ALLIANCE BANK

Alliance Bank Malaysia Berhad 198201008390 (88103-W)

Minutes of 42nd Annual General Meeting ("AGM" of "the Meeting") of **Alliance Bank Malaysia Berhad** ("**Alliance Bank**" or "**ABMB**" or "**the Bank**") held as a virtual meeting at the broadcast venue at the Novel Ballroom, Level 1A, Malaysia International Trade and Exhibition Centre (MITEC), Kompleks MITEC, No. 8, Jalan Dutamas 2, 50480 Kuala Lumpur on Wednesday, 31 July 2024 at 10.00 a.m.

Directors present	:	Mr. Wong Yuen Weng Ernest – Deputy Board Chairman and the Meeting Chairman Mr. Tan Chian Khong Ms. Susan Yuen Su Min Mr. Lum Piew Ms. Cheryl Khor Hui Peng Puan Mazidah binti Abdul Malik Mr. Chia Yew Hock Wilson Dr. John Lee Hin Hock
Absent with apology	:	Tan Sri Dato' Ahmad bin Mohd Don – Board Chairman
In Attendance	:	Mr. Kellee Kam – Group Chief Executive Officer ("GCEO") Mr. Ronnie Fernandiz – Group Chief Financial Officer ("GCFO") Mr. Lee Wei Yen – Group Company Secretary <u>Representatives from PricewaterhouseCoopers PLT</u> Mr. Ong Ching Chuan Encik Mohamed Zharif Agil
Shareholders, Proxies and Corporate Representatives (collectively referred to as "Members" hereinafter)	:	441 Members holding a total of 879,694,691 shares representing 56.82% of the total share capital attended the Meeting via the Vote2U online meeting platform as per the Attendance List.

1. WELCOME BY CHAIRMAN

Mr. Wong Yuen Weng Ernest ("Mr Ernest Wong"), Deputy Board Chairman conveyed the apologies from the Board Chairman, Tan Sri Dato' Ahmad bin Mohd Don who was not able to attend the AGM as he was not well.

Mr. Ernest Wong then took the Chair and on behalf of the Board, he extended a warm welcome to the Members for attending the Bank's 42nd AGM, a virtual meeting which was broadcasted live from the broadcast venue through the Vote2U online meeting platform at https://web.vote2u.my/#/alliancebank.

The Meeting Chairman then introduced to the Members, the Directors of Alliance Bank who were present at the broadcast venue, together with the GCEO, GCFO and Group Company Secretary.

He also introduced to the Members, the representatives from the External Auditors, PricewaterhouseCoopers PLT, Mr. Ong Ching Chuan and Encik Mohamed Zharif Agil.

2. QUORUM, NOTICE OF AGM AND SUMMARY OF PROXIES RECEIVED

As the requisite quorum was present, Mr. Ernest Wong declared the Meeting duly convened. He proceeded to declare that the Notice of the AGM, having been duly served on Members, be taken as read.

Mr. Ernest Wong then called upon the Group Company Secretary to provide the Meeting with a summary of the proxies received and to explain the sequence flow of the AGM and the poll process. Thereafter, the GCEO would present the business update and performance of the Bank for the financial year ended 31 March 2024.

The Group Company Secretary reported that the Bank had received registration of 299 appointed proxies holding a total of 878,072,756 shares representing 56.7% of the total share capital of the Bank for the Meeting.

Out of these, 250 registrations with a total of 284,097,158 shares representing 18.4% of the total share capital of the Bank had appointed Chairman of the Meeting as their proxy to vote for them at the Meeting. 49 registrations with a total of 593,975,598 shares representing 38.4% of the total share capital of the Bank had appointed other proxies to attend this Meeting.

The Group Company Secretary then proceeded to explain the sequence flow of the Meeting as follows:

(i) After the GCEO's business presentation, all items on the agenda as set out in the Notice of AGM will be read, followed by the reading of questions from the Minority Shareholders Watch Group ("MSWG") and the Bank's responses.

(ii) Thereafter, the Board will address the questions from Members that the Bank received prior to and during the Meeting (via real time submission).

The Bank has appointed Mr. Jason Fong of Aegis Communication Sdn Bhd as the Independent Moderator to facilitate the question-and-answer session. The questions received will be moderated to avoid repetition.

