

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2488
COMPANY NAME : Alliance Bank Malaysia Berhad
FINANCIAL YEAR : March 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors ("Board") of the Bank holds the overall responsibility of promoting sustainable growth and financial soundness of the Bank as well as for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Bank and its customers, employees and the general public.</p> <p>In discharging its duties and responsibilities, the Board has established a governance structure where Board Committees have been established to support the Board. The delegation of authority is clearly spelt out in the Terms of Reference of the respective Board Committees. As of to-date, the Board has six (6) Board Committees as follows:</p> <ul style="list-style-type: none">• Executive Committee ("EXCO")• Group Audit Committee ("Group AC")• Group Nomination & Remuneration Committee ("Group NRC")• Group Risk Management Committee ("Group RMC")• Group Sustainability Committee ("Group SC")• Group Information Technology Committee ("Group ITC") (established on 1 August 2022) <p>The Board sets strategies, approves budget and business plans, reviews and monitors the performance of the Management. In total, the Board met 19 times during the financial year ended 31 March 2023 ("FY2023") where it approved strategies, budget, Group corporate scorecard, business plans and significant policies, reviewed and monitored the Bank's business and financial performance.</p> <p>At the annual Board strategy and budget meeting, the Board, together with the Senior Management, reviewed the Bank's strategy and budget to ensure that it aligns with the Bank's mission, vision, core values and key customer engagement principles.</p>

	<p>The Board through the EXCO provides oversight on the Bank’s credit matters and implementation of strategic initiatives.</p> <p>The Board through Group NRC oversees the selection, performance, remuneration and succession plans of the Directors, Group Chief Executive Officer (“Group CEO”) and members of the Senior Management team such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank.</p> <p>The Board through Group RMC and Group AC provides oversight on the Bank’s risk management and internal control systems.</p> <p>The Board through Group SC provides oversight in the setting of sustainability strategies, priorities and targets, to ensure that the Group’s strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Group’s commitment towards sustainability.</p> <p>Given the increasing complexity and prevalent use of technology in the provision of financial services, the Board has set up a new Board-level committee Group ITC, primarily to provide end-to-end oversight for IT strategy project due to its far-reaching and long term implications for the Bank. The Group ITC is responsible for supporting the Board in providing oversight over technology-related matters in accordance with paragraph 8.4 of Bank Negara Malaysia (“BNM”) Policy Document on Risk Management in Technology (“RMiT”).</p> <p>The Board continues to promote, together with Senior Management, a sound corporate culture within the Bank which is “Tone from the Top” to reinforce ethical, prudent and professional behaviour. The Board adopts a zero tolerance stance against any act of bribery and corruption and has put in place an Anti-Bribery and Corruption Policy which outlines the key guiding principles and mitigating controls in place with regards to anti-bribery and corruption.</p>	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tan Sri Dato' Ahmad bin Mohd Don is the Independent Chairman of the Bank. He was appointed to the Board on 1 February 2017.</p> <p>Tan Sri Dato' Ahmad provides leadership to the Board and exercises his authority as the Chairman to ensure the effective functioning of the Board. During Board meetings, he ensures that discussion on each agenda item is kept to the point at hand. He also ensures that Management provides the Directors with sufficient and appropriate information on a timely manner for sound and well informed decisions by the Board.</p> <p>Tan Sri Dato' Ahmad promotes a culture of openness and transparency. He encourages healthy discussion among Board members, and ensures Board members freely express their views, including dissenting views and shows respect for the ideas and opinions given by each Board member.</p> <p>Tan Sri Dato' Ahmad takes a long term view on the Bank for a sustainable growth and development. He engages with the Group CEO proactively and is supportive of Senior Management by sharing strategic insights as well as giving constructive feedback to Management to effectively manage the operations of the Bank.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

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

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	: Tan Sri Dato' Ahmad Bin Mohd Don is the Independent Chairman of the Bank and he has been a member of the Group NRC since he was first appointed to the Board on 1 February 2017. Tan Sri Dato' Ahmad has been an effective contributor to the Group NRC with a reflective and thoughtful approach. He would ask Management tough questions on substantive issues and offer considered advice based on sound judgment. With his breadth of experience, Tan Sri Dato' Ahmad is able to provide intelligent and strategic advice on a wide range of issues. The Board is of the view that the value that Tan Sri Dato' Ahmad brings to the Group NRC is greater than any potential self- review risk as to prevent him from being a member of the Group NRC might deprive him from the deliberations and nuances that arise. His exclusion from the Group NRC may also prevent him from becoming more actively engaged particularly on Human Resource matters including the appointment and remuneration of Senior Management, and deny the Committee from leveraging on his wealth of experience and insights to make the most informed decisions in the best interest of the Bank.
Explanation for departure	: Tan Sri Dato' Ahmad does not chair any of the Board committees of the Bank and is not a member of other Board committees other than the Group NRC.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: The Board has adopted the approach of transitioning to this Practice within 3 years from its first implementation in FY2022.
Timeframe	: Within 2 years

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is currently supported by the Group Company Secretary, Mr Lee Wei Yen Simon, who has more than 30 years of experience in corporate secretarial practice. He is a Practising Secretary registered with Suruhanjaya Syarikat Malaysia and is an Associate of The Malaysian Institute of Chartered Secretaries and Administrators. He holds a Master of Business Administration in Finance from Universiti Putra Malaysia and a Master of Advanced Business Practice from University of South Australia.</p> <p>The Group Company Secretary provides counsel to the Board on governance matters and facilitates effective information flows between the Board, Board Committees and Senior Management. He renders effective support to the Chairman of the Board/Chairmen of Board Committees and Directors in the discharge of their roles and responsibilities; and facilitates effective communication of decisions and policies made by the Board/Board Committees to the Management. He also ensures Board procedures; applicable rules and regulations; and relevant laws are followed and complied with.</p> <p>The Group Company Secretary constantly keeps himself abreast with changes in relevant laws; rules and regulations; and industry development through continuously attending trainings and regular interactions with various stakeholders.</p> <p>The Board assesses the fitness and propriety of the Group Company Secretary annually in accordance with the Group's Policy on Fit and Proper. For FY2023, the Board is satisfied with the performance and support rendered by the Group Company Secretary.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board met 19 times during FY2023 to review progress reports on the Bank's business and financial performance, approve budget, strategies, business plans and significant policies as well as to consider business and other proposals which require the Board's approval. All Directors are informed of the scheduled dates of Board meetings before the start of each calendar year. Ad-hoc Board meetings are held to deliberate and consider issues that require the Board's immediate consideration and decision. In addition to its executive sessions with the Group CEO, the Board also has its own executive session as part of every scheduled Board meeting to provide opportunity for Board members to talk freely and openly about topics that deserve special attention.</p> <p>All Directors are supplied with information on a timely manner. The agenda for each Board/Board Committee meeting, together with detailed reports and proposal papers are made available on a secured board portal well in advance of the date of meetings to provide sufficient time for the Board members' prior reading.</p> <p>Minutes of Board and Board Committees meetings are circulated to the Board members on a timely manner for their review to ensure that the minutes accurately record the deliberations and decisions of the Board and Board Committees.</p> <p>Senior Management and advisers are invited to attend Board/Board Committees meetings, where necessary, to provide the Board/Board Committees with detailed explanations and clarifications on proposals tabled to enable the Board/Board Committees to make informed decisions.</p> <p>The Board may also at any time interact directly with, or request further explanation, information or updates on any aspect of the Bank's operations or business concerns from the Management.</p> <p>The Board may have access to independent advisers when it sees a need. If it became appropriate for a Director to obtain external professional advice, separate from advice obtained on behalf of the Bank, this would be arranged in consultation with the Chairman and the advice so obtained would ordinarily be provided to all Directors.</p>

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Board Charter that sets out the mandates, responsibilities and procedures of the Board and Board Committees including matters reserved for the Board's decision.</p> <p>The Board has established Board Committees to assist and complement the Board in the execution of its responsibilities. These Board Committees operate within clearly defined roles and responsibilities as set out in the terms of reference of each of the committees. The Board Committees review and assess the adequacy of their respective terms of reference every two (2) years, or as and when necessary in line with evolving corporate governance requirements and practices to ensure its continued relevance. Any proposed changes to the terms of reference of the Board Committees are subject to the approval of the Board.</p> <p>The Board's approach is that major policy decisions are matters for the Board as a whole. The matters reserved for the Board's decision include, among others, key proposals/issues related to strategy management and sustainability, structure and capital, financial reporting and controls, communication with shareholders and on regulatory issues, Board membership and other appointments, remuneration and delegation of authority.</p> <p>The roles of the Chairman, Senior Independent Director, Non-Executive Directors and Group CEO are clearly identified and set out in the Board Charter.</p> <p>The Board Charter is reviewed by the Board every two (2) years, or as and when necessary, with the last revision being made on 25 November 2021.</p> <p>The Board Charter is published on the Bank's corporate website at www.alliancebank.com.my.</p>

