

SUSTAINABILITY STATEMENT



AEIOU Challenge Season 5 Prize Giving Ceremony

Alliance Bank incorporates Economic, Environmental and Social (“EES”) sustainability elements within its business strategies and operations, towards ensuring long-term business sustainability. The EES initiatives and programmes are aligned with its mission of Building Alliances to Improve Lives. We aim to create long-term value by improving the lives of our employees, customers, and the communities within which we operate.

SCOPE

This Sustainability Statement reports our EES initiatives and outcomes for the period of 1 April 2019 till 31 March 2020 (“FY2020”). The statement has been prepared in adherence to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) relating to Sustainability Statements in Annual Reports published in 2016, as well as the Second Edition of Bursa Malaysia’s Sustainability Reporting Guide published in 2018. Our Corporate Responsibility (“CR”) agenda is also aligned with Bank Negara Malaysia (“BNM”) requirements relating to financial institutions. The statement also reflects Alliance Bank as a constituent of the FTSE4Good Bursa Malaysia Index (“FTSE4Good”).

OUR APPROACH TO SUSTAINABILITY

We aim to contribute to the financial and social empowerment, as well as the well-being of our stakeholders. In the longer term, we believe our contributions will lead to greater national socio-economic development. We have based our FY2020 Sustainability Statement on materiality assessments and stakeholder engagements conducted during the year. The Bank continues to adapt its existing initiatives, and initiate new programmes to address its stakeholders’ needs.



Signing Ceremony with Zurich Malaysia

HOW WE GOVERN SUSTAINABILITY

The Bank's Corporate Responsibility and Event Management ("CREM") unit plans, implements and manages our CR initiatives. The CREM unit reports to the Chief Executive Officer of Alliance Islamic Bank Berhad. Since FY2016, the Bank has focused on embedding the sustainability priorities within its Transformation initiatives. Products and services reflecting our sustainability commitment can be found in the Management Discussion and Analysis on page 16 of this Annual Report, with further elaborations in the relevant sections of this Sustainability Statement.

MATERIALITY MATRIX

For FY2020, the following sustainability matters were identified as being the most relevant to the Bank and our stakeholders. The significance of these sustainability matters can be found in our Materiality Matrix as laid out in the chart.

Our Sustainability Matters

1. Economic Performance
2. Digitisation
3. Customer Experience
4. Customer Data Privacy
5. Corporate Responsibility
6. Talent Attraction and Retention
7. Employee Engagement and Wellness



SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

The Bank continues to engage its stakeholders through various channels in order to obtain their views on matters that are important to them. We use the feedback to improve the Group's products and services. In FY2020, we conducted the following stakeholder engagements:

Stakeholder	Key Area of Focus	Platforms and Tools Utilised
Shareholders/ Bankers and Investors	Business direction of the Bank and key corporate developments, and relationship building	<ul style="list-style-type: none"> Regular shareholder communications and announcements to Bursa Malaysia and on the Bank's corporate website Annual General Meeting Quarterly and annual financial statements Periodic engagements with equity analysts and fund managers
Media	Business direction of the Bank and key corporate developments, and relationship building	<ul style="list-style-type: none"> Quarterly financial results news release Bi-annual media briefings on financial results Press conferences on business direction, key corporate developments, and product or service launches, as well as Annual General Meeting
Government/ Regulators and Policy Makers	Regulation, compliance and relationship building	<ul style="list-style-type: none"> Frequent dialogues between BNM and Compliance Officers Networking Group to discuss issues related to regulations and new requirements Participation in BNM's Compliance Conference by Board of Directors, Senior Management and Group Chief Compliance Officer to keep abreast of latest developments, or emerging threats in the industry Frequent dialogues with BNM, Bursa Malaysia, Securities Commission, Personal Data Protection Commissioner, and Inland Revenue Board Malaysia by Senior Management and Compliance Officers via forums organised by The Association of Banks in Malaysia ("ABM"), Association of Islamic Banking Institutions Malaysia ("AIBIM"), Malaysian Investment Banking Association ("MIBA"), and Association of Stockbroking Companies Malaysia ("ASCM") Alliance Investment Bank Berhad ("AIBB") participated in the Annual Securities Commission Dialogue with Members of MIBA to discuss issues affecting the Capital Markets and Stockbroking industry
Customers, Suppliers and Partners	Innovative products and services, business direction, knowledge sharing, business guidelines and relationship building	<ul style="list-style-type: none"> Innovative customer-oriented solutions that are fast, simple and responsive; product or service-specific communications on the Bank and its subsidiaries' websites Carry out frequent independent concept and consumer testing with customers and non-customers to improve solutions prior to launch Quarterly market research to understand and act on customers' needs Consistently track our net promoter score ("NPS") across nine touch points Regular Customer Experience ("CX") Council meetings to share NPS results and discuss mitigation actions Customer or industry meetings, talks, exhibitions, tradeshows, roadshows, networking events and appreciation events Regulatory reminders highlighting anti-money laundering, personal data protection and procurement guidelines
Employees	Human capital development, safety, governance, corporate developments and relationship building	<ul style="list-style-type: none"> Regular communications to keep employees updated on various matters at the Bank through weekly Huddles, quarterly department meetings, annual Townhall, and via email as and when required Training and development initiatives such as Alliance Bank Leadership Excellence ("ABLE") Academy, Alliance Leaders' Programme, Alliance Impactful Managers Programme, Management Trainee Programme, Working with Strengths Programme, Alliance Islamic Banking Fundamentals ("ALIF"), Wealth Academy and Global Leaders Talkshop E-learning modules covering Anti-Money Laundering, Code of Conduct, Information Risk Management and Cyber Security, and Personal Data Protection Act 2010 Social activities and work-life balance initiatives via the AFG Recreational and Sports Club and Fit@Alliance Rewards and recognition programmes

