions • ASB - Digital Transformation: From Vision to Scalable Impact for Incumbent Banks • ICDM: PowerTalk - From Curiosity to Control: Board Intelligence in the Age of AI • In-house training: Preparing for IFRS Sustainability Disclosure Standards (IFRS SDS)
Stephen Oong Kee Leong	• SIDC (Securities Industry Development Corporation): Capital Market Director Programme (Module 1, 2B, 3 & 4) • In-house training: E-Invoice • MAP Part II: Leading for Impact • FIDE Core Programme: Module A • Islamic Finance for Board Program (IF4BoD) • FIDE Core Programme: Module B • In-house training: AMLA 2001 & MACC Act 2009 - AML/CFT/CPF & TFS: Adopt, Evolve, Transform Towards an Effective Compliance • Moody's Briefing on Implications of US policies & tariffs to Malaysia & ABMB • In-house training: Sustainability Training "Navigating the Net Zero Transition - Board Oversight on Climate Governance" • In-house training: Enhancing Shariah Compliance Culture in Islamic Financial Institutions • ICDM: PowerTalk - From Curiosity to Control: Board Intelligence in the Age of AI

12. **Shariah Committee**

The Board has established a Shariah Committee which comprises five (5) members who have the necessary qualification, knowledge, expertise and experience in Islamic banking industry. Four (4) of the Shariah Committee members have the necessary qualification in Islamic Jurisprudence whilst one (1) member has the qualification in Business Administration and experience as a former central banker.

The members of the Shariah Committee are as follows:

Chairman
Dr. Tuan Badrul Hisyam bin Tuan Soh

Members
Tuan Haji Rustam bin Mohd Idris
Professor Dr. Muhamad Rahimi bin Osman
Assistant Professor Dr. Muhammad Naim bin Omar
Ustaz Ahmad Fauwaz bin Ali @ Fadzil

The profiles of each of the members of the Shariah Committee are available on the Bank's corporate website at: https://www.alliancebank.com.my/islamic/About-AIS/Shariah-Committee.

The primary roles and responsibilities of the Shariah Committee are as follows:

(a) Provide a decision or advice to AIS on the application of any rulings of the BNM's Shariah Advisory Council (SACBNM), Securities Commission's Shariah Advisory Council (SACSC) or standards on Shariah matters that are applicable to the operations, business, affairs and activities of AIS.
(b) Provide a decision or advice on matters which require a reference to be made to the SACBNM or SACSC.
(c) Provide a decision or advice on the operations, business, affairs and activities of AIS which may trigger a Shariah non-compliance event.
(d) Deliberate on and affirm a Shariah non-compliance finding by any relevant function.
(e) Endorse rectification measures to address a Shariah non-compliance event.
(f) Endorse Shariah-related policies and frameworks before they are approved by the Board.
(g) Approve procedures which complement policies and frameworks and product collaterals.
(h) Assess the works carried out by Shariah Review and Shariah Audit including operational and system finding that may trigger a Shariah non-compliance event.
(i) Endorse zakat computation and distribution.
(j) Provide advice on the application of Shariah requirements in relation to the recovery options and other relevant components of the Recovery Plan.
(k) Deliberate and endorse the application of Hajah type 2 or Darurah which satisfies the relevant policy and procedures.

During FY2026, the Shariah Committee held thirteen (13) meetings including two (2) joint engagement session with AIS Board.

Details of each Shariah Committee member's attendance during FY2026 are as follows:

Shariah Committee Member	Attendance	Percentage
Dr Tuan Badrul Hisyam bin Tuan Soh (Chairman)	13/13	100%
Tuan Haji Rustam bin Mohd Idris	13/13	100%
Professor Dr Muhamad Rahimi bin Osman	13/13	100%
Assistant Professor Dr Muhammad Naim bin Omar	13/13	100%
Ustaz Ahmad Fauwaz bin Ali @ Fadzil	13/13	100%

B. REMUNERATION

Board of Directors

The Board has in place a Group Remuneration Policy for Non-Executive Directors to ensure that remuneration is fair, reasonable and aligned with market practice. The policy is designed to reflect the duties, responsibilities and time commitment required of each Non-Executive Director, while supporting the Bank's ability to attract and retain Directors needed to steer the Bank effectively towards its strategic goals The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole and is linked to their roles and level of responsibilities. All Non-Executive Directors received fixed annual Director and Board Committee fees as well as sitting allowance for each Board/Board Committee meeting attended. In addition, Non-Executive Directors also receive other benefits including outpatient medical reimbursement, Group Hospitalisation & Surgical coverage and Directors & Officers Liability Insurance coverage, provided that such Director has not acted negligently, fraudulently or dishonestly, or is in breach of his duty of trust.