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

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Bank has a Code of Conduct that sets out the principles and standards of business and ethical conduct required to be observed by the Directors and the employees individually in order to promote and uphold the highest standard of professionalism and exemplary code of conduct at all times.</p> <p>Core areas of conduct set out in the Code of Conduct include, among others:</p> <ul style="list-style-type: none">(a) Compliance with laws, regulations, internal policies and procedures;(b) Avoidance of conflict of interest;(c) Misuse of position;(d) Misuse of information and insider trading;(e) Reject bribery and corruption;(f) Respect customer confidentiality and data privacy; and(g) Stay alert to money laundering, terrorism and fraud. <p>To underscore the importance of adherence to and observance of the Bank's Code of Conduct, our employees refresh their knowledge and understanding of the Code of Conduct by way of e-learning annually.</p> <p>There is also a summarised version of the Code of Conduct published on the Bank's corporate website at www.alliancebank.com.my.</p> <p>The Directors also adhere to Code of Ethics for Company Director formulated by the Companies Commission of Malaysia and the Bank's Conflicts of Interest Policy for Directors.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>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 Alliance Bank.</p> <p>The Whistleblower Policy is also an avenue for employees to raise concerns in relation to specific issues that are in the interest of integrity and justice.</p> <p>Employees who utilise the whistle-blower platform are ensured of anonymity (if applicable) and are protected against work related retaliation to a certain extent, when the concerns are raised in good faith.</p> <p>In addition to the internal reporting channels, employees could also direct their whistle-blower complaints to external regulators and/or law enforcement agencies such as Bank Negara Malaysia ("BNM") and Securities Commission Malaysia.</p> <p>The Chairman of the Group NRC, who is an Independent Director, is the designated person appointed to be responsible for the effective implementation of the Whistleblower Policy. The Group NRC also has regular oversight of the whistle-blower complaints and investigation carried out.</p> <p>Together with the Chairman of the Group NRC, the Chairman of the Board, Chairman of the Group AC, and the Group CEO are also involved in the whistle-blower processes. The Bank Board and the Board of the respective principal subsidiaries are informed of any relevant whistle-blower investigation/findings.</p> <p>The Bank is also committed to ensuring that third parties are provided with an avenue to raise complaints as whistle-blowers. To this end, "Whistleblowing Statement" being a whistle-blower channel for third</p>

	parties, has been made available for public viewing and information through the Bank's corporate website at www.alliancebank.com.my .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>One of the key roles of the Board is to promote sustainability through appropriate environmental, social and governance ("ESG") considerations including climate-related risks in the Bank's business strategies.</p> <p>The Group SC supports the Board in the oversight of setting sustainability strategies, priorities and targets, to ensure that the Group's strategies, goals and principles are aligned with, promote and encourage the Group's commitment towards sustainability.</p> <p>At management level, the Sustainability Steering Committee ("SSC") comprising Senior Management staff and chaired by Group CEO drives the Group's sustainability efforts and climate agenda in line with the Group's Sustainability Strategies. The SSC reviews and refreshes the Bank's material sustainability matters annually, and manages these matters through the Group's sustainability strategies. Our progress against these material sustainability matters are disclosed in the 2023 Annual Report Sustainability Statement.</p> <p>The SSC is supported by the Head of Sustainability and a cross-functional team driving 5 key sustainability workstreams to :</p> <ul style="list-style-type: none">• Improve ESG Profile.• Enhance Risk Management Infrastructure.• Improve own ESG practices.• Improve capability and engagement.• Enhance disclosure and communications.
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.2

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

Application :	Applied
Explanation on application of the practice :	<p>The Bank's sustainability purpose is to help business owners adopt ESG practices in a way that creates value for the business, the community and environment in which they operate. We aim to create a meaningful impact on sustainability in collaboration with our people and our community.</p> <p>Our topline goals by financial year ending 31 March 2025 are to have RM10 billion sustainable banking business, provide and assist our customers transition towards sustainable business practices, and reduce the Bank's carbon emissions.</p> <p>Our sustainability strategies, targets, initiatives and statuses are updated to the following stakeholders per the respective modalities and frequencies:</p> <ul style="list-style-type: none"> • Shareholders → Annual General Meeting in the Annual Sustainability Statement. • Investor/analyst community → Analysts briefing (quarterly), ESG briefing (ad-hoc), Sustainability microsite (24/7 availability), and via responses to specific information requests (ad-hoc) • Regulators → briefings (ad-hoc) • Public → Sustainability microsite (24/7 availability), various mediums based on sustainability communications plan (according to plan timeline)

	<p>Internally, we have employee communication programmes to create employee understanding and awareness, such as Group Chief Executive Officer vlog/Blog, Quarterly Business Updates, Staff Communications/ videos and Sustainability Microsite. A sustainability e-learning module is also available to all employees to build understanding of sustainability and climate-related risk, and how it relates to the Bank and the broader economy.</p> <p>To complement the communication efforts with our employees, and to drive buy in/ participation into the sustainability agenda, activities such as staff quizzes and cross functional Sustainability Challenges are organised. Employees are also encouraged to participate as volunteers for sustainability related initiatives. For more information, please refer to page 49 of the 2023 Annual Report Sustainability Statement section.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.3

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

Application	: Applied
Explanation on application of the practice	<p>For Board members to have a better understanding and knowledge of sustainability issues that are relevant to the Bank and its business, an in-house programme for the Board was held in March 2023 by an external consultant to provide training and knowledge sharing session on the market landscape and regulatory requirements for sustainability, with emphasis on climate risk management and scenario analysis. The session was interactive with quizzes and discussions around key climate-related risk areas and recent developments.</p> <p>In addition to the in-house programme, Board members have also attended external training programmes to stay abreast with and understand the sustainability issues relevant to the Bank and its business.</p> <p>The following are some of the external ESG training programmes attended by Board members during FY2023:</p> <ul style="list-style-type: none">• FIDE: OE-ESG & Islamic Finance : Implications for Boards and Corporate Governance• ICDM : Board’s At A Glance – Bursa Malaysia’s Enhanced Sustainability Reporting Framework• SID: LED : Environmental, Social and Governance Essentials (Core Module)• SGX & Global Compact Network Singapore Workshops on Task Force on Climate-Related Financial Disclosure• Iclif : Materiality: Determining ESG Topics That Matter• Iclif : Corporate Governance & Remuneration Practices for the ESG World• AICB: JC3 Upskilling Sustainability Training (JUST) Series 3- A Passion for Purpose: Delivering a JUST Transition to Net Zero <p>The Group SC assists the Board in promoting sustainability through appropriate ESG considerations in the Bank’s business strategies. The Group RMC also complements the Group SC in assisting the Board in the assessment and management of sustainability and climate-related risk of the Bank.</p>

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

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p><u>At Board level</u></p> <p>In the Board Effectiveness Assessment exercise for FY2023 carried out by the Group NRC, the Board and Group SC were assessed, among others, on the following in relation to sustainability:</p> <ul style="list-style-type: none">• Whether the Board takes into account sustainability considerations when exercising its duties including among others the development and implementation of the Bank's strategies, business plans, major plans of action and risk management.• Whether the Bank's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.• Whether the Board has performed well in addressing the Bank's material sustainability risks and opportunities.• Whether the Board takes into consideration the risks and opportunities arising from climate change in assessing and approving the Bank's strategies and business plan.• Whether the Board receives timely updates in managing climate-related risks and implementing the strategies to build climate resilience. <p><u>At Senior Management level</u></p> <p>For FY2023, the balanced scorecard of Senior Management includes ESG-related KPIs on financing, investment, Greenhouse Gas (GHG) emissions reduction, and helping customers make the transition to ESG compliance.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5- Step Up