Stakeholder	Key Area of Focus	Platforms and Tools Utilised
		<ul style="list-style-type: none"> • Voluntary participation in corporate responsibility programmes for the community • Weekly and quarterly employee engagement activities, e.g. Huddles and department meetings • Allies of Alliance microsite as a platform for employees to contribute and discuss new ideas to improve products and processes, as well as the work environment at the Bank • Innovation Marvels, the employee innovation platform that empowers staff to conceptualise and implement innovative ideas • inAlliance portal, an intranet channel that allows for sharing of information and knowledge between departments, and repository of manuals and procedures • The Voice of Employee Survey is carried out every quarter to solicit feedback and measure employee engagement. Based on the feedback, specific employee engagement initiatives are carried out to meet employee expectations
Local Communities	Education, and community-building initiatives	<ul style="list-style-type: none"> • Financial literacy outreach programmes, e.g. AEIOU Challenge, Buku Wang Saku • Digital financial inclusion and empowerment initiatives such as the Cash2Home app • Supporting the SME community through platforms such as Alliance BizSmart® Challenge, Halal in One Programme, Credit Guarantee Corporation (“CGC”) scheme, BNM’s Special Relief Facility (“SRF”), Danajamin Nasional Berhad’s loan guarantee scheme, and the #SupportLokal initiative • Advocating social enterprise initiatives that have a positive impact on communities via the Eco-Biz Dream Project and social crowdfunding platform, SocioBiz

THE THREE PILLARS OF SUSTAINABILITY

We have a comprehensive range of programmes that promote sustainable socio-economic development of our communities.

A. Economic

Our economic sustainability efforts aim to bring about more equitable wealth creation and distribution in Malaysia. We have a number of programmes that help business owners and their stakeholders (i.e. family, employees, and customers) to be financially successful.

1. Stable Financial Operations

We continue to contribute to the nation and our society through the taxes paid to the government, shareholder dividends, community investments, and employee salaries.

The Bank’s lending and investment activities are at the core of its business portfolio. We ensure that we have adequate capital and liquidity to support our financing activities. In managing our capital and liquidity, the Bank is guided by BNM’s Capital Adequacy Framework (Capital Components) and the Capital Adequacy Framework (Basel II – Risk Weighted Assets).

We maintain a capital base that meets regulatory requirements to support our business activities and sustain future growth. The capital management process is overseen and monitored by Senior Management and the Board of Directors (“Board”).

We regularly conduct stress testing to assess the potential impact of both the current and emerging risks on our earnings, balance sheet, and capital. We have in place contingency plans based on the outcomes of our stress tests. We maintain our liquidity coverage ratio in compliance with BNM’s Basel III requirements. The Group continues to ensure sufficient liquidity to fund daily operations and mitigate contingencies.

To ensure a strong balance sheet that optimises value for our shareholders, we conduct regular management reviews as follows:

- Weekly and monthly production management with all the Group’s businesses with action plans to address gaps identified
- Monthly updates to the Board on business performance

SUSTAINABILITY STATEMENT (CONT'D)

	FY2020 RM Million	FY2019 RM Million	FY2018 RM Million
Direct Economic Value Generated: Revenue	1,622.1	1,622.1	1,572.0
Economic Value Distributed			
Operating costs (excluding personnel expenses and community investments)	283.2	285.3*	289.6*
Employee wages and benefits	489.6	489.6	504.3
Payments to providers of capital – cash dividends paid to shareholders	236.9	236.9	247.7
Payments to Government – taxation and zakat	170.4	170.4	191.4
Community investments (administration expenses – donation)	2.6	0.4	0.2
Net bad debts	139.2	139.2	93.4
Sub-total	1,321.8	1,321.8	1,326.5
Economic Value Retained	300.3	300.3	245.5

* These updated figures for FY2019 and FY2018 incorporate community programmes, which were not previously accounted for.

2. Procurement Policy & Procedures

The Bank's procurement activities adhere strictly to the Procurement Policy and Procedures, which provides clear guidance to ensure fairness, transparency, and accountability of purchase decisions. We aim to obtain the best value for all purchases, and ensure rigorous governance of suppliers. Our e-Procurement system enables supplier self-registration and includes an online tender platform.

3. Supporting the Growth of SMEs

SMEs and large family businesses with turnovers of more than RM300,000 per annum comprise 98% of the approximately 220,000 businesses in Malaysia. These businesses provide employment to over 70% of the working population, and contribute an estimated 60% to the national gross domestic product. The Bank helps these businesses grow through the following:

a. Business Funding

The Bank provides a range of funding solutions to help its business clients. One such example is the Credit Guarantee Corporation ("CGC") Scheme which began in FY2019. Through the Portfolio Guarantee Scheme, the Bank helps eligible SMEs that lack adequate collateral or credit track record obtain hassle-free, working capital financing to grow their businesses. This guarantee scheme has a cumulative portfolio size of RM650 million. To date, we have approved over RM580 million in loans to close to 1,350 SME businesses.



Signing with Credit Guarantee Corporation Malaysia Berhad

The Bank has been assisting SMEs affected by the COVID-19 pandemic by extending several financial relief programmes, loan moratoria, and loan restructuring and rescheduling.

Since 1 March 2020, the Bank has made available BNM's SRF to assist SMEs with prompt, collateral-free financing of up to RM1 million per company. This is to help address immediate working capital requirements and alleviate short-term cash flow difficulties. As at 6 May 2020, we have approved over RM580 million in SRF funding.



The Launch of Halal In One Programme

b. Halal in One Programme

To help SMEs venture into the fast-growing Halal market, Alliance Islamic Bank Berhad ("AIS") launched its Halal in One Programme on 7 January 2020. It is designed specifically to assist businesses to get their halal certification, gain access to market opportunities, and obtain customised financing for certification cost, premises renovation or working capital.

We partner with a Halal consultant to help SMEs gain Halal certification. SMEs also have complimentary access to Halal awareness training programmes that we run. These services are complemented by our other shariah-compliant banking solutions that include payroll solutions and enterprise Takaful.

c. Alliance Bank-EcoWorld BizSmart® Challenge

We have been improving our flagship programme, the Alliance Bank-EcoWorld BizSmart® Challenge (the "Challenge") every year since its launch in 2013.

Open to Malaysian SMEs that have been in operations between 18 months and 5 years, the Challenge provides participants with business training, coaching and mentoring from experienced business leaders.

The sixth iteration of the Challenge in FY2020 received the highest number of submissions to date. An innovative feature this year was the Instagram Story Business Pitch which allowed applicants to pitch their business plans via Instagram.

We have improved the Challenge by offering more than RM1.5 million in cash, product sponsorship and media coverage prizes. In addition, we are making available up to RM5 million in unsecured loans to the Top 20 finalists. An SME Banking Advisory Team has been set up to assist the Top 20 finalists with business advisory once the programme concludes.