(iii) After dealing with the questions from Members, all the 7 Ordinary Resolutions as set out in the Notice of AGM will be opened for voting via the Vote2U online voting platform.

However, Members may cast their votes before the voting session begins as the online remote voting was accessible from the commencement of the Meeting until the end of the voting session.

The Bank has appointed Deloitte Business Advisory Sdn Bhd as the Independent Scrutineer to verify the polling results.

(iv) Members were reminded that as this AGM was restricted to the Bank's Members who had registered to participate at this Meeting remotely, any visual or audio recording of the AGM was strictly prohibited unless the Bank's written consent is obtained prior to the Meeting.

While the Bank tried its best to ensure a smooth live streaming of the proceedings, the quality of the broadcast was very much dependent on Members' individual internet bandwidth connection.

To a repeated question from Members regarding door gifts, Group Company Secretary highlighted that as stated in the Administrative Details for the AGM which was circulated to the shareholders on 1 July 2024 together with the Annual Report, there will be no door gift, e-voucher or food voucher for Members who participate at this AGM. The Bank strongly encouraged shareholders to attend the AGM for a greater shareholders' understanding of the Bank's business and performance and will continue to reward the shareholders by way of dividend payments.

3. BUSINESS PERFORMANCE PRESENTATION

The GCEO then presented to the Members the business update and performance of the Group for the financial year ended 31 March 2024 ("FY2024"):

(i) **FY2024 Financial Highlights**
- ACCELER8 2027: Year in Review
- Revenue & Profitability
- Effective Risk Management
- Balance Sheet
- Shareholder Value

(ii) **FY2024 Achievements**
- ACCELER8 2027: Strategic Pillars
- Sustainability
- Awards

(iii) **Going Forward**
- ACCELER8 2027: FY2025 Priorities
- Key Updates
- Outlook & Concluding Remarks

(Full details of the presentation slides can be viewed from the Bank's corporate website under the Corporate Governance section).

4. AGENDA ITEMS FOR THE AGM

After the business update and performance presentation by the GCEO, the Group Company Secretary proceeded to read out the motions based on the agenda items as set out in the Notice of the AGM, followed by the questions that the Bank received from MSWG and the Bank's responses.

4.1 Audited Financial Statements for the Financial Year Ended 31 March 2024 and Reports from the Directors and Auditors thereon

To receive the Audited Financial Statements for the financial year ended 31 March 2024 and Reports from the Directors and Auditors.

This agenda item was laid before the Meeting in accordance with Section 340(1) of the Companies Act, 2016 which does not require a formal approval from the shareholders. As such, it was meant for discussion purpose and not put forward for voting.

4.2 Ordinary Resolution 1

- Re-election of Ms. Susan Yuen Su Min as a Director pursuant to Article 87 of the Bank's Constitution

"**THAT** Ms. Susan Yuen Su Min, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

4.3 Ordinary Resolution 2

- Re-election of Ms. Cheryl Khor Hui Peng as a Director pursuant to Article 87 of the Bank's Constitution

"**THAT** Ms. Cheryl Khor Hui Peng, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

4.4 Ordinary Resolution 3

- Re-election of Mr. Chia Yew Hock Wilson as a Director pursuant to Article 93 of the Bank's Constitution

"**THAT** Mr. Chia Yew Hock Wilson, who retires pursuant to Article 93 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

4.5 Ordinary Resolution 4

- Re-election of Dr. John Lee Hin Hock as a Director pursuant to Article 93 of the Bank's Constitution

"**THAT** Dr. John Lee Hin Hock, who retires pursuant to Article 93 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

4.6 Ordinary Resolution 5

- Payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 42nd AGM until the next AGM of the Bank

"**THAT** the payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 42nd AGM until the next AGM of the Bank based on the current fee structure below be and is hereby approved."

Annual Directors' Fees	
Non-Executive Chairman	RM320,000
Non-Executive Director	RM150,000
Annual Board Committees' Fees	
Chairman	RM50,000
Member	RM35,000

4.7 Ordinary Resolution 6

- Payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 42nd AGM until the next AGM of the Bank

"**THAT** the payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 42nd AGM until the next AGM of the Bank be and is hereby approved."