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

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
Application	: Adopted
Explanation on adoption of the practice	: Given the focus and intensity in the sustainability agenda, a Group Sustainability Committee comprising three (3) Independent Directors and a Management-level Sustainability Steering Committee chaired by the Group CEO and comprising Senior Management members, have been established to provide oversight and to lead the sustainability agenda respectively. The Head of Sustainability drives the development and implementation of Group Sustainability efforts. These efforts include: <ol style="list-style-type: none">1. The execution of the Group Sustainability Strategy Framework.2. The implementation of sustainability work stream initiatives :<ul style="list-style-type: none">▪ Sustainable financing programmes for consumers and businesses.▪ Sustainability Assistance Program for SMEs.▪ Enhancing the ESG screener and ESG Risk Acceptance Criteria (“RACs”).▪ Assessment of the Bank’s climate risk management and scenario analysis.▪ Implementation of the Bank’s Greenhouse Gas (“GHG”) Emissions Reduction Strategy.▪ Sustainability training and development for Board, Senior Management members targeted subject matter experts, and the general staff.▪ Enhanced sustainability disclosures.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group NRC is responsible for assessing the appointment of new Directors, re-appointment of existing Directors and annual re-election of Directors.</p> <p>The Group NRC is guided by the Group Board Succession Plan and the Group Board Gender Diversity Policy in identifying potential candidates for nomination as Directors. The Group Board Succession Plan comprises the guiding principles for effective succession planning as well as the procedures in ensuring a smooth transition in the Board's succession process as existing Directors leave the Board and new ones come on board.</p> <p>Group NRC takes into account the strategic directions of the Group when evaluating candidates to fill any Board vacancy. In assessing candidates for new Board appointments, the Group NRC considers the diversity of skills, knowledge and experience, as well as the gender of the candidates.</p> <p>The Group NRC also assesses all Directors' performance and contribution to the Board annually to ensure that they continue to be fit and proper.</p> <p>The Bank has adopted a policy which limits the tenure of its Independent Directors to nine (9) years, and Non-Independent Non-Executive Directors to twelve (12) years. As at the date of this Report, none of the Bank's Independent Directors and Non-Independent Non-Executive Directors has served for a cumulative period of more than nine (9) years and twelve (12) years in the Group, respectively.</p> <p>The Group NRC ensures that the composition of the Board is refreshed periodically to bring in new skills and perspective to the Boardroom.</p> <p>The Group NRC also reviews and evaluates the tenure, performance and contribution of each Director, including those retiring at the Annual General Meeting prior to making any recommendations to the Board and shareholders for their re-election.</p>

	<p>At the forthcoming 41st Annual General Meeting of the Bank to be held on 26 July 2023, the following Directors are subject to retirement by rotation in accordance with the Bank's Constitution and being eligible, have offered themselves for re-election :</p> <ol style="list-style-type: none"> 1) Lee Boon Huat 2) Lum Piew 3) Tan Chian Khong <p>The Group NRC, having reviewed their performance and contribution, was satisfied that each of the above retiring Directors, has performed and contributed to the effectiveness of the Board as a whole.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently has nine (9) members, comprising entirely Non-Executive Directors, seven (7) of whom are Independent Directors.</p> <p>The presence of a majority of Independent Directors on the Board provides the necessary check and balance to ensure that the interests of all stakeholders and the general public are given due consideration in the Board’s decision-making process.</p> <p>The Independent Directors are not involved in the day-to-day management of the Bank nor participate in any of the Bank’s business dealings to remain free of any conflict of interest in undertaking their roles and responsibilities as Independent Directors effectively.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

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

Intended Outcome

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

Practice 5.4 - Step Up

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The Board has adopted a policy which limits the tenure of its Independent Directors to nine (9) years. The Board Charter does not allow any Independent Director to continue serving on the Board as an Independent Director upon completion of the 9-year term.

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group NRC supports the Board in the following matters concerning Directors, Shariah Committee members, members of Senior Management and the Company Secretary:</p> <ul style="list-style-type: none">i. Appointment and removals;ii. Composition of the Board;iii. Performance evaluation and development; andiv. Fit and proper assessments. <p>It takes into account the strategic directions of the Group when evaluating candidates to fill any Board vacancy. In assessing candidates for new Board appointments, the Group NRC considers diversity of skills, knowledge, experience and gender of the candidates. To ensure a candidate has the character, experience, integrity and competency to effectively discharge his/her role as a Director, the Group NRC assesses the candidates on the following criteria:</p> <ul style="list-style-type: none">(a) Not be disqualified under section 59 of the Financial Services Act 2013;(b) Comply with the fit and proper requirements of the Bank;(c) Not to have any competing time commitments that impair his/her ability to discharge his/her duties effectively;(d) Not be an active politician;(e) Not be a partner of a firm which has been appointed as the external auditors of the Bank or any of the firm's officer directly involved in the engagement until at least three (3) years after:<ul style="list-style-type: none">(i) he/she ceases to be an officer or partner of that firm; or(ii) the firm last served as auditors of the Bank; and(f) Preferably at a minimum, holds a degree qualification and/or other equivalent qualification(s) with at least five (5) years in senior managerial position.

	<p>The Group NRC is also guided by the Group Board Succession Plan and the Group Board Gender Diversity Policy in identifying potential candidates for nomination as Directors.</p> <p>To ensure that Directors have the time to focus and be effective Board members, the number of listed Boards that a Director of the Bank can sit on is limited to 5.</p> <p>Despite the above, the Directors are expected to know the extent of their commitments and they must be prepared to devote sufficient time to the affairs of the Bank.</p> <p>Directors' time commitment to devote the required time to serve the Board, including a Directors' other board positions, is one of the criteria for their re-appointment to the Board.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Group NRC is guided by the Group Board Succession Plan and the Group Board Gender Diversity Policy in identifying potential candidates for nomination as Director. In accordance with the Group Board Succession Plan, other than relying on recommendations of potential board candidates from existing Directors, officers and major shareholders, the Group NRC also procures suitably qualified candidates for board appointments from external independent sources such as the Directors Register maintained by FIDE Forum and other leadership development and consulting organisations. During FY2023, no new appointment was made to the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>Shareholders are kept informed of the changes to the Board through the Bank's announcements to Bursa Malaysia. The Directors' details are also made available on the Bank's corporate website at www.alliancebank.com.my.</p> <p>The following Directors will be retiring by rotation and standing for re-election at the forthcoming 41st Annual General Meeting of the Bank to be held on 26 July 2023:</p> <ol style="list-style-type: none">1) Lee Boon Huat2) Lum Piew3) Tan Chian Khong <p>Based on the annual Board Effectiveness Assessment for FY2023, the Board was satisfied with each of the above Directors' performance and contribution, and the Board recommends and supports their re-election at the forthcoming 41st Annual General Meeting to be held on 26 July 2023.</p> <p>The details of Directors standing for re-election at the forthcoming 41st Annual General Meeting are included in the notes accompanying the notice of the Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.8

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

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

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	
Explanation for departure	:	As at 2 June 2023, the Board has three (3) female Directors making up 30% women on the Board.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Group Board Gender Diversity Policy that calls for women candidates to be given priority consideration in the selection and recruitment process of identifying suitable candidates. This is to ensure that the Bank's gender diversity target of having women representing 30% on the Board is achieved.</p> <p>In respect of employees, the Bank is committed to equipping its people with the right skills, knowledge and tools to perform their roles effectively. We advocate open and transparent communication and promote a strong culture of appreciation at the workplace. To maintain a highly productive workplace, we encourage a healthy work-life balance and foster continuous learning in our employees.</p> <p>A diverse workforce equipped with different skill sets and experiences is important to help achieve the Bank's business goals. Diversity and equal opportunities in a workforce promote creativity and stronger relationships among employees.</p> <p>We promote mutual respect for our employees and applicants alike. We hire and promote based on merit and assess all candidates fairly. Employees are evaluated based on behavioural and professional criteria for career progression. A diverse committee of Senior Management decides on promotions and monetary compensation. We adopt a stance of Equal Opportunity Employer, and recruitment is conducted in a fair and just manner regardless of nationality, race, religion, gender, age, sexual orientation and disability.</p> <p>In pursuit of diverse and equal gender participation, over 61% of our workforce are women, of which about 81% hold management positions (Senior Executives and above) while 14% are part of Senior Management (Senior Vice President and above).</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board has implemented an Annual Board Effectiveness Assessment process, carried out by the Group NRC, to assess the effectiveness of the Board as a whole, the Committees of the Board, and the contributions of each individual Director. The Board through the Group NRC, will also engage an external independent consultant to assist in and lend objectivity to the annual Board Effectiveness Assessment once every three (3) years.</p> <p>The Board has engaged KPMG Management Risk Consulting Sdn Bhd to conduct the Annual Board Effectiveness Assessment in FY2022. The FY2023 Annual Board Effectiveness Assessment was conducted internally, via the completion of the comprehensive Self-Assessment Questionnaires by Directors.</p> <p>Appended below is the Board Effectiveness Assessment process in respect of FY2023:</p> <p>Step 1: Completion of Comprehensive Questionnaire</p> <p>I. Assessment of the Board by Board Members</p> <p>Each Director evaluates the performance of the Board as a whole by way of a Self-Assessment Questionnaire by Individual Board Members.</p> <p>The assessments are made against pre-established criteria in the following areas:</p> <ul style="list-style-type: none">a. Board Composition/Structure;b. Board Process;c. Board Governance;d. Major Responsibilities of the Board; and

e. Sustainability

II. Individual Director Self-Assessment

For individual Directors' assessments, Self-Assessment Forms by Individual Directors are completed individually by each Director.