HOW WE HELP SMEs ACCESS THE HALAL MARKET

We offer SMEs integrated Halal solutions through these three key aspects:

- 1. Halal certification support**
 - Providing gap analysis, site advisory, document review, pre-mock and surveillance audit, halal training, and human capacity development
- 2. Business matching**
 - Providing access to both digital and physical Halal marketplaces
- 3. Halal funding support**
 - Financial health check
 - Financing for certification costs, premises renovation, and working capital

SUSTAINABILITY STATEMENT (CONT'D)



The judges and mentors of BizSmart® Challenge

The Challenge has gained wide recognition within the SME community as it provides practical training and industry insights, as well as branding exposure for their business. The growing ranks of our alumni includes past winners such as Christy Ng Shoes, Biji-Biji Initiative, NutriBrown Rice, Chriszen Malaysia, Amazin’ Graze, OhMostWanted, and Wirdora, among others.

This is the second year that the Challenge will be featured as a reality TV programme. It is scheduled to be aired on TV3 in the second half of FY2021.

d. #SupportLokal

In April 2020, the Bank launched the #SupportLokal initiative to help small local businesses continue earning revenue or scale up their business digitally during the Movement Control Order (“MCO”) period. The idea of #SupportLokal initiative came from the need to help small local businesses with their branding and marketing via Facebook marketing, and facilitate the use of digital as an alternative revenue channel.

The Bank provides digital branding and marketing support to help promote the products and services of local businesses. Aside from its own digital assets of social media and corporate website, the Bank is also

collaborating with several e-commerce platforms to help small local businesses widen their reach to more consumers digitally and tap into alternative revenue channels. The e-commerce commission fees are subsidised.

Under the #SupportLokal initiative, business owners also have access to advisory and training via webinars and videos to help them succeed in their new digital venture.

In the two months since its debut, the #SupportLokal initiative reached more than 3.6 million Malaysians on Facebook (“FB”), and generated over 51,000 link clicks¹ to the small local businesses’ websites or FB page.



¹ Link clicks are the number of clicks on a link to choose a destination or experience, on or off the property owned by Facebook (Source: Facebook for Business)

4. Digitisation

a. Digital Account Opening for Individuals and Businesses

In FY2020, we expanded our digital propositions by enabling digital individual and business account openings through our Branch-in-a-Tablet initiative. Individual account openings can now be completed in as little as 15 minutes, and business account openings within “1 day, 1 visit”. As at end FY2020, up to 90% of individual accounts were opened using a tablet at the branch.

Our digitisation initiatives received several accolades for being innovative and forward looking. These include the Red Hat APAC Innovation Awards 2019, and an Honourable Mention at the global 2020 Red Hat Innovation Awards.

The Bank continues to help employees of SMEs open a bank account at their workplace through Alliance@Work’s Cash2Home and digital Local Employees Onboarding programmes. These two programmes offer their employees digital account opening, with immediate ATM/debit card and allianceonline Mobile activation. More than 33,000 employees opened their bank accounts through Alliance@Work in FY2020.

b. Alliance Origination System

We had implemented the Alliance Origination System (“AOS”) in FY2019, and used this to further enhance our digital propositions in FY2020. AOS is a digital loan origination system for businesses which has data fields that are automatically populated by validated external sources, to simplify and speed up the loan application, approval, and

disbursement process. Leveraging on AOS, we introduced SME digital lending, making available both self-serve and RM-assisted interactions.

c. Digital Loans

In FY2020, the Bank enabled fully digital for small ticket loans. For the consumer segment, we launched digital personal loans in December 2019, with approval-in-principle in as little as 10 minutes, and funds disbursed within 24 hours for loans amounting to not more than RM50,000.

During the year, we also initiated a pilot launch of our digital SME lending proposition. This digital solution provides SMEs the option to apply for loans online, and offers Approval-in-Principle for loans under RM50,000 within 24 hours. We will roll out our digital SME lending proposition nationwide in August 2020.

d. Remote Banking

In December 2019, the Bank announced its collaboration with CTOS Data Systems Sdn Bhd (“CTOS”) to integrate their proprietary digital Know-Your-Customer (“eKYC”) solution to enable individuals to open and activate accounts conveniently and securely anywhere, anytime, without the need to visit a bank branch or be visited by a bank officer.

The solution features an advanced digital identity authentication solution that enables the Bank to analyse, verify, and authenticate the identity of individuals in real time using mobile and web-based solutions. The end result is speedier response times and a seamless digital experience for customers. The Bank plans to launch its eKYC-enabled deposits, personal loans/financing, and credit card solutions in the first half of FY2021.



Partnering with CTOS on Digital Solutions

SUSTAINABILITY STATEMENT (CONT'D)

e. BizSmart® Mobile

BizSmart® Mobile complements the Bank’s Alliance BizSmart® online banking as it enables business owners access to banking services and transactions via their mobile phones. The app enables onboarding and activation in five simple steps, and allows users to approve transactions anywhere, anytime. Since December 2019, users can activate BizSmart® using a mobile token.

BizSmart® Mobile also allows for electronic trade transactions (Banker Acceptance/Trust Receipts) to be submitted through the mobile phone. Users can submit their application, and the auto-population of data enables approvals to be processed on the same day for transactions submitted before 12 noon. Notifications are then sent to customers upon approval, and they have access to real time status at all times.

B. Environmental

We are focused on internal workplace initiatives aimed at reducing our carbon footprint.

Internal Workplace Initiatives to Reduce Carbon Footprint

At our headquarters, offices, and branches nationwide, we have in place environmental management measures to minimise our environmental footprint. We continuously monitor these measures to ensure we remain on track with our objectives.

a. Energy Management

As all our premises are air conditioned, we are focused on managing our energy consumption efficiently by:

- Setting optimised temperatures for Computer Room Air-Conditioning (“CRAC”)
 - We have reduced our energy consumption by 5% by adjusting the temperature setting on CRAC units by one degree Celsius.
 - This covers all CRAC units at our communications and server rooms, which are located at our headquarters, and at our satellite offices in Cyberjaya and Strateq.
- Using centralised air-conditioning units as much as possible, instead of split air-conditioning units
 - All new installations of split air-conditioning units require the prior approval of Heads of Businesses.
 - Exceptions are only made if failing to install split air-conditioning units would significantly impair operations.