4.8 Ordinary Resolution 7

- Reappointment of PricewaterhouseCoopers PLT as Auditors of the Bank and granting authority to the Directors to fix their remuneration

"**THAT** PricewaterhouseCoopers PLT be and are hereby re-appointed as Auditors of the Bank and that the Directors be authorised to fix their remuneration."

5. MINORITY SHAREHOLDERS WATCH GROUP QUESTIONS AND ANSWERS

Operational & Financial Matters

Q1: The Bank recorded improved asset quality in FY2024 with a lower gross impaired loans (GIL) ratio of 2.1% (FY2023: 2.5%)

(a) How was the asset quality for different business segments, i.e., Consumer, SME, Commercial and Corporate Banking, in FY2024?

Answer:

- Our Consumer GIL ratio improved to 2.31% in FY2024 from 2.98% in FY2023, mainly due to preventive measures in the early-delinquency buckets for the Consumer portfolio.
- Our SME GIL ratio increased from 1.73% in FY2023 to 1.88% in FY2024, largely due to some pressures on debt servicing from inflation and interest rate hikes, and flow from the expanded SME loan base. For context, the industry SME GIL ratio was at 2.96% as at March 2024.
- Our Commercial and Corporate GIL ratio improved to 1.96% in FY2024 from 2.40% in FY2023, largely due to some recoveries and write-offs from our Commercial segment.

(b) Declining impaired loans were seen across most economic sectors, save for the Construction and Wholesale, retail trade, restaurants and hotels sectors (page 264, Note 9 (ix) – Credit impaired loans analysed by economic sectors, AR2024). How is the repayment behaviour of debtors observed by the Bank across these segments?

Answer:

- The repayment behaviour of the remaining customers in these two sectors are generally prompt and current.

Q2: ABMB's cost-to-income ratio (CIR) rose 230bps in FY2024 to 48.2% from 45.9% in the year before. The total operating expenses (OPEX) increased by RM92.3 million or 10.5% to RM973.7 million from RM881.4 million.

About 62% of the total increase in OPEX was attributed to personnel-related expenses arising from increments due to collective agreement and increased headcount (page 8, Analyst Briefing FY2024 dated 30 May 2024).

Please provide details for the OPEX incurred for the collective agreement and increased headcount.

Answer:

- Incremental Personnel related Expenses for FY2024 were RM57.2mln or 62%. Out of the total incremental amount:
  - ➢ RM7.9 million or 13.8% of it were for increment under collective agreement, and
  - ➢ RM49.3 million or 86.2% of it was related to increased headcount to support our Acceler8 strategy.

To which division did the increase in headcount attribute? What are the plans for the concerned division with a higher headcount?

What is the quantum of increment under the collective agreement? How many staff benefited from the increments?

Answer:

- Our recruitment is on a needs basis and to support our Acceler8 strategy. The headcount increase was focused on largely revenue centered divisions.
- Out of the total of 184 headcount addition in FY2024:
  - ➢ 168 or 91% were from salesforce and revenue centers, and
  - ➢ 16 or 9% were from support services namely Credit, Strategy and Operations.
- The increment rate under the collective agreements ranges between 13% to 18%.
- The number of unionised staff that benefitted from the increment was 594.

Q3: In FY2024, ABMB's net credit cost (NCC) was 25.8 bps (FY2023: 31.9 bps), the lowest in the past five years. The improved NCC was driven by lower Business-As-Usual credit charges (RM317.9 million vs RM359.5 million) and a reversal of management overlays amounting to RM182.5 million in FY2024.

What is the management guidance for NCC for FY2025, considering the low level of management overlays at RM121.43 million (page 327, Note 40 (a)(vii) – Overlays and adjustments for ECL, AR2024), expected loan growth and allowance for expected credit losses (ECL) in FY2025? Does the Group plan to fully write back the remaining overlays in FY2025? Please explain ABMB's expectation of NCC in FY2025.

Answer:

- The lower net credit cost year-on-year in FY2024 was contributed by certain non-recurring recoveries that happened in FY2023. We continue to stay vigilant and maintain a cautious stance in our expectations due to the macro uncertainties. Hence, our net credit cost guidance for FY2025 is at between 30 to 35 basis points.
- Our FY2025 guidance for loans growth is between 8% to 10%.
- We will be cautious with how we manage the remaining overlays of RM121.4 million as these credit overlays are to cater for identified high risk portfolios and accounts. Our loan loss coverage in FY2024 including regulatory reserve, remained high at 113.8%.