III. Peer Assessment of Individual Directors

The performance of each Board Member is also assessed by their fellow Board members based on similar criteria of the Individual Directors' Self-Assessment.

IV. Assessment of the Board Committees

Each Member of the Board Committees completes the Self-Assessment Form in respect of the Board Committees in which he/she is a member. The effectiveness of the Board Committees is assessed against pre-established criteria in the following areas:

- a. Committee Governance; and
- b. Accountability and Responsibilities.

Step 2: Reporting and Discussion with the Group NRC and the Board

The results of Annual Board Effectiveness Assessment for the Board as a whole, Board Committees and the contribution of each individual Director are compiled for deliberation by the Group NRC, respective Board Committees and the Board for improvement, where necessary.

For FY2023, the Board was satisfied with the results of the Annual Board Effectiveness Assessment and will take the necessary steps to address areas for improvement as suggested by the Directors.

Findings from the FY2023 Annual Board Effectiveness Assessment showed that Board members are keen to equip themselves with more knowledge on sustainability and issues regarding managing climate-related risks and opportunities.

FITNESS AND PROPRIETY ASSESSMENT

The Board, through the Group NRC, also assesses the fitness and propriety of the Directors in accordance with the Group's Policy on Fit and Proper in conjunction with the Annual Board Effectiveness Assessment exercise. All Directors are required to complete a Fit & Proper Declaration annually. The Fit & Proper Declarations by the Directors are verified against independent sources.

For FY2023, the Board was satisfied that each of the Directors had met the required standards of fitness and propriety.

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

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Directors' Remuneration</p> <p>The objective of the Group's Policy on Directors' remuneration is to attract and retain Directors needed to steer the Bank towards achieving its goals effectively. The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole and that it is linked to their roles and responsibilities.</p> <p>All Non-Executive Directors are paid fixed annual director/Board committee fees and sitting allowance for each meeting attended. In addition, Non-Executive Directors also receive other benefits including outpatient medical reimbursement, Group Hospitalisation & 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/her duty of trust.</p> <p>During FY2023, the Bank implemented the revised fee structure and meeting allowance of the Non-Executive Directors approved by the shareholders at the 40th Annual General Meeting ("AGM") held on 4 August 2022.</p> <p>Senior Management</p> <p>The Bank has established a Remuneration Policy that governs the design and management of remuneration for employees. The Remuneration Policy is elaborated in Section B of this Corporate Governance Report.</p> <p>The Remuneration Policy is reviewed and endorsed by the Group NRC and approved by the Board on a periodic basis and whenever material changes are required. The Remuneration Policy review included input from the Risk and Control functions.</p>

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

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>One of the objectives of the Group NRC established by the Board is to support the Board in actively overseeing the design and operation of the Bank's remuneration system; and to periodically review the remuneration of Directors on the Board, particularly on whether remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.</p> <p>The Group NRC also reviews and recommends/approves matters related to remuneration of members of Senior Management and other material risk takers of the Bank Group.</p> <p>The Terms of Reference of the Group NRC are disclosed on the Bank's corporate website at www.alliancebank.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Ahmad bin Mohd Don	Independent Director	355	96	-	-	31	-	482	355	96	-	-	31	-	482
2	Lee Boon Huat	Independent Director	235	142	-	-	-	-	377	235	142	-	-	-	-	377
3	Wong Yuen Weng Ernest	Non-Executive Non-Independent Director	235	123	-	-	-	-	358	235	123	-	-	-	-	358
4	Lee Ah Boon	Non-Executive Non-Independent Director	253	157	-	-	-	-	410	453	188	-	-	-	-	641
5	Datuk Wan Azhar bin Wan Ahmad	Independent Director	255	153	-	-	-	-	408	455	191	-	-	-	-	646
6	Tan Chian Khong	Independent Director	235	109	-	-	-	-	344	235	109	-	-	-	-	344
7	Susan Yuen Su Min	Independent Director	250	109	-	-	-	-	359	250	109	-	-	-	-	359
8	Lum Piew	Independent Director	208	130	-	-	-	-	338	208	130	-	-	-	-	338
9	Cheryl Khor Hui Peng	Independent Director	243	112	-	-	-	-	355	243	112	-	-	-	-	355
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that such disclosure would not be to the Bank's advantage in view of the competitive market for talents in the financial industry.	
		As an alternative to the recommended disclosures, the remuneration of key management personnel i.e. the Group CEO and CEOs of subsidiaries are disclosed on a named basis in the Audited Financial Statements of the Bank for FY2023. Senior Management's remuneration is disclosed on a group basis in Section B of this Corporate Governance Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will closely observe the market practice on such disclosures for future consideration.	
Timeframe	:	Others	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of Group AC is not the Chairman of the Bank Board. Mr. Tan Chian Khong is the Chairman of Group AC while Tan Sri Dato' Ahmad bin Mohd Don is the Chairman of the Board and he is not a member of the Group AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Terms of Reference of the Group AC sets out, among others, that any former key audit partner of the External Auditors shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Group AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group AC is guided by the Policy on Appointment/ Re-Appointment of External Auditors for Audit and Non-Audit Services and the External Auditors Suitability & Independence Assessment Policy in its assessment on the suitability, objectivity, performance, and independence of the External Auditors. These policies have been drawn up with reference to BNM Policy Document on External Auditor.</p> <p>In accordance with the aforesaid policies, the Group AC reviews and assesses the External Auditors' performance, independence and objectivity based on the following factors on an annual basis: -</p> <ul style="list-style-type: none">(a) Qualification criteria;(b) Level of knowledge, capabilities, experience and quality of previous work;(c) Level of engagement with Group AC;(d) Ability to provide constructive observations, implications and recommendations in areas which require improvements;(e) Appropriateness of audit approach and the effectiveness of audit planning;(f) Ability to perform the audit work within the agreed duration given;(g) Independence, objectivity and professional scepticism;(h) Ability to demonstrate unbiased stance when interpreting the standards/policies adopted by the Bank; and(i) Rotation of audit partners every five (5) years which complies with the Group's internal policy.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Group AC comprises entirely Independent Directors. The members of the Group AC are as follows: 1. Tan Chian Khong - Chairman / Independent Director 2. Datuk Wan Azhar bin Wan Ahmad – Member/Independent Director 3. Cheryl Khor Hui Peng – Member/Independent Director

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group AC is led by Mr Tan Chian Khong, who was appointed as Chairman of the Group AC on 19 August 2020. He is a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia and a Member of the American Institute of Certified Public Accountants with 35 years of experience in the audit industry.</p> <p>Collectively, all the Group AC members have experience and skills in the areas of banking, finance, economic and accounting which have equipped them with the capability to discharge their functions as set out in the Terms of Reference of the Group AC.</p> <p>The Group AC members have attended continuous professional development programmes to keep themselves abreast of relevant developments in the financial services industry during FY2023.</p> <p>For detailed trainings attended by the Group AC members, please refer to Section B of this Corporate Governance Report.</p> <p>The Group AC also receives regular updates from Management and External Auditors on new/revised financial reporting standards as well as development in law and regulations affecting the financial services industry.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has an overall responsibility in maintaining a system of internal controls covering not only financial controls but also controls relating to risk management. However, such system can only provide reasonable but not absolute assurance against the risk of material financial/management information misstatements, fraud or financial losses from occurring. The rationale of the system of internal controls is to enable the Bank to achieve its corporate objectives within an acceptable risk profile and it is not expected to totally avoid or eliminate all the risks but is aimed at minimising and managing the risks.</p> <p>On-going reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls.</p> <p>The Group AC provides an independent oversight of the internal control system of the Bank. In this regard, all findings on control issues raised by the Internal Auditors, External Auditors and Bank Negara Malaysia and the agreed recommendations to enhance the control system are highlighted to the Group AC for monitoring until completion.</p> <p>To ensure that a sound system of internal control is in place, the Board has established primary processes in reviewing the adequacy and integrity of the system which includes:</p> <ul style="list-style-type: none">• Regular and comprehensive management reports are made available to the Board on a regular basis, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans;• Clearly defined delegation of responsibilities to Committees of the Board and to Management including organisation structures and appropriate authority levels;• Relevant frameworks, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;• A Shariah Compliance Framework which governs the operations of AIS and outlines the roles of key functionalities within AIS, including but not limited to the Shariah risk management process;