Another source of electricity consumption is lighting at our premises. We have reduced our energy

consumption from lightings by 5%. To manage our electricity consumption, we are progressively fitting LED lights at all our new offices and branches.

b. Using Environmentally-Friendly Materials


We maintain the use of eco-friendly materials as much as possible. We achieve this by:

- Substituting refrigerant supplies for air-conditioning units with eco-friendlier alternatives.
- Progressively phasing out environmentally unfriendly materials by using eco-friendly materials in all office renovations. We use construction materials which comply with US-based Leadership in Energy and Environmental Design (“LEED”), UL Environment’s GREENGUARD Green Certified products, Australian-based GECA standards or equivalent certifications.

c. Reducing Paper Use

Since launching our digitisation initiatives, we have been able to stabilise our paper consumption at the workplace. We continue to encourage our employees to only print necessary material. We monitor our employees’ use of printing through password controls on paper copier machines and printers.

Monthly reports are generated on printing volumes which are then sent on to the respective business units to analyse. These businesses units are also encouraged to implement internal measures to reduce paper usage where possible.

 Amount of Copies Made			
FY2018	FY2019	FY2020	
3.3 million copies	2.8 million copies	3.0 million copies	

During the financial year, there was an increase of 29% of customers who requested for the Bank’s e-Combined Statement and e-Credit Card statement.

Description	Volume		
	March 2019	March 2020	Variance
e-Combined Statement	23,000	43,000	+87%
e-Credit Card Statement	63,000	68,000	+8%
Total	86,000	111,000	+29%

C. Social

1. Employees

We continue to focus our efforts on equipping our people with the skills and capabilities to function as high performing teams. We place great importance on employee engagement and ensuring a conducive workplace to retain our talent.

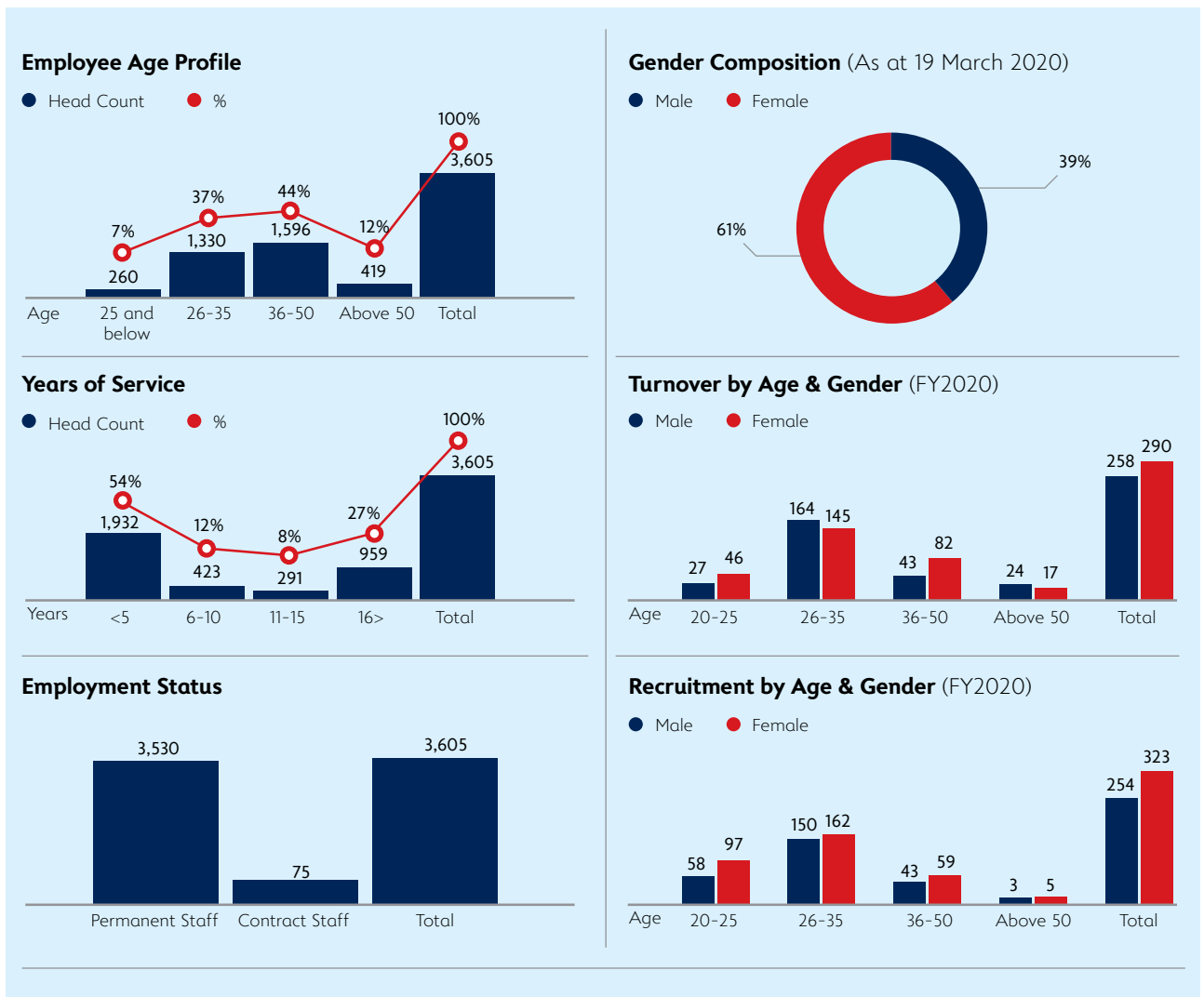
a. Talent Attraction and Retention

We focus on attracting, retaining and developing talent diversity, fostering social responsibility,

promoting a culture of recognition and appreciation, encouraging openness in communication, and instilling the organisation's core values into our internal engagement activities.

i. Employee Composition

The Bank believes in the importance of a diverse workforce, with a variety of skill sets and capabilities, to drive our business strategies and operations. As at end FY2020, we have a total of 3,605 employees of differing age groups and varying backgrounds.