<u>Q4</u>: On 9 October 2023, ABMB entered into a Sale and Purchase Agreement with Oxley Rising Sdn Bhd to acquire 24 floors of office suits and 4 adjoining retail lots at Jalan Ampang (collectively known as Menara Alliance Bank) for RM405.84 million. The purchase will pave the way for ABMB's plan to move its headquarters to the office tower located at the prime KLCC location.

(a) What is the rationale behind the relocation of HQ to Jalan Ampang instead of the emerging Tun Razak Exchange or other iconic developments? What is the outcome of the cost and benefits analysis between acquiring and leasing office space from third parties?

Answer:
The rationale for the acquisition and selection of Menara Alliance Bank are:

- The strategic location of the properties at the commercial centre of KLCC and a dedicated building name of the Bank will improve the visibility and branding of ABMB;
- This acquisition would provide the staff a better working environment with more modern amenities not available in our current location;
- The properties are earmarked as a Green certified building, and this will form part of the Bank's sustainability journey to be a more sustainable and resilient organization;
- Provides continuity and certainty of presence and use of our Head Office versus leasing and being subject to changes in cost and availability; and
- An opportunity to acquire at a fair value given the above.

(b) How does the Menara Alliance Bank stand out compared to other locations? How many proposals had the Board considered before shortlisting the acquisition? How is the price per square foot (psf) of RM1,247.66 in the transaction compared to other locations?

Answer:

- Menara Alliance Bank is located in the heart of KLCC commercial centre, well connected to major roads and easily accessed via public transportation. The office is a green certified building with modern amenities.
- More than 100 proposals on available existing, newly completed and under construction offices in Kuala Lumpur city centre and its vicinity, were evaluated. Three (3) buildings which met our selection criteria, were shortlisted.
- Besides reviewing valuations from independent valuers, the Bank has carried out its own market survey on surrounding commercial properties based on 1.5km radius from Menara Alliance Bank. Based on our studies, the purchase price is deemed fair and within the range of market value assessed by the independent valuers.

(c) What is the estimated cost of relocating to the Office Tower? How long would it take for ABMB to migrate to the new premises fully?

Answer:

- A maximum budget of RM150 million has been allocated for the relocation exercise.
- The Bank is targeting to complete the relocation by the second half of 2025, subject to timely issuance of Certificate of Completion & Compliance (CCC) by the developer in November 2024.

Sustainability Matters

Q1: ABMB made the inaugural disclosure of Scope 3 Financed Emissions in FY2024, based on the latest available data as of 31 December 2022. As of 31 December 2022, ABMB's disclosed financed emissions amounted to 1.04 million tonnes of carbon dioxide equivalent based on its lending and investment portfolio across five asset classes and eight high-emitting

sectors: construction, real estate, iron and steel, forestry and logging, palm oil, oil and gas, power generation and coal (page 109 of AR2024).

(a) What is the size of lending and investment for each asset class and economic sector? How comprehensive was the coverage of selected asset classes and economic sectors against the Group's total lending and investment portfolio?

Answer:

- For Scope 3 Financed Emissions baseline, the total financed emissions coverage based on outstanding gross loans represents 55% of the Bank's FY2022 gross loans.
- The respective size of lending and investment for each asset class across the eight high-emitting sectors are as below:
  - ➢ Project finance amounted to RM72 million, at <1% of gross loans,
  - ➢ Business loans amounted to RM3.69 billion, at 8% of gross loans,
  - ➢ Commercial real estate amounted to RM1.16 billion, at 3% of gross loans,
  - ➢ Mortgages (residential real estate) amounted to RM15.87 billion, at 34% of gross loans,
  - ➢ Corporate bonds amounted to RM4.61 billion, at 10% of gross loans.

(b) We noted that the financed emissions data disclosed does not align with ABMB's financial year-end of 31 March. The divergence may result in confusion among stakeholders when comparing the emissions data against ABMB's total lending portfolio, which is reported in accordance with fiscal year-end.

In addition, why was more updated data i.e., as of 31 March 2024, not available for the calculation of Scope 3 Financed Emissions?