	<ul style="list-style-type: none"> • An Information Technology Risk Management Framework and Cyber Resilience Framework to manage information and cyber risks; supported by a Business Continuity Management Framework for contingencies; • A Sustainability Framework which presents the Bank’s sustainability purpose, goals, strategy, and governance. The framework is also anchored against regulatory discussion on BNM Climate Change and Principle-based Taxonomy; • Regular update of internal policies and procedures to reflect changing risks profiles and address operational concerns; • Regular review of the business processes by the Group Internal Audit to assess the effectiveness of the control environment and highlight significant risks impacting the Group; • Documentation and periodic assessment of controls and processes by all business and support units for managing key risks; and • Regular Senior Management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues. <p>Further details on the Bank’s risk management framework and internal control system are explained in the Statement on Risk Management and Internal Control and Risk Management Report in the 2023 Annual Report.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has assessed the adequacy and effectiveness of the risk management and internal control system of the Bank, and is of the view that it is operating adequately and effectively, in all material aspects. The risk management framework and system of internal controls are disclosed in the Statement on Risk Management and Internal Control, and Risk Management Report in the 2023 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board established a Group RMC comprising a majority of Independent Directors.</p> <p>The Group RMC oversees the Senior Management's activities in managing enterprise risks covering areas such as credit, market, liquidity, operational, compliance, legal, IT/Cyber and sustainability, as well as ensures compliance with regulations. This includes ensuring a sound risk strategy and that the risk management framework is functioning effectively according to its purpose. It also actively promotes a consistent culture of compliance; and a risk awareness and risk management culture within the Group. Its oversight role includes approving and deliberating on risk and compliance strategies, policies and methodologies, as well as related matters.</p> <p>The primary roles and responsibilities of Group RMC include:</p> <p><u>Risk Management</u></p> <ol style="list-style-type: none">Oversee and approve material risk management strategies, policies, frameworks, methodologies and risk tolerance.Oversee the adequacy of risk management policies and frameworks inclusive of Recovery Plan in identifying, measuring, evaluating, monitoring and controlling the extent to which these are operating effectively, prudently and in compliance with all regulatory guidelines.Oversee infrastructure, resources and systems are in place for risk management functions, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the financial institutions' risk taking activities.Oversee management's periodic reports on risk exposure, risk portfolio composition and risk management activities to ensure that the risk reports facilitate understanding and the determination of appropriate risk responses.

	<p>e. Support the board in meeting the expectations on risk management as set out in the BNM Policy Document on Risk Governance.</p> <p>f. Oversee the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the board remuneration committee.</p> <p><u>Compliance</u></p> <p>a. Oversee and approve material compliance frameworks, strategies and policies, including but not limited to the relevant policies pertaining to prevention of money laundering, terrorism financing, bribery and corruption.</p> <p>b. Oversee that infrastructure, resources and systems are in place for the compliance function, i.e. ensuring that the staff responsible for implementing compliance systems perform those duties independently of the financial institutions' risk taking activities.</p> <p>c. Oversee the effectiveness of the Group's overall management of compliance risk is evaluated at least annually.</p> <p>d. Oversee regulatory compliance risk exposures and material reports or inquiries from regulatory authority and approve the actions to be taken including any non-compliance related matters, as well as Shariah non-compliance events.</p> <p>e. Oversee the implementation of remediation measures on breaches and compliance incidences within the Group.</p> <p>f. Provide adequate discussion and priority to deliberate compliance issues in ensuring such issues are resolved promptly and effectively.</p> <p>g. Oversee the periodic reports presented on the assessment of compliance status of the Group, and updates on regulatory trends and requirements.</p> <p>The Group RMC was responsible for overseeing technology-related matters until 1 August 2022 when the Board established the Group ITC to support the Board on oversight over technology-related matters as required under BNM Policy Document on Risk Management in Technology.</p>
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Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The purpose, authority, scope, independence and responsibilities of Group Internal Audit (“GIA”) function is provided in the Internal Audit Charter, which is approved by the Group AC.</p> <p>The Group Chief Internal Auditor (“GCIA”) reports functionally to the Group AC and administratively to the Group CEO.</p> <p>To ensure independence and effectiveness of the GIA, the Group AC is empowered under its Terms of Reference to:</p> <ul style="list-style-type: none">• Oversee the Internal Audit function and ensure compliance with requirements of regulators;• Review internal audit reports and ensure that appropriate actions are taken by Senior Management in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit;• Appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the GCIA;• Ensure the compensation scheme of the internal auditors is consistent with the objectives and the demands of the internal audit function;• Note any significant disagreements between the GCIA and the rest of the Senior Management irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;• Ensure the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness; and• Be able to convene meetings with the internal auditors, excluding the attendance of other Directors and employees of the Bank and its subsidiaries. <p>The Group AC also reviews and approves GIA’s annual audit plan.</p> <p>Details of the Group AC’s oversight over the GIA function are disclosed in the Group AC Report in the 2023 Annual Report.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p><u>Independence of Group Internal Audit Personnel</u></p> <p>Group Internal Audit (GIA) is an independent appraisal function set up by the Board to objectively examine and evaluate the Bank’s activities; and make recommendations to improve the effectiveness of the risk management and governance processes, internal control & compliance framework and information systems.</p> <p>The GIA function is guided by the Internal Audit Charter, which sets out its purpose, authority, scope, independence and responsibilities. The Internal Audit Charter is endorsed by the Group AC and approved by the Board.</p> <p>To maintain objectivity and independence, the Group Chief Internal Auditor (“GCI A”) is responsible to the Group AC and Board. The appointment, remuneration, performance appraisal, transfer and dismissal of the GCI A are to be decided by the Group AC. GIA personnel do not have any authority or responsibility for the activities they audit. They are required to report to the GCI A any situation in which a conflict of interest or bias is present or may reasonably be inferred. Assignments are allocated so that potential and actual conflicts and bias are avoided. In addition, annual declaration of conflict of interest is obtained from all internal auditors to confirm that they have not provided any audit services which would result in actual or perceived conflict(s) of interest.</p> <p><u>Group Internal Audit Resources</u> GIA currently has thirty-eight (38) audit personnel.</p> <p><u>Group Chief Internal Auditor</u> GIA was headed by Ms. Shamita Atputharaja. Ms. Shamita is succeeded by Mr. Andrew Ng Yin Min who is the Acting Group Chief Internal Auditor. Andrew holds a Bachelor of Science in Applied Accounting, is a Certified Information Systems Auditor (“CISA”), and has 15 years of experience in the audit industry. Prior to joining the Bank, Mr. Andrew was providing audit and consultancy services to</p>

	<p>clients from various industries such as banking, insurance, telecommunications, energy and healthcare.</p> <p><u>Internal Audit Framework</u> GIA's processes and activities are governed by policies established by the Group AC and regulatory guidelines as well as the International Standards for the Professional Practices Framework (Standards) issued by the Institute of Internal Auditors ("IIA") Malaysia.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

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

The Bank also participates in meetings, roadshows and webinars to share the latest updates and pertinent information on the Bank's progress with the investment community.

These platforms enable the investment community to seek clarifications on their enquiries and express their views on the Bank's performance, and in turn, the Bank has the opportunity to manage investors' expectations and strengthen their understanding of the Bank.

The investing public can contact the Head, Investor Relations, Mr Tan Hong Ian at 03-2604 3333 or investor_relations@alliancefg.com, for any investor relations matters.

Corporate website

Stakeholders can access the Bank's corporate website at www.alliancebank.com.my for information of the Bank. There is a dedicated section for corporate governance on the Bank's corporate website where information such as the Board Charter; Code of Conduct; Conflicts of Interest Policy for Directors; Group Board Gender Diversity Policy; Group's Policy on Fit & Proper; Annual Reports; Minutes of General Meetings; Constitution of the Bank and Terms of Reference of the Board Committees are made available to the public. A corporate calendar on material events such as entitlement dates, ex-dividend dates and payment dates for dividend payments; all announcements made by the Bank to Bursa Malaysia Securities Berhad including quarterly results and dividend information; and presentation slides for analyst briefings are also available on the Bank's corporate website under the Investor Relations section for the benefit of the investing public.

Social media

In addition, the Bank also leverages on social media as a communication channel with stakeholders as this channel allows immediate and easy access to the latest information on the Bank's products and services as well as serves as a platform to obtain feedback from the stakeholders.