SUSTAINABILITY STATEMENT (CONT'D)

ii. Career Break Option

We offer a “Career Break” option to exemplary performers in essential positions who wish, or need, to take an extended break from work for personal reasons. The option is exercised at the discretion of the Bank, with the view of retaining talent in the longer term. Employees who are on a career break are assured on the security of their job/position upon their return to the workforce.

iii. Parental Leave

The Bank provides both maternity and paternity leave to its staff to cater to different familial responsibilities. Additionally, staff may also take days off to care for their family members who are seriously ill or hospitalised.

Parental Leave	Number of Applicants in FY2020
Maternity Leave	91
Paternity Leave	46
Family Hospitalisation Leave	434

iv. Smart Casual Everyday

At the beginning of 2020, we rolled out the Smart Casual Everyday initiative in response to our employees’ feedback. The initiative reflects the Bank’s commitment to an open and flexible work culture.

v. Career Development Paths

We provide multiple options to ensure the growth and development of our employees, including prioritising internal candidates for job vacancies, job rotations, promotion opportunities, and participation in stretch assignments and projects.

vi. Workforce Diversity, Equal Opportunities and Barring Workplace Discrimination

In line with our belief of empowering our female employees, and promoting gender equality and workforce participation, 61% of our staff comprise women. Out of the total female workforce within the Group, 79% hold management positions (Senior Executives and above), while 20% are in Senior Management positions (Senior Vice President and above). This is an increase of 4% for women in senior management positions when compared to

FY2019. The representation of women on the Group’s Board of Directors in FY2020 remained at 12.5% from the previous year.

The Bank believes and promotes a culture of tolerance and mutual respect among our employees, as well as job candidates. Each candidate is assessed and evaluated fairly based on their merits. We completely reject discrimination based on gender, race, religion, age or sexual orientation.

This same approach is applied to how we manage our employees’ career advancement. Employees are assessed based on behavioural and professional criteria for career progression, and decisions on promotions and monetary compensation are made by a senior management committee. Complaints of discrimination of any kind are investigated thoroughly via the Bank’s disciplinary processes and consequence management is applied accordingly.

vii. Addressing Bullying and/or Harassment

We have in place a Whistle Blower Policy to allow our employees to highlight potential practices that are contrary to the Bank’s ethics and code of conduct.

We continuously enhance and revise our Whistle Blower Policy with the most recent revision conducted in March 2020. In this revision, the Bank incorporated harassment and discrimination as a possible subject matter of whistle blower complaints, and provided examples to help our employees identify such situations.

The Bank’s Whistle Blower Policy and the “Speak Up Statement” highlights how we deal with instances of unethical conduct/harassment/discrimination and unreasonable behaviours by anyone, with recourse to internal and external reporting channels. We maintain the strictest confidentiality for complaints.

The Whistle Blower Policy is available to staff in the Bank’s inAlliance intranet portal, while the “Speak Up Statement” is available on the Bank’s corporate website. All employees are educated on the importance and usage of the Whistle Blower platform via staff induction programmes, staff communications, and Huddle letters. The Bank has also included a whistle blowing/complaints reporting clause in all third party contracts and agreements.

b. Employee Engagement and Wellness

i. Voice of Employee

Our annual employee engagement survey, the “Voice of Employee” (“VOE”), has been effective in obtaining honest and constructive feedback from our employees at various levels of the organisation. We review the feedback obtained, and use it to design specific employee engagement initiatives.

We have seen significant improvements in employee sentiment, especially in the areas of providing non-monetary employee recognition and in our employee’s perception of the Bank’s Image and Competitive Position. The former improved from 79% in FY2019 to 81% in FY2020, while the latter increased from 54% in FY2019 to 68% in FY2020.

The Sustainable Engagement Index measures how engaged, enabled and energised employees are. In FY2020, the Bank achieved a score of 87% for the Sustainable Engagement Index, which is above the Malaysia Bank average.

The NPS measures the percentage of staff who would positively recommend the Bank as a business and an employer. Since 2017, our scores have improved for both the business and employer NPS by 17 percentage points and 21 percentage points respectively.

In addition to the annual VOE, the Bank conducts quarterly VOE Surveys to gauge employee engagement on a regular basis. Skip Sessions are held to obtain employees’ feedback on gaps and opportunities for improvements.

ii. Allies of Alliance Portal

The Allies of Alliance portal and its Ideas Bank were launched in FY2017 to promote the sharing of innovative ideas from employees at all levels. These include ideas for process simplification and product innovation, and system enhancements. This helps to instil a sense of ownership and teamwork among employees.

iii. Fit@Alliance

Since 2017, the Fit@Alliance initiative has promoted physical, mental and financial wellness among our employees. In FY2020, the Fit@Alliance team organised a series of physical activities such as vertical challenges, body combat, yoga and the inaugural Divisional Tele-match to promote an active lifestyle and employee camaraderie. We also hosted educational talks on physical, mental and financial wellness.

The Bank once again participated in Perkeso’s Activ@Work Challenge 2019 with more than 600 staff involved. For the second consecutive year, the Bank secured third place as the Most Active Employer (large corporate category). One of our employees secured the seventh place in the “Top 10 Most Active Employees” nationwide.

iv. Recreational and Sports Club

The Bank’s Recreational and Sports Club continues to inspire and engage employees with activities such as the Treasure Hunt, Family Day, The Inter-Bank Badminton Competition, Durian Fiesta, Movie Nights, and Futsal matches. These activities provide a platform for employees to engage and interact with others.

In FY2020, the Recreational and Sports Club introduced new events such as the e-Sports Tournament, hiking trips, and weekly kick-boxing classes.

v. Leaders’ Conference/Annual Townhall

The Leaders’ Conference/Annual Townhall is designed to keep employees informed on the Bank’s performance, strategic direction and key initiatives. The conference offers the Senior Management team an avenue to share the Bank’s strategic plans and aspirations for the future.