Answer:

- Due to limitations of data availability, our recently disclosed Scope 3 Financed Emissions baseline utilised the latest available data at the time, which was data as of 31 December 2022.
- Following refinements to our calculation methodologies and on-going efforts to improve data availability, the Bank is working to measure its 2023 Scope 3 Financed Emissions aligned to our financial year-end 31 March 2024 for our FY2025 Annual Report.

(c) Certain banks were able to calculate and disclose their Scope 3 Financed Emissions based on data as of their recently concluded financial year.

What challenges does the Bank face in obtaining such data as of the most recently concluded financial year?

Answer:

- The key challenge for the Bank in calculating Scope 3 Financed Emissions is data availability and data quality from customers in accordance with the Partnership for Carbon Accounting Financials ("PCAF") Standard.
- We faced challenges in obtaining emissions data during data collection in view that customers, particularly amongst small-and-medium enterprises (SMEs) are in nascent stages of their sustainability journey and hence lack data of their emissions profile.

- In response to these challenges, the Bank had to utilise customer-level economic data and sector proxies in accordance with PCAF Standard. We are also committed to improving data coverage and data quality as part of our net zero journey to increase customer engagement for awareness, emissions data collection and encouragement for decarbonisation initiatives to be embarked on by customers.

(d) Moving forward, what are the areas for further improvement in the calculation, management, and reporting of Scope 3 Financed Emissions?

Answer:

- Moving forward, we will be focusing on improving our data availability and data quality in accordance with the PCAF Standard.
- We are committed to improving the coverage and quality of our emissions calculations as part of our overall net zero journey. We are developing our Net Zero Roadmap which will be executed in a two phased approach.
- Our near-term plan is to increase the number of customers with available emissions data and with decarbonisation plans through our customer engagements. In the longer term, we will leverage our increased customer engagement and data availability to strengthen our Scope 3 Emissions computation and disclosure data quality scores, whilst improving our target setting to achieve our net zero ambitions.

Q2: As of 31 March 2024, ABMB's exposure to ESG-sensitive sectors is at a low 5.6% (RM2.2 billion) of the Bank's total non-retail exposure with the following breakdown: Palm Oil (4.1%), Oil and Gas (0.5%), Mining and Quarrying (0.8%) & Forestry and Logging (0.2%) (Source: page 106 of AR2024).

Why were sectors such as construction, real estate, iron and steel, power generation and coal listed as high emitting sectors for Scope 3 Financed Emissions calculation, not included in ABMB's calculation of exposure to ESG-sensitive sectors? If these sectors were to be included, what would ABMB's total exposure to these sectors be?

Answer:

- ESG-Sensitive Sectors cover sectors that generally attract sensitive debates due to Environmental, Social, and Governance controversies surrounding the sectors, hence the inclusion of Palm Oil, Oil & Gas, Mining & Quarrying, and Forestry & Logging.
- High Emitting Sectors were identified from the perspective of climate change impact due to high greenhouse gas (GHG) emissions, without considering the non-GHG Environmental, Social and Governance aspects.
- As per Q1(a), the high emitting sectors' total financed emissions coverage forms 55% of the Bank's gross loans which include the sectoral value chain, mortgages and corporate bonds.

<u>Corporate Governance Matters</u>

Q1: Mr Ng Chow Hon, former CEO of Alliance Investment Bank Berhad (AIBB), received a total remuneration of RM1.616 million in FY2024, compared to RM1.12 million in FY2023, when he served the full year (pages 304 & 305, Note 39 – CEOs and Directors' Remuneration, AR2024). His salary and other remuneration doubled to RM1.32 million from RM642,000.

AIBB surrendered its Investment Banking License to Bank Negara Malaysia and ceased operation on 13 December 2023.

(a) When did Mr Ng cease his service with AIBB? Why did Mr Ng draw significantly higher remuneration in FY2024 than in FY2023? What is the breakdown of the salary and other remuneration he received?