Internal employee portal

Internally, the Bank strives to maintain an open and two-way communication with employees. Through the Bank's internal employee portal i.e. InAlliance Portal, employees are kept up-to-date on the Bank's performance, strategies, corporate development and business accomplishment; internal policies and procedures; occupational safety, health and well-being updates; employees' engagement activities, etc. Employees are encouraged to actively provide their feedback and ideas through the InAlliance Portal.

Stakeholders may also convey their concerns and enquiries to Mr Lee Boon Huat, the Bank's Senior Independent Director, as an alternative to the formal channel of communication. All correspondence to the Senior Independent Director can be sent via email to sid@alliancefg.com or by mail to the registered office of the Bank at 3rd Floor, Menara Multi-

	Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Notice of the Bank's 41st Annual General Meeting (AGM) to be held on 26 July 2023 is given to the shareholders 29 clear days prior to the AGM date.</p> <p>The shareholders can have an immediate access to the Bank's Annual Report 2023 including the notice of AGM and proxy form from the Bank's corporate website at www.alliancebank.com.my on the notice issuance date on 26 June 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors have attended the 40 th Annual General Meeting of the Bank held on 4 August 2022 which was held virtually. Shareholders, corporate representatives and proxies attended the 40 th AGM via remote participation.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Bank has facilitated voting in absentia and remote participation by shareholders at general meetings.</p> <p>The Bank has leveraged technology to facilitate shareholders’ participation and voting at the Annual General Meeting. The shareholders cast their votes through online voting platform administered by the Board appointed Independent Poll Administrator and the poll results verified by Independent Scrutineer.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The 40th Annual General Meeting (AGM) was held on 4 August 2022 on a virtual basis. The key proceedings of the 40th AGM were as follows:</p> <ul style="list-style-type: none"> i) Introduction of all Board members, Group CEO, Group Chief Financial Officer and Group Company Secretary. ii) Group CEO's presentation of the FY2022 Financial Performance. iii) Minority Shareholders Watch Group's questions and the Bank's responses. iv) Presentation of Audited Financial Statements for the financial year 31 March 2022. v) Tabling of Resolutions (1) to (7). vi) Q&As session. vii) Voting of Resolutions. viii) Verification of poll results by the scrutineer, BDO Consulting Sdn Bhd and announcement. <p>Following the AGM, Minutes of the AGM as well as the Q&As with shareholders were made available on the Bank's website (www.alliancebank.com.my) within 30 business days of the AGM.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>Shareworks Sdn Bhd was appointed as the Poll Administrator and Agmo Studio Sdn Bhd as Remote Participation and Voting Service provider for the Bank's 40th AGM which was held on a virtual basis. Shareholders participated and voted remotely via Vote2U online platform at https://alliancebank.vote2u.app/ prior to the AGM.</p> <p>During the AGM, shareholders were provided with messaging window facility via Vote2U portal for them to submit their questions.</p> <p>Questions received from the shareholders during the AGM were read out by an external independent moderator.</p> <p>The minutes of the 40th AGM and Q&As with the shareholders were posted on the Bank's corporate website within 30 business days of the 40th AGM.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The minutes of the 40 th AGM was duly signed by the Chairman and published on the Bank's Corporate website (www.alliancebank.com.my) within 30 business days of the 40th AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

BOARD OF DIRECTORS

Board composition

The members of the Board are as follows:

1. Tan Sri Dato' Ahmad bin Mohd Don – Chairman, Independent Director
2. Lee Boon Huat – Senior Independent Director
3. Wong Yuen Weng Ernest – Non-Independent Non-Executive Director
4. Lee Ah Boon – Non-Independent Non-Executive Director
5. Datuk Wan Azhar bin Wan Ahmad – Independent Director
6. Tan Chian Khong – Independent Director
7. Susan Yuen Su Min – Independent Director
8. Lum Piew - Independent Director
9. Cheryl Khor Hui Peng – Independent Director
10. Mazidah bin Abdul Malik –Independent Director
(appointed on 30 May 2023)

The particulars and background of the Directors are disclosed in the 2023 Annual Report.

Roles and responsibilities of the Board

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

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

During FY2023, the Board met nineteen (19) times. Thirteen (13) meetings including two (2) meetings to review and approve the Strategy and Budget of the Group were scheduled meetings while six (6) meetings were ad-hoc meetings to consider exigency matters. In line with the easing of COVID-19 restrictions, the Board and Board Committee meetings have transitioned to hybrid mode; i.e. Both physical and virtual setting facilitated by video conferencing.

All Directors have demonstrated that they are able to allocate sufficient time to the Bank in discharging their duties and responsibilities and their commitment is affirmed by their excellent attendance records at the Board meetings held during FY2023 as reflected below:

No.	Name of Directors	Attendance	Percentage
1.	Tan Sri Dato' Ahmad bin Mohd Don	19/19	100%
2.	Lee Boon Huat	19/19	100%
3.	Wong Yuen Weng Ernest	19/19	100%
4.	Lee Ah Boon	19/19	100%
5.	Datuk Wan Azhar bin Wan Ahmad	19/19	100%
6.	Tan Chian Khong	18/19	95%

7.	Susan Yuen Su Min	19/19	100%
8.	Lum Piew	19/19	100%
9.	Cheryl Khor Hui Peng	19/19	100%

Board training and development

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

In accordance with the annual Board Development Plan, Directors are encouraged to attend a minimum of three (3) training programmes within the financial year, taking into consideration emerging trends in the financial services industry. In addition, each Board Committee member is encouraged to attend a minimum of two (2) training programmes relevant to the respective areas of the Board Committees in each financial year to keep abreast with latest developments.

For newly appointed Directors, the Bank has put in place an in-house Directors' Orientation Programme for them to familiarise themselves with the Bank's operations in addition to the regulatory and mandatory training programmes such as the Mandatory Accreditation Programme of Bursa Securities, Financial Institutions Directors' Education (FIDE) Core Programme and Islamic Finance for Board Programme. Upon appointment, a new Director will attend an in-house orientation programme within three (3) months of the appointment where he/she will be briefed on the Bank's operations and business strategies by the Senior Management to familiarise him/her with the Bank and the Group. Directors also receive guidance from the Group Company Secretary on the Bank's governance framework and associated policies, as well as their duties as Directors of the Bank.

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

During FY2023, the Directors attended various training programmes as follows virtually:

Directors	Training programmes attended by Directors
Tan Sri Dato' Ahmad bin Mohd Don	<ol style="list-style-type: none"> 1. FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk, Investment and Payment System. 2. Iclif: OE - ESG and Islamic Finance : Implications for Boards and Corporate Governance. 3. ICDM: Board's At-A-Glance - Bursa Malaysia's Enhanced Sustainability Reporting Framework.

	<ol style="list-style-type: none"> 4. In-house Training: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption. 5. In-house Training: Climate Risk Management & Scenario Analysis.
Lee Boon Huat	<ol style="list-style-type: none"> 1. Singapore Institute of Directors (SID): Listed Entity Director Programme (LED) - Environmental, Social and Governance Essentials (Core Module). 2. National Community Leadership Institute: Office Bearer Induction for Treasurers/Assistant Treasurers/Auditors. 3. FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk, Investment and Payment System. 4. In-house Training: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption Training. 5. In-house Training: Climate Risk Management & Scenario Analysis.
Wong Yuen Weng Ernest	<ol style="list-style-type: none"> 1. Ecosperity Week 2022. 2. FIDE Core Programme - Module A 3. FIDE Core Programme - Module B 4. Global Board Leadership Summit. 5. Temasek Connection – Navigating New Hybrid Worlds. 6. FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk, Investment and Payment System. 7. Steward Leadership Summit 2022. 8. In-house Training: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption Training. 9. In-house Training: Climate Risk Management & Scenario Analysis.
Lee Ah Boon	<ol style="list-style-type: none"> 1. FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk, Investment and Payment System. 2. Iclif: Raising Defences - Section 17A, MACC Act. 3. Iclif: Keeping the Board Out of Trouble. 4. In-house Training: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption. 5. In-house Training: Climate Risk Management & Scenario Analysis.
Datuk Wan Azhar bin Wan Ahmad	<ol style="list-style-type: none"> 1. Iclif: Building the Islamic Finance Industry's Future: Creating Role Model Economies, Inclusive Institutions and Impact-Driven Investment. 2. FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk, Investment and Payment System.