SUSTAINABILITY STATEMENT (CONT'D)

vi. *Weekly Huddle Sessions*

Every Friday, we have been having weekly Huddle sessions across the Bank. These Huddle sessions provide an avenue for employees to get to know one another better through informal conversations and the sharing of ideas in a smaller group setting. A Huddle letter is published each week featuring a specific topic of interest. These may include updates on the Bank's products or services, partnerships, compliance matters, success stories and recognition, or contests and employee engagement activities. Led by Huddle leaders, the sessions offer employees the opportunity to voice their views.

vii. *Employee Volunteerism*

The Bank is a strong advocate of Corporate Responsibility ("CR") and considers employee volunteerism as an important aspect of talent attraction and retention. It provides a way for our people to impact the lives of communities, including of the underserved and marginalised through programmes such as the AEIOU Financial Literacy Programme, the BizSmart® Challenge, Eco-Biz Dream Project, and SocioBiz.

viii. *Other Engagement Initiatives*

Each year, the Bank allocates a budget of RM150 for every employee for Divisional Employee Engagement initiatives.

The Bank also acknowledges the importance of recognising employees' contributions.

• *ManCo Appreciates You*

This platform enables the Bank's senior leaders to show their appreciation to employees for their exemplary performance or behaviours that are aligned to our core values.

• *Alliance Heroes*

The "Alliance Heroes" initiative is a peer-to-peer recognition and appreciation platform that allows employees to award badges and send notes of appreciation to their fellow colleagues who exemplify the Bank's core values. "Alliance Heroes" is an extension of "ManCo Appreciates You". Since its introduction, more than 6,000 recognitions have been recorded.

• *Innovation Marvels*

Innovation Marvels ("IM") comprises of graduates under the Bank's Management Trainee Programme ("MTP"). These graduates are grouped into teams that identify, develop and implement viable innovation ideas that originate from employee feedback channels within the Bank such as the Huddles. Each IM team has a senior management project sponsor who provides guidance and direction in implementing innovative ideas.

c. **Talent Development, Training & Mentoring Programmes**

Talent Development is a crucial component to drive the long-term success of a business. In FY2020, we spent more than RM11 million on employee training and development. Our employees spend an average of 38 learning hours per person per year. We have offered over 400 classroom-based development programmes and 19 e-Learning programmes.

i. *Internship Programme*

In FY2020, the Bank supported and facilitated 22 internships into various departments. The Decision Management Structured Internship Programme was newly introduced to provide students with insights into data management and analytics in the banking environment. A total of six interns took part in this programme.

ii. *The Alliance Way Programme*

The Alliance Way is our differentiated customer engagement approach that is empathetic and centred on addressing the needs of our customers. To ensure that all our employees consistently practise the Alliance Way, we structure our in-house training programmes such as the Alliance Customer Engagement ("ACE") and SME Alliance Way to equip our relationship managers with the required skills and tools. In FY2020, we conducted more than 30 classes for the two programmes and trained more than 900 employees.

iii. *Effective Project Management*

We help our employees to better anticipate customers' needs, enhance problem solving skills, and manage project deadlines through various programmes such as "Project Management" and "Creative Problem Solving and Decision Making". In FY2020, we organised 20 sessions involving more than 300 employees.

iv. *Driving Effective Change & Performance*

In FY2020, the Bank ran more than 30 training sessions across 13 programmes on driving change and performance. Key programmes such as Alliance Impactful Managers and Working with Strengths (“WWS”) help our employees enhance their interpersonal communication and managerial skills. WWS is complemented by the “Accelerated Strengths Coaching Certification” programme which trains managers to be better coaches at work. In FY2020, more than 250 staff attended this coaching programme.

v. *Regulatory & Compliance Training*

We also ensure that all employees comply with industry regulations to safeguard the Bank. Workshops on banking law, foreign exchange administration, and ethics-related programmes are held regularly. During the year, we ran more than 100 sessions across 17 programmes for over 2,000 employees.

vi. *Alliance Bank Leadership Excellence Academy*

The Alliance Bank Leadership Excellence (“ABLE”) Academy aims to create a strong workforce by nurturing leaders. It uses a blended learning approach that includes on-the-job learning, coaching, and mentoring, as well as structured long-term development programmes.

Our employees are provided training and development opportunities, participate in key strategic projects, and given the opportunity to fast-track their career in either a leadership or specialist role. Our structured long-term development programmes include the MTP and Alliance Leaders Programme (“ALP”).

Management Trainee Programme

Launched in FY2012, the MTP nurtures outstanding young graduates to be future banking leaders by providing on-the-job training, coaching, and mentoring. Graduates are given the opportunity to lead cross divisional innovation projects via the IM initiative. Now in our 8th year, we have trained over 200 executives under this programme.

Alliance Leaders Programme

The ALP aims to build successful leaders by providing them with a strong foundation of knowledge, skills, and experience. These include personal leadership development, strategic innovation, talent management, and mentorship to inculcate a culture of innovation and learning. To date, 15 graduates have completed the ALP and now lead various transformation projects.

d. Continuous Learning

i. *Global Leaders Talkshop*

We regularly invite global leaders to speak to our employees to help accelerate learning and gain insights. In FY2020, the Bank organised two Global Leaders Talkshop sessions with renowned speaker Manoj Menon on “Digital Transformation” and “Industrial 4.0 and The Future of the Bank”.

ii. *E-Learning Modules*

E-Learning enables greater flexibility and accessibility in meeting education and training objectives. To date, the Bank has launched six mandatory compliance modules and 13 product-related modules.

iii. *Alliance Islamic Banking Fundamentals*

Launched in April 2016, the Alliance Islamic Banking Fundamentals (“ALIF”) Programme helps our employees gain a better understanding of Islamic Banking products and services. The programme features the fundamentals of Islamic principles, contracts and concepts, product features and benefits, as well as Shariah requirements. To date, 13 classes have been conducted with a total participation of 176 employees.

SUSTAINABILITY STATEMENT (CONT'D)

e. Governance

The Bank recognises four national unions as being trade representatives for clerical, non-clerical, Special Grade staff and officers within the Bank. The Unions and the Bank play a collaborative role to ensure that our employees’ interests are addressed, and that we maintain a conducive workplace. This is achieved through the Collective Agreement, which serves as a term of reference for each employee in the category of the workers represented on relevant matters.

The Bank, being a member of the Malayan Commercial Bank’s Association (“MCBA”), Sabah Commercial Banks’ Association and Sarawak Commercial Banks’ Association, is party to four separate Collective Agreements.