Answer:

- Mr Ng's last official employment date with AIBB was on 29 February 2024. His remuneration included an exit package and an accelerated cash deferral in FY2024:

(RM)	FY2024	FY2023
Salary and allowance	592,250	642,000
Exit Package	700,000	Nil
#Accelerated Cash Deferral	28,750	Nil
Total	**1,321,000**	**642,000**

(b) Mr Joel Kornreich, who departed from ABMB as Group CEO on 31 August 2022, received a higher total remuneration of RM7.95 million for a five-month service compared to RM7.74 million for a full-year service in FY2022 (page 275, Note 42 - CEOs and Directors' Remuneration, AR2023).

Please explain the reason for his higher remuneration y-o-y and provide a breakdown of his salary and other remuneration.

Answer:

- The effective last day of Mr. Joel Kornreich's contract with the Bank was 31 December 2022 as he was on garden leave for 4 months from 1 September 2022 to 31 December 2022. As such, he had served the Bank for a period of nine months during FY2023. His remuneration included an accelerated cash deferral in FY2023, as follows:

(RM'000)	FY2023	FY2022
Salary and allowances	3,503	4,313
#Accelerated Cash Deferral	1,450	Nil
Bonuses	2,000	2,400
Contribution to EPF	925	926
Benefits-in-kind	76	97
Total	**7,954**	**7,736**

Note:

Under ABMB Group's remuneration deferral policy, the payment of a portion of performance bonus for senior management is subject to deferral over a vesting period 3 years to allow validation of performance and associated risks over a longer timeframe. However, if the employment of any of the senior management staff is terminated due to non-renewal of contract under circumstances beyond the incumbent's control or on mutual agreement, any unvested deferred performance bonus may be accelerated for vesting subject to the approval of the Bank.

Q2: ABMB has applied Practice 4.4 of the Malaysian Code on Corporate Governance (MCCG), which states that performance evaluations of the board and senior management include a review of their performance in addressing the company's material sustainability risks and opportunities (page 24 of Corporate Governance Report 2024).

(a) How did the Board and senior management perform in relation to the metrics mentioned in Practice 4.4?

Answer:

- For the Board

  The Board's performance evaluation for FY2024 was carried out by way of self-assessment by individual board members, with a good score in relation to sustainability related matters.

- For the senior management

  The Group corporate scorecard targets are cascaded to each member of senior management's respective division scorecard to ensure there is adequate focus on sustainability related KPIs. Based on the Group corporate scorecard for FY2024 which was approved by the Board, the rating for sustainability related KPIs was above average.

(b) What was the weightage of sustainability-related KPIs (by percentage) vis-à-vis operational and financial metrics in the overall evaluation of senior management?

Answer:

- Under the Group corporate scorecard, financial metrics carries a weightage of 40% while core franchise metrics (including sustainability-related KPIs) carries a weightage of 60%.
  - ➢ For FY2024, sustainability-related KPIs carried a total weightage of 9% for our key Top-line goals (i.e. Top-line Goal 1: New Sustainable Business; Top-line Goal 2: Reduce proportion of C5 portfolio and Top-line Goal 3: Reduce the Bank's greenhouse gas emission).
  - ➢ As part of our continuous drive to increase sustainability focus within the Bank, we have increased the sustainability-related KPIs weightage in the FY2025 Group corporate scorecard to 12%.
- The Group corporate scorecard targets are then subsequently cascaded to each member of senior management's respective division scorecard to ensure there is adequate focus on sustainability related KPIs.

(c) Moving forward, which area requires more focus and attention from the Board and management?

Answer:

- Based on our FY2025 Sustainability Strategy, the key areas of priorities that we are focusing on include:
  - ➢ Ensuring we are meeting our BNM Climate Risk Management and Scenario Analysis obligations;
  - ➢ Scaling up sustainable financing and widening customer engagement to support customer transitioning and data collection for development of our Net Zero Roadmap;
  - ➢ Ongoing efforts to help our customers via our PROGRESS tool and leveraging our strategic partnerships;

- Focusing on building up our data repository, data management and infrastructure.

- The Board and management will continue to focus on placing strong emphasis on embedding Environmental, Social, and Governance at the heart of our business and operations.

Q3: ABMB has adopted Practice 5.9 of the MCCG, which states that the board comprises at least 30% of women directors.

What benefits has the board experienced from the increased participation of female directors in the boardroom over the years? How has the board's performance been impacted in relation to these benefits? What aspects of the Board have experienced improvements or declines before and after the appointment of female directors?