The details of remuneration of each Director of the Bank received/receivable from the Bank and the Group in respect of FY2026 are disclosed on page 74 of the annual audited financial statements of the Bank for FY2026.

The remuneration of the Non-Executive Directors will be tabled to the shareholder for approval at the forthcoming 19th Annual General Meeting of the Bank to be held on 27 July 2026.

Performance Management

As the Group envisioned to be the preferred banking partner, the Group has set eight (8) strategic growth pillars in its ACCELER8 2027 ambition, and the Bank is part of this ambition. The Group's performance is measured using the balanced scorecard approach. It encompasses metrics that are based on the Bank's key financials and franchise-building focusing on medium to longer-term strategic initiatives and sustainability agenda encompassing the Environmental, Social and Governance (ESG) elements of climate change and human capital including culture.

The climate change sustainability key performance indicators (KPIs) covering new sustainable banking business, reducing the Group's greenhouse gas emission, and proportion of C5a portfolio are included in the corporate scorecard. This scorecard impacts the performance and remuneration of the CEO, all Senior Management and key sustainability champions as well as subject matter experts (SMEs). These SMEs are identified and trained or certified in ESG to enhance their ESG competencies and in turn equipped to deliver our ESG initiatives and to competently advise our customers. The Board sets the tone from the top by reviewing and approving the Group's balanced scorecard. The Group SC provides oversight on the sustainability and climate related goals, measures, strategic plans and implementation to ensure we uphold our commitment and deliverables of the sustainability KPIs.

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

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

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

To safeguard the independence and authority of employees engaged in Risk and Control functions that covers Compliance, Risk Management and Internal Audit, the performance of employees in Risk and Control functions are assessed independently of the performance of any business areas they oversee. Their performance metrics are based principally on the achievement of the objectives of their job functions, rather than on the financial performance of the Bank.

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

The Group Remuneration Policy governs the design and management of remuneration for employees, including Senior Management of the Group. The policy is reviewed and endorsed by the Group NRC and approved by the Board every two (2) years or earlier whenever material changes are required, to ensure that remuneration practices and programmes are consistent with regulatory requirements and the Group's aspirations. It covers all employees, including Senior Management of the Group. Sustainability KPIs are carried by senior management and differentiated by their role as leaders of business, enablers and governance. The compensation pool assigned to each Division is dependent on their achievements of their respective KPIs as well as divisions objectives which include the ESG elements or parameters. Hence, the success of these sustainability initiatives will have direct impact to the short-term incentive bonus funding at group, division and individual levels. Employees covered by collective agreements or subject to labour union negotiations are bound by the terms and conditions of such agreements.

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

Fixed pay	Consists of base salary, and where applicable, cash allowance(s)	Determined based on roles and responsibilities, individual experience and skill sets, the Bank's legal obligations and market competitiveness.
Variable rewards	Consists of cash and/or non-cash incentives and Deferrals	These are not guaranteed and subject to the Bank's results and performance of the work unit and individual employee. This is aligned with prudent risk-taking and incorporates adjustments to reflect: i. Financial and non-financial measures of business performance; and ii. The risks related to the business activities, taking into account, where relevant, of the cost of the associated capital. Deferrals is also used to comply with regulatory requirements and align with the Bank's risk-reward strategy. Variable remuneration is categorised into Short Term Incentive and Long-Term Incentive. <u>Short Term Incentive</u> Consists of performance bonus, sales commission and incentives which are subject to deferred payments. <u>Long Term Incentive (LTIP)</u> The LTIP, governed by the approved LTIP By-Laws, comprises a share grant scheme and a share issuance scheme approved by ABMB's shareholders and implemented in FY2026.
Employee Benefits and Well Being	Indirect and non-cash compensation paid to an employee	Employee benefits are used to foster employees' sense of being valued and improve their quality of life. Benefits help employees pay for healthcare, save for retirement, purchase home and car and take time off work when needed focused at delivering flexible and cost-effective programmes that are of value to employees. Fit@Alliance initiatives bring wellness themes of physical, emotional, financial and social to promote healthy lifestyles among employees. CarePlus, a revised employee medical benefit plan, was implemented in FY2026 for Management Staff on a voluntary enrolment basis.
Career Development & Progression	Conducive environment and opportunities for learning and self-development	Development plan is part of our annual appraisal to identify employees' career aspirations, strengths and development needs. Career conversations, targeted development interventions, accelerated progression and mentoring form part of key talent's individual development plan.