2. Customers

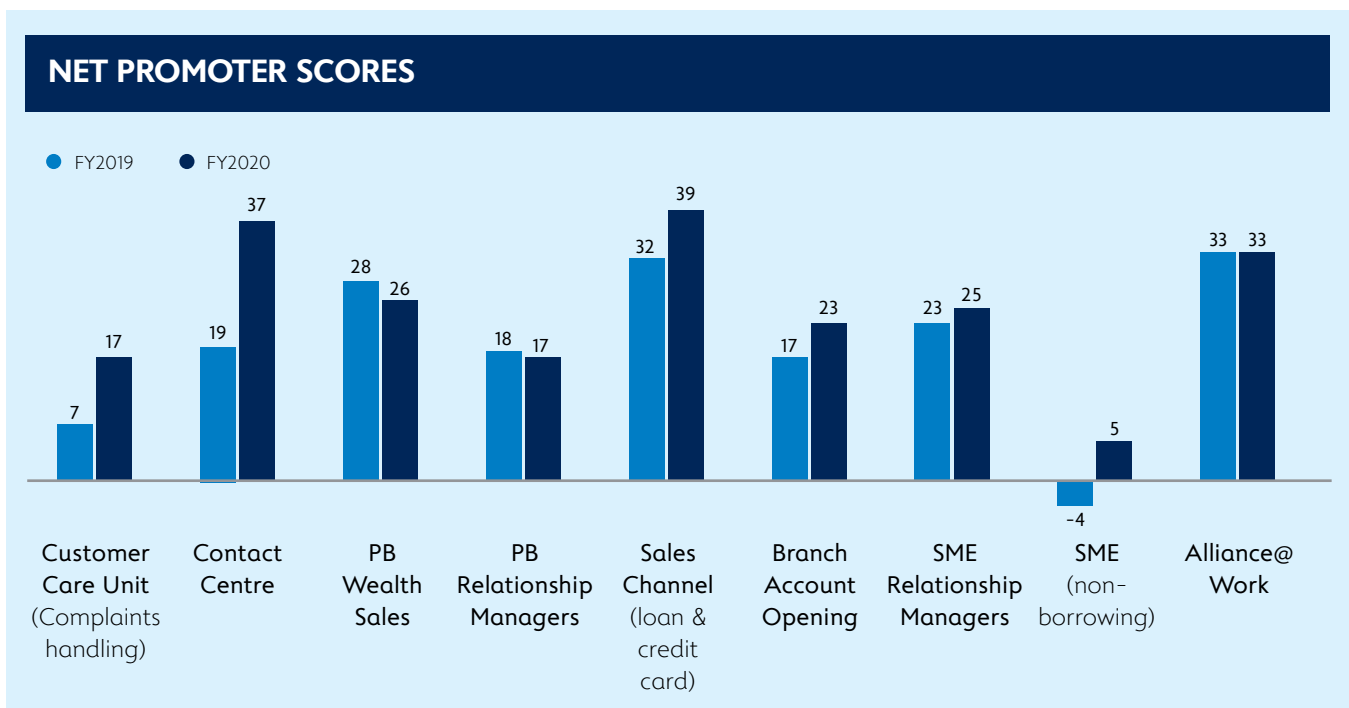
The NPS measures the willingness of customers to recommend our products and services to others. Since FY2018, we have been tracking our NPS across nine touch points on a monthly basis. We also have a Service Council where key stakeholders Bank-wide meet to share our NPS results for the month. Collaboratively, we then do a deep dive into the results, and identify areas for improvement. Improvement projects are then implemented. We closely track and monitor these projects to ensure that we continue to increase client satisfaction and engagement.

One of the areas we have been enhancing is the way we are responding to customer enquiries and complaints in a timely manner through our Voice of Customers (“VOC”) initiatives. This focuses on improving the speed of resolution of enquiries and complaints at first contact point.

We continue to enhance service levels at our key touchpoints via the Customer Experience (“CX”) Council, which reviews and identifies action plans to close service gaps. Digitisation efforts such as the Branch-in-a-Tablet initiative helped to improve customer experience by offering quicker service. With the introduction of account openings using the tablet, we have simplified and reduced the time taken to open an individual savings account to as little as 15 minutes. This has positively impacted NPS and improved the score from 17 in FY2019 to 23 in FY2020.

In 2019, the Central Bank carried out an independent customer satisfaction survey of 20 Malaysian banks. Alliance Bank had the highest NPS of 53 (industry: 43). The Bank also came in third among the 20 banks in customer satisfaction, scoring 87%.

As the Bank continues to focus on transforming key customer journeys through digitisation, and adopting an empathetic engagement approach via The Alliance Way, we expect our NPS to improve further.



a. Customer Data Privacy

Our Privacy Policy lays out our commitment on the collection, use and management of our customers' personal data. We consistently maintain strict adherence to all relevant legislation, including the Personal Data Protection Act ("PDPA") 2010, Financial Services Act ("FSA") 2013 and the Islamic Financial Services Act ("IFSA") 2013.

We prioritise the continuous improvement of our cyber security (network) to protect our banking systems against cyber-attacks such as unauthorised access, security breaches, and information leaks.

We restrict access to customer data to authorised personnel only. The Bank's customer data is available either in print or digital format. Printed information is kept in locked cabinets in a secured storage area. Printed data which is no longer used is destroyed according to our established processes. As for digital data, system access is granted according to job function, with corresponding approval from the relevant authority.

We continue to build a cyber-aware culture throughout the Group, which emphasises the importance of protecting our customer data. Among the measures we have in place are requiring employees to lock their personal computers when they are not at their desk, and to treat customers' personal data with utmost care and diligence.

THE ALLIANCE WAY

The Alliance Way is the Bank's differentiated customer engagement approach which focuses on empathetically understanding and acting on our customers' needs.

For business owners, we aim to help them with their business and personal financial goals. This means having the right conversation in the right context with our customers to gain a clear understanding of the challenges they face, and the goals they seek to achieve. We adopt a fast, simple and responsive approach in our engagements, to maximise value for our clients. Our desire to improve lives extends to their family, employees, business partners, and customers.

3. Community

a. Financial Literacy Programmes

i. The AEIOU Programme

The Bank continues to promote financial literacy among schoolchildren ages 9 to 12 through our unique AEIOU Programme. Established in 2015, the AEIOU Programme is the Bank's corporate responsibility initiative comprising financial literacy education, and interactive challenges.