	<ol style="list-style-type: none"> 3. Capital Market Director Programme (CMDP) Module 2A: Business Challenges and Regulatory Expectations - What Directors Need to Know (Equities & Future Broking). 4. Iclif: OE - ESG and Islamic Finance : Implications for Boards and Corporate Governance. 5. In-house Training: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption. 6. In-house Training: Climate Risk Management & Scenario Analysis. 7. Discussion on Contemporary Fatwa.
Tan Chian Khong	<ol style="list-style-type: none"> 1. SGX & Global Compact Network Singapore Workshops on Task Force on Climate-Related Financial Disclosures. 2. SID: Nominating & Remuneration Committee Chapter: Leveraging Board Diversity for Performance - What the New Board Diversity Requirements Mean for Directors. 3. SID: LED - Environmental, Social and Governance Essentials (Core Module). 4. International Sustainability Standards Board (ISSB): Briefing Workshop and Q&A for Emerging Markets. 5. CFO Connect Symposium 2022. 6. Competent Boards: ESG Certificate Program. 7. In-house Training: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption. 8. Iclif: Risk Management Committee – Banking Sector. 9. In-house Training: Climate Risk Management & Scenario Analysis.
Susan Yuen Su Min	<ol style="list-style-type: none"> 1. Iclif: Materiality - Determining ESG Topics That Matter. 2. FIDE Forum: Leadership Perspectives on Board Effectiveness in conjunction with BEE (Board Effectiveness Evaluation) Launch. 3. Iclif: Corporate Governance & Remuneration Practices for the ESG World. 4. Asian Institute of Chartered Bankers (AICB): JC3 Upskilling Sustainability Training (JUST) Series 3 – A Passion for Purpose: Delivering a Just Transition to Net Zero. 5. FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk, Investment and Payment System. 6. Iclif: Keeping the Board Out of Trouble. 7. In-house Training: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption. 8. In-house Training: Climate Risk Management & Scenario Analysis.

Lum Piew	<ol style="list-style-type: none"> 1. UBS Mid-Year Outlook 2022. 2. UBS Disruptive Technology CEO Summit 2022. 3. FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk, Investment and Payment System. 4. Institute of Corporate Directors Malaysia (ICDM): How to be an Effective NED in a Disruptive World. 5. UBS: Year Ahead 2023. 6. FIDE Forum: Business Engagement with Mr Rohit Talwar, Global Futurist and the CEO of Fast Future. 7. In-house Training: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption. 8. In-house Training: Climate Risk Management & Scenario Analysis.
Cheryl Khor Hui Peng	<ol style="list-style-type: none"> 1. Iclif: Materiality - Determining ESG Topics That Matter. 2. MIA Webinar Series: Conduct of Directors and Common Breaches of Listing Requirements. 3. Iclif: Corporate Governance & Remuneration Practices for the ESG World. 4. AICB: JC3 Upskilling Sustainability Training (JUST) Series 3 – A Passion for Purpose: Delivering a Just Transition to Net Zero. 5. Iclif: Risk Management Committee – Banking Sector. 6. In-house: Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Anti-Bribery & Corruption. 7. In-house Training: Climate Risk Management & Scenario Analysis.

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

BOARD COMMITTEES

To enhance the effectiveness of the Board in discharging its duties and responsibilities, the Board has established the following Board Committees which operate within specific delegated authority and functions to complement the Board in the execution of its responsibilities and the exercise of its oversight role:

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

The Group NRC, Group AC, Group RMC, Group SC and Group ITC operate on a Group basis covering the Bank and its principal subsidiaries, Alliance Islamic Bank Berhad (“AIS”) and Alliance Investment Bank Berhad (collectively, “the Group”).

The Terms of Reference, approved by the Board for each Board Committee, are reviewed every two (2) years or as and when necessary. Any proposed changes to the Terms of Reference of the Board Committees are subject to the approval of the Board. The Terms of Reference of the EXCO, Group NRC, Group AC, Group RMC, Group SC and Group ITC are available on the Bank’s website at www.alliancebank.com.my.

EXCO

The EXCO supports the Board in credit matters. It reviews/vetoes loan/financing applications with total Group exposure that are above the defined threshold of Group Management Credit Committee. It also reviews new/incremental AIS financing that exceeds the threshold of the AIS Management Credit Committee; and make recommendations to the AIS Board.

In addition, the EXCO reviews and approves credit transactions/exposures with connected parties classified under BNM Guidelines on Credit Transactions and Exposures with Connected Parties (“BNM/GP 6”). The EXCO also reviews strategic investments or divestments as well as the Bank’s strategies and business plans for recommendation to the Board where applicable, and oversees their implementation.

The members of the EXCO are as follows:

1. Wong Yuen Weng Ernest- Chairman
2. Lee Ah Boon
3. Datuk Wan Azhar bin Wan Ahmad
4. Lee Boon Huat
5. Tan Chian Khong

During FY2023, the EXCO met eleven (11) times. Details of each EXCO member’s attendance during FY2023 are as follows:

No.	EXCO members	Attendance	Percentage
1.	Wong Yuen Weng Ernest (Chairman)	11/11	100%
2.	Lee Ah Boon	11/11	100%
3.	Datuk Wan Azhar Bin Wan Ahmad	11/11	100%
4.	Lee Boon Huat	11/11	100%
5.	Tan Chian Khong	11/11	100%

Group NRC

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

- Appointments and removals;
- Composition of the Board;
- Performance evaluation and development; and
- Fitness and propriety assessments.

The Group NRC also supports the Board in actively overseeing the design and operations of the Bank's remuneration system. It periodically reviews the remuneration of Directors on the Board, particularly on whether the remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

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

The members of the Group NRC are as follows:

1. Susan Yuen Su Min - Chairman
2. Tan Sri Dato' Ahmad bin Mohd Don
3. Datuk Wan Azhar bin Wan Ahmad
4. Wong Yuen Weng Ernest

During FY2023, the Group NRC met sixteen (16) times. Eleven (11) were regular meetings while five (5) meetings were ad-hoc meetings convened to consider exigency matters. Details of each Group NRC member's attendance during FY2023 are as follows:

No.	Group NRC members	Attendance	Percentage
1.	Susan Yuen Su Min (Chairman)	16/16	100%
2.	Tan Sri Dato' Ahmad bin Mohd Don	16/16	100%
3.	Datuk Wan Azhar bin Wan Ahmad	16/16	100%
4.	Wong Yuen Weng Ernest	16/16	100%

Group AC

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

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

The members of the Group AC are as follows:

1. Tan Chian Khong – Chairman
2. Datuk Wan Azhar bin Wan Ahmad
3. Cheryl Khor Hui Peng

The Group AC met thirteen (13) times during FY2023, including two (2) joint meetings with Group RMC to ensure effective exchange of information between the two Board Committees.

Details of each Group AC Member's attendance during FY2023 are as follows:

No.	Group AC Members	Attendance	Percentage
1.	Tan Chian Khong (Chairman)	13/13	100%
2.	Datuk Wan Azhar bin Wan Ahmad	13/13	100%
3.	Cheryl Khor Hui Peng	13/13	100%

Group RMC

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

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

The members of the Group RMC are as follows:

1. Lee Boon Huat - Chairman
2. Ibrahim bin Hassan
3. Mazidah binti Abdul Malik
4. Lum Piew
5. Lee Ah Boon

During FY2023, the Group RMC met twenty-four (24) times, including two joint meetings with the Group AC. Twenty-two (22) meetings were regular meetings while two (2) meetings were ad-hoc meetings to consider exigency matters.

Details of each Group RMC member's attendance during FY2023 are as follows:

No.	Group RMC members	Attendance	Percentage
1.	Lee Boon Huat (Chairman)	24/24	100%
2.	Ibrahim bin Hassan	24/24	100%
3.	Mazidah binti Abdul Malik	24/24	100%
4.	Lum Piew	24/24	100%
5.	Lee Ah Boon	24/24	100%

Group SC

The Group SC is principally responsible to support the Board in the oversight of setting sustainability strategies, priorities and targets, to ensure that the Group's strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Group's commitment towards sustainability.

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

The members of the Group SC are as follows:

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

During FY2023, the Group SC met six (6) times. Four (4) were regular meetings while two (2) meetings were ad-hoc meetings convened to consider exigency matters. Details of each Group SC member's attendance during FY2023 are as follows:

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

Group ITC (established on 1 August 2022)

The Group ITC was established on 1 August 2022 as an outcome-based board committee to primarily provide end-to-end oversight for the IT strategy project due to its far-reaching and long-term implications for the Bank. The Group ITC is responsible for supporting the Board in providing oversight over technology-related matters in accordance with paragraph 8.4 of the BNM Policy Document on Risk Management in Technology.