		The Bank empower growth by providing structured learning pathways, future-ready skills development and targeted programmes that help employees build meaningful, sustainable careers through our Alliance Bank Academy. The Academy delivers a comprehensive suite of Internal, Leadership Development and External programmes that provides for a clear learning pathways through the concept of Power and Technical Skills aligned to the Future Skills Framework (FSF). Amongst the many, we offer role-specific professional certification developed exclusively with IBFIM, the Alliance Islamic Finance (ALIF) Programme, which reinforces the Bank's commitment to building future-ready talent.

Determining Variable Remuneration

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

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

The Bank has identified Material Risk Takers ("MRTs") comprising the Senior Management and other officers who are not members of the Senior Management whose responsibilities have a material impact on the Group's performance and risk profile. The variable remuneration of MRTs and other highly remunerated employees is subject to deferral policy. The deferral serves to align remuneration payment schedules with the time horizon of risks and the potential for financial risks to crystallise over a longer period of time. Under the deferral policy, the variable remuneration is subject to a progressive deferral rate of up to 40%. The deferral rate increases with the higher amount of variable remuneration payable to the eligible employees. The deferred portion or award will vest equally over a period of three (3) years. The deferred awards, both unvested and vested portions, are subject to forfeiture and clawback in the event of a material restatement of the Bank or business unit's financials or significant deterioration in the Bank or business unit's financial health and/or if the employee has committed misconduct or resigned.

The Bank does not have other MRTs who are not members of the Senior Management but have authority to commit the Bank significantly to risk exposure.

The following depicts the total value of remuneration awarded to the Senior Management ("SMs") of the Bank in respect of FY2026. There were six (6) members of the Senior Management of the Bank in FY2026.

Table 1: Remuneration Awarded to SMs in FY2026

FY2026

Category	**(RM'000)**
Fixed Pay	4,948

Variable Pay – cash based	1,889
Deferred Variable Pay – cash based	349

Table 2: Breakdown of Deferred Remuneration

Category	**(RM'000)**
Total amount of outstanding deferred remuneration • Cash • Shares	 568 -
Total amount of deferred remuneration paid out during the financial year • Cash • Shares	 558 -
Outstanding deferred remuneration (performance adjustments): • Of which exposed to ex-post adjustments • Reductions in current year due to ex-post adjustments (explicit) • Reductions in current year due to ex-post adjustments (implicit)	 100% - -
Outstanding retained remuneration (performance adjustments) • Of which exposed to ex-post adjustments • Reductions in current year due to ex-post adjustments (explicit) • Reductions in current year due to ex-post adjustments (implicit)	 - - -

Table 3: Guaranteed Bonuses, Sign-on Awards and Severance Payment for FY2026

Category	**(RM'000)**
Number of guaranteed bonuses	-
Number of sign-on awards	1
Number of severance payments	-
Total amounts of above payment made for the financial Year (RM '000)	33

C. AUDIT AND RISK MANAGEMENT

1. Risk Management and Internal Control Framework

The Board is ultimately responsible for maintaining a sound risk management and internal control framework for the Bank. In discharging this responsibility, the Board is supported by the Group RMC and Group AC which assist in overseeing the effectiveness of risk management and internal control.

The Board confirms that it has monitored and reviewed the adequacy and effectiveness of the Bank's risk management framework and system of internal controls at least annually. Such monitoring and review encompass all material controls, including financial, operational, and compliance controls.

Further details of the Group's Risk Management Framework and Internal Control System are explained in the Statement on Risk Management and Internal Control and Risk Management Report in the Integrated Annual Report of Alliance Bank, which is accessible from Alliance Bank's corporate website at https://www.alliancebank.com.my.

2. Anti-Bribery & Corruption

The Group adopts a zero-tolerance stance towards any acts of bribery and corruption, and is committed to act professionally, fairly and with integrity in all business dealings and relationships. The Anti-Bribery and Corruption Policy is established with the following objectives:

(a) To set out the minimum standards of conduct in respect of bribery and corruption for directors and employees, and complements the core principles of the Code of Conduct;
(b) To provide high level guiding principles on how to address bribery and corruption risks and issues which may arise in the business activities of the Group;
(c) To protect the reputation of the Group by preventing and/or detecting bribery and corruption risks; and
(d) To ensure that directors and employees understand:

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

The Anti-Bribery and Corruption Policy is guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 and is supported by the Group's Anti-Bribery and Corruption Procedures.