In FY2020, in addition to the AEIOU Financial Comic Strip Challenge ("Comic Challenge"), AEIOU 5 introduced a new digital element, the AEIOU Financial e-Game Challenge ("e-Game Challenge"). The e-Game Challenge gamifies financial lessons through an online competition to inculcate financial management knowledge.

In conjunction with the AEIOU Programme, the Bank held a series of roadshows that taught schoolchildren how to 'Save, Plan, and Spend' wisely through a variety of fun and interactive sessions.

The theme for the fifth cycle of the AEIOU Programme was "How Smart Spending Habits Help My Family Build Our Future". Student participation more than doubled from 15,000 in FY2019, to 32,000 in FY2020, in both the Comic Challenge and e-Game Challenge. We recorded 21,000 entries for the Comic



The new season of AEIOU Challenge Kick Off

SUSTAINABILITY STATEMENT (CONT'D)



At the Press Conference for the Winners of AEIOU Challenge

Challenge, and 11,000 for the e-Game Challenge. More than 40 students from seven states qualified for the grand finale, to compete for the RM20,000 cash prize. The finale was attended by over 250 students, and 60 teachers and parents. Goh Sho Anne, 11, from Selangor, and Harrish Varma, 12, from Kuala Lumpur, were named winners of the Comic Challenge and e-Game Challenge respectively. The prize-giving ceremony was graced by Encik Suhaimi Sun bin Abdullah, Deputy Director of Sports, Co-Curricular and Arts Division, Ministry of Education.

A key component of the AEIOU Programme is the AEIOU Train-the-Trainers initiative which provides training and educational tools for school teachers, empowering them to champion financial literacy education in their respective schools. In FY2020, a total of 415 schools participated in the financial education training, and 16 sessions were held throughout the year.

In October 2019, the Bank was invited by BNM to deliver a talk on Empowering Consumers Through Financial Education at the BNM-

Alliance for Financial Inclusion: Building Capacities for Development conference. The delegates were inspired by the sharing sessions, especially on the overall management of the programme. During the question and answer session, many foreign delegates expressed their intention to replicate the AEIOU concept in their respective countries.



Delivering a talk on financial inclusion at the BNM-Alliance for Financial Inclusion: Building Capacities for Development conference

ii. *Buku Wang Saku Programme*

The Bank continues to support BNM's *Buku Wang Saku Programme* which inculcates sound financial management skills in school children. The programme promotes the habit of saving, by creating greater awareness on smart financial management and planning. In FY2020, we helped more than 300 adopted schools nationwide through this programme.

iii. *Social Enterprises*

The Bank continues to assist social entrepreneurs to make a difference to the communities within which they operate.

SocioBiz

AIIS launched SocioBiz in May 2019, a digital social crowdfunding platform that helps disadvantaged individuals start or expand a business, or learn a skill to earn a sustainable livelihood. SocioBiz is complemented by the Do-Good-As-You-Go ("DGAYG") initiative, which was launched in December 2019. DGAYG provides our customers with the opportunity to channel the profit on their

deposit accounts to the charity or cause of their choice. The SocioBiz platform uses the funds from the DGAYG initiative to support the various causes. In FY2020, SocioBiz promoted 17 causes for a total of over RM110,000.

SocioBiz was set up in collaboration with FinTech company, Ethis Ventures. Other partners in this endeavour include Yayasan Kebajikan Negara ("YKN"), Yayasan Noor Al-Syakur ("YANAS") and Pertubuhan Kebajikan Islam Malaysia (PERKIM).



Signing the MoU with PERKIM and YANAS



Collaborating partners on Alliance Islamic SocioBiz

SUSTAINABILITY STATEMENT (CONT'D)



AIS recognised as Champion in Social Entrepreneurship

Eco-Biz Dream Project

AIS' signature environmental-themed competition, the Eco-Biz Dream Project, seeks to contribute to the development of environmentally-centred businesses. The competition focuses on sustainable business ideas which address current socio-economic and environmental concerns. The competition is open to public and private university students in Malaysia.

In FY2020, AIS set aside RM200,000 to help the winners of Eco-Biz Dream Project 3, the Green Team from Universiti Malaysia Sarawak, start their own business based on their winning idea. Their go-to-market product is a filter using oil palm waste (biochar) that can be used to clean polluted rivers. An Implementation Steering Committee is overseeing the implementation of the idea. The RM200,000 funding is being disbursed in tranches, based on performance-based milestones.

AIS was recognised as the “Champion in Social Entrepreneurship” by the International Retail Banking Award (IRBA) for its Eco-Biz Dream Project and SocioBiz initiatives.

iv. Partnership to Channel Zakat Contributions

AIS maintained its zakat (Islamic tithes) contributions in accordance with Islamic principles and Shariah conventions. In FY2020, AIS contributed RM700,000 in zakat. Through its strategic partnership with YKN, AIS is channelling its zakat contributions to lower income households that require assistance to earn a sustainable livelihood. In particular, AIS is reaching out to single mothers seeking to kick start their own home businesses, but who lack the working capital and equipment to do so. YKN helps disburse funds to beneficiaries identified under this programme.

v. Community Centred Activities

In FY2020, the Bank conducted the following community activities:

- Contributed RM500,000 to MERCY Malaysia's COVID-19 Pandemic Fund towards supporting Malaysian healthcare services, and providing essential needs to underserved communities
- Donated provisions to the Sivananda Boy's Home, and introduced financial literacy to the children in the home
- Conducted a blood donation drive in collaboration with Huaren Resources, Lulu Hypermarket, and University Malaya Medical Centre
- Collaborated with Huaren Resources Sdn Bhd to hold a Book Charity Drive to raise funds for the Beautiful Gate Foundation (BGF) for the Disabled
- In conjunction with Earth Day 2019, the Bank collaborated with the Malaysian Nature Society (MNS) and Huaren Resources Sdn Bhd to increase public awareness on the importance of environmental sustainability



At a Book Charity Drive for BGF



At Earth Day Awareness Campaign

CONCLUSION

The Bank's sustainability initiatives are centred on creating greater value for our stakeholders and customers in line with our mission of Building Alliances to Improve Lives.

We will continue to monitor and report on the progress of our sustainability programmes, in line with our commitment to provide transparent and accountable disclosures to our stakeholders and shareholders.

Our goal is to help our customers and communities achieve socio-economic progress.