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

The members of the Group ITC are as follows:

1. Lee Ah Boon - Chairman
2. Lum Piew
3. Cheryl Khor Hui Peng

During FY2023, the Group ITC met seven (7) times. Details of each Group ITC member's attendance during FY2023 are as follows:

No.	Group ITC members	Attendance	Percentage
1.	Lee Ah Boon (Chairman)	7/7	100%
2.	Lum Piew	7/7	100%
3.	Cheryl Khor Hui Peng	7/7	100%

INTERNAL CONTROL FRAMEWORK

The Statement on Risk Management and Internal Control is set out in the 2023 Annual Report.

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

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

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

The internal control framework is embedded within the Bank's three Lines of Defence, the details of which are disclosed in the Risk Management Report set out in the 2023 Annual Report.

Frontline units – 1st Line of Defence

Business Units, aided by Business Support functions, including Business Risk and Credit Underwriting functions and Risk Control Officers form the 1st Line of Defence.

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 formulating, implementing and reviewing Risk Management frameworks, as well as recommending risk policies, risk appetite parameters, risk methodologies and risk control measures.

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

Group Compliance is responsible for ensuring that controls to manage compliance risks are adequate and operating as intended. It is also responsible for assessing and monitoring of compliance risk faced by the Group.

The Shariah Review Team conducts review on the operations of AIS to ensure the products offered are in compliance with Shariah principles. Review results and non-compliances, if any are reported to the Shariah Committee of Alliance Islamic Bank Berhad.

Details on the risk management framework and internal control system are explained in the Statement on Risk Management and Internal Control, and Risk Management Report in the 2022 Annual Report.

Internal audit – 3rd Line of Defence

As the 3rd Line of Defence, the 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 the 3-year rolling audit plan, which is developed based on the GIA's risk-based audit planning methodology and approved by the Group AC. More detailed description on the internal audit function is highlighted in the Group AC Report as set out in the 2023 Annual Report.

REMUNERATION

Board

The Bank's Policy on Directors' Remuneration is disclosed under Practice 7.1 of Section A of this Corporate Governance Report.

The details of remuneration of each Director of the Bank received/receivable from the Bank and the Group in respect of FY2023 are disclosed on pages 274 and 276 of the 2023 Annual Report.

Performance management

As the Bank envisioned to be the preferred banking partner, the Bank has set 8 strategic growth pillars in its ACCELER8 2027 ambition. The Group's performance is measured using the balanced scorecard approach. It encompasses metrics that are based on the Bank's key financials and franchise-building, focusing on medium- to longer-term strategic initiatives and sustainability agenda encompassing the ESG elements of climate change and human capital including culture. The climate change sustainability key performance indicators (KPIs) covering sustainable banking business, reducing the Group's greenhouse gas emission footprint, proportion of C5 portfolio and scaling up Green-tech financing are included in our Group corporate scorecard. This scorecard impacts the performance measures and remuneration of the Group CEO, all Senior Management and key sustainability champions and 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 goals, measures, strategic plans and implementation to ensure we uphold our commitment and deliverables of the sustainability KPIs.

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

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

Employee performance is assessed against what an employee achieves and how he/she achieves it and contributes towards the divisional and overall Bank performance. Individual objectives or Key Performance Indicators represent "what" the employee is expected to achieve. Overall individual performance is calculated based on a ratio of 80% from Objectives and 20% from Key Behaviours

and Values. In addition, the overall performance is subject to penalties that are based on risk, compliance and control outcomes.

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

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

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 which include the ESG elements or parameters. Hence, the success of these sustainability initiatives will have direct impact to the short term incentive bonus funding at group, division and individual levels. Employees covered by collective agreements or subject to labour union negotiations are bound by the terms and conditions of such agreements.

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

Fixed pay	Consists of base salary, and where applicable, cash allowance	Determined based on roles and responsibilities, individual experience and skill sets, the Bank's legal obligations and market competitiveness.
Variable rewards	Consists of Cash Bonus and Deferred Cash/Share	<p>These are not guaranteed and subject to the Bank's results and performance of the work unit and individual employee. This is aligned with prudent risk-taking and incorporates adjustments to reflect:</p> <ul style="list-style-type: none"> 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. <p>Deferred Cash/Share is also used to achieve the following objectives:</p> <ul style="list-style-type: none"> i. Retain top performers and critical employees;

		<p>ii. Provide market competitive total compensation; and iii. Align the interest of employees with long- term sustainability.</p> <p>Variable remuneration is categorised into Short Term Incentive and Long Term Incentive.</p> <p>Short Term Incentive Consists of performance bonus and sales commission and incentives which are subject to deferred payments.</p> <p>Long Term Incentive Consists of share option, performance shares and restricted shares. The employee share plans have expired and pending review for new plans.</p>
Employee Benefits and Well Being	Indirect and non-cash compensation paid to an employee	<p>Employee benefits are used to foster employees’ sense of being valued and improve their quality of life. Benefits help employees pay for healthcare, save for retirement, purchase home and car and take time off work when needed focused at delivering flexible and cost-effective programmes that are of value to employees.</p> <p>Fit@Alliance initiatives brings wellness themes of physical, emotional, financial and social to promote healthy lifestyles among employees and by extension of their colleagues and family.</p>
Career Development & Progression	Conducive environment and opportunities for learning and self development	<p>Development plan is part of our annual appraisal to identify employees’ career aspirations, strengths and development needs.</p> <p>Career conversations, targeted development interventions, accelerated progression and mentoring form part of key talent’s individual development plan. Robust learning curriculum coupled with Learning Roadmap for each Division enables upskilling and reskilling set the path towards a future-proofed workforce. Our Learning & Development curriculum outlines 5 key learning priorities to build future-ready skills and competencies as well as establishing a sustainable business:</p> <ol style="list-style-type: none"> 1. A Systematic Way of Approaching Customers 2. Harnessing Digital to Improve Customer Value Proposition & Scale Up 3. Leveraging Technology to Streamline Processes 4. Managers Enabling Teams to Succeed 5. Keeping the Bank Safe and Sustainable

		<p>Coaching and continuous feedback promote learning from others.</p> <p>Project assignments, rotation and relief assignment that provide valuable practical exposure to new areas of work</p>
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Determining variable remuneration

The Board approved the Short-Term Incentive Framework in 2017 to ensure the variable remuneration complies with the BNM Policy Document on Corporate Governance. The framework was subsequently included in the Group Remuneration Policy and is subject to periodic review to ensure the variable remuneration complies with the BNM’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 Internal Audit, Risk Management and Compliance 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 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 Material Risk Takers 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 following depicts the total value of remuneration awarded to the Senior Management and Other Material Risk Takers (“MRTs”) of the Bank in respect of FY2023.

- Senior Management (“SMs”) of the Group are defined as the Group CEO and members of the Group Management Committee. There were eighteen (18) SMs in FY2023.
- In addition to all SMs who were identified as MRTs, there were twenty (20) Other MRTs in FY2023.

Table 1: Remuneration awarded to SMs and Other MRTs in FY2023

Category	SMs (RM’000)	OMRTs (RM’000)
Fixed pay	22,178	10,928
Variable pay – cash based	8,109	2,137

Deferred Variable Pay – cash based	3,123	187
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Table 2 : Breakdown of deferred remuneration

Category	SMs	OMRTs
Total amount of outstanding deferred remuneration	4,817	170
<ul style="list-style-type: none"> • Cash (RM'000) • Shares (RM'000) 	-	-
Total amount of deferred remuneration paid out during the financial year	5,825	277
<ul style="list-style-type: none"> • Cash (RM'000) • Shares (RM'000) 	-	-
Outstanding deferred remuneration (performance adjustments):		
<ul style="list-style-type: none"> • 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%	100%
	-	-
	-	-
Outstanding retained remuneration (performance adjustments)		
<ul style="list-style-type: none"> • Of which exposed to ex-post adjustments • Reductions in current year due to ex-post adjustments (explicit) • Reductions in current year due to ex-post adjustments (implicit) 	-	-
	-	-
	-	-

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

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

Table 3: Guaranteed Bonuses, Sign-on Awards and Severance Payment for FY2023

Category	SMs	OMRTs
Number of guaranteed bonuses	-	-
Number of sign-on awards	-	-
Number of severance payments	2	-
Total amounts of above payment made for the financial year (RM'000)	808	-

Group CEO and Employee Remuneration Data

Remuneration Data Disclosure (Annual Pay)	Group Chief Executive Officer
Total Pay (RM '000)	12,346 *

Note: * Includes previous and current Group CEO

Remuneration Data Disclosure (Annual Pay)	All Employees (exclude Group CEO)
Mean Pay (RM '000)	95
Median Pay (RM '000)	72
Lowest Total Pay (RM '000)	38
Highest Total Pay (RM '000)	2,345