3. **Whistleblowing Policy**

In line with the Bank's strive for sustained ethical business practices, the Bank has put in place a Whistleblower Policy that is designed to provide a platform for employees to report instances of unethical behaviour, abuse, actual or suspected fraud, harassment, discrimination, misappropriation of assets, bribery or other misconduct or illegal activities within the Bank.

The Whistle-Blower Policy also serves as an avenue for employees to raise concerns relating to integrity and justice in the interest of good governance and accountability.

Whistle-blowers are assured of confidentiality and, where applicable, anonymity, and are protected against work-related retaliation to the extent provided, when reports are made in good faith.

In addition to the internal reporting channels, employees may also report concerns to external regulators and/or law enforcement agencies such as BNM, Securities Commission Malaysia and Malaysian Anti-Corruption Commission.

The Chairman of the Group AC, who is an Independent Director, is responsible for overseeing the effective implementation of the Whistle-Blower Policy. The Group AC also exercise regular oversight over whistle-blower complaints and investigation carried out under the Policy.

The Board is informed, where appropriate, of any relevant whistleblower matters and investigation outcome.

The Bank is also committed to providing third parties with an avenue to raise concerns as whistleblowers. A whistleblower channel for third parties is publicly available on Alliance Bank's corporate website at www.alliancebank.com.my under "Whistleblowing statement".

4. **Internal Control Framework**

The Statement on Risk Management and Internal Control of the Group is set out in the 2026 Integrated Annual Report of Alliance Bank.

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

- Board oversight over Management actions/decisions;
- Segregation of duties;
- Authorisation controls;
- Transactional limits;
- Portfolio/concentration limits;
- Verification/validation checks;
- Reconciliation checks;
- Physical security/access controls;

- Automated, system-based controls and password controls;
- Documentation controls.

The above is supplemented with frameworks, policies, limits and procedures to govern the Bank's various products, services and activities. The Board and Senior Management are responsible for setting the 'Tone from the Top'; backed by staff training/orientation and on- going supervision. Incident handling is reinforced through performance management and consequence management.

The Board, Board Committees and Management Committees periodically review and update these policies and procedures in accordance with the operational and business needs of the Bank, changes in regulations and industry development.

The internal control framework is embedded within the Bank's three Lines of Defence, the details of which are disclosed in the Risk Management Report set out in the 2026 Integrated Annual Report of Alliance Bank.

Frontline Units – 1st Line of Defence

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

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

Risk Control Functions – 2nd Line of Defence

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

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

Group Compliance has established the Group Compliance Framework to that compliance risks are managed effectively in a structured and consistent manner. The framework sets out key principles whereby the Board and Senior Management are responsible for overseeing and ensuring the effective management of compliance risk across the Group. It also reinforces that compliance is the responsibility of all employees and that the Group upholds high standards of conduct, observing both the spirit and the letter of applicable laws and regulations at all times.

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

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

The Bank's compliance culture is driven by a strong tone from the top. The compliance culture programmes are supported by the Board and Senior Management and encompassing amongst others, the induction and training programme, e-learnings, and engagement sessions. During FY2026, the Group implemented a robust compliance culture programme to further strengthen awareness, understanding and accountability across the 3 Lines of Defence. There is also sustainability of compliance culture activities to strengthen compliance awareness and embed a compliant behaviour across the Group.

Details on the risk management framework and internal control system are explained in the Statement on Risk Management and Internal Control, and Risk Management Report set out in the 2026 Integrated Annual Report of Alliance Bank.

Internal Audit – 3rd Line of Defence

As the 3rd Line of defence, Group Internal Audit (GIA) performs regular independent reviews on the Bank's activities to evaluate and make recommendations to improve the effectiveness of governance, risk management and control processes. The reviews are conducted in accordance with a 3-year rolling audit plan, which is developed based on the GIA's risk-based audit planning methodology and approved by the Group AC. A more detailed description of the internal audit function is highlighted in the Group AC Report as set out in the 2026 Integrated Annual Report of Alliance Bank.

This statement is dated 29 June 2026.