Answer:

- We believe that having the diversity in gender has allowed for a more balanced approach in Board deliberations as well as providing an alternative perspective.
- The Board has generally seen improvements in group cohesiveness and trust among members which enhanced engagement among members and improved the quality of debates of the Board for more effective discussions and decisions.
- The women directors on our Board also bring with them a strong and accomplished track record in their respective fields and provides valuable contributions individually as well.

Q4: Referring to Practice 13.5 of the MCCG on the conduct of a virtual general meeting (fully virtual or hybrid) to support interactive participation and meaningful engagement between the board, senior management, and shareholders, will the Board consider holding an AGM via hybrid format in the future, as what we have seen in some banks recently?

Answer:

- The Board regards the AGM as an opportunity to engage and communicate with shareholders and will continuously evaluate the best option for the Bank's AGM going forward, taking into account market practice.

6. QUESTIONS AND ANSWERS SESSION WITH MEMBERS

Upon completion of the reading of agenda items, and the questions from MSWG and the Bank's answers, Mr. Ernest Wong proceeded to the questions and answers session with Members by inviting the Independent Moderator to read out the questions received from the Members.

(The list of questions raised by the Members and the Bank's responses are set out in Annexure 1).

Upon addressing all the questions read by the Independent Moderator, Mr. Ernest Wong announced the closure of the questions and answers session. For any question that the Bank might not have been able to address during the questions and answers session, the Bank would email its responses to the respective Members at the earliest practicable time after the AGM and made available on the Bank's corporate website.

(Post Meeting Note: The list of questions from Members and the Bank's responses via email post AGM are set out in Annexure 2).

7. POLLING AND CLOSE OF POLLING

Mr. Ernest Wong then announced the commencement of the online remote voting session at 11.40 a.m. and invited the Members to proceed with casting their votes with the voting session closing in 10 minutes at 11.50 a.m. A video presentation on the steps in the vote casting process was played during this time.

At 11.50 a.m., Mr. Ernest Wong declared that the online remote voting session closed and that the votes will be counted and verified by the Independent Scrutineer.

He then adjourned the Meeting to facilitate the polling verification process.

8. ANNOUNCEMENT OF POLL RESULTS

Mr. Ernest Wong resumed the Meeting at 12.38 p.m. for announcement of the poll results.

Based on the poll results below which had been verified by the Independent Scrutineer, Mr. Ernest Wong declared that all Ordinary Resolutions from 1 to 7 carried.

Resolution	For		Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	875,078,061	99.5153	4,262,204	0.4847
Ordinary Resolution 2	877,040,279	99.7384	2,299,986	0.2616
Ordinary Resolution 3	879,303,915	99.9959	36,350	0.0041
Ordinary Resolution 4	879,296,971	99.9959	36,304	0.0041
Ordinary Resolution 5	879,209,918	99.9857	125,738	0.0143
Ordinary Resolution 6	879,136,861	99.9792	183,095	0.0208
Ordinary Resolution 7	873,822,747	99.3734	5,509,922	0.6266

Ordinary Resolution 1
- **Re-election of Ms. Susan Yuen Su Min as a Director pursuant to Article 87 of the Bank's Constitution**

  "**THAT** Ms. Susan Yuen Su Min, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

Ordinary Resolution 2
- **Re-election of Ms. Cheryl Khor Hui Peng as a Director pursuant to Article 87 of the Bank's Constitution**

  "**THAT** Ms. Cheryl Khor Hui Peng, who retires by rotation pursuant to Article 87 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

Ordinary Resolution 3
- **Re-election of Mr. Chia Yew Hock Wilson as a Director pursuant to Article 93 of the Bank's Constitution**

  "**THAT** Mr. Chia Yew Hock Wilson, who retires pursuant to Article 93 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

Ordinary Resolution 4
- **Re-election of Dr. John Lee Hin Hock as a Director pursuant to Article 93 of the Bank's Constitution**

"**THAT** Dr. John Lee Hin Hock, who retires pursuant to Article 93 of the Bank's Constitution, be and is hereby re-elected as a Director of the Bank."

Ordinary Resolution 5
- **Payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 42nd AGM until the next AGM of the Bank**

"**THAT** the payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 42nd AGM until the next AGM of the Bank based on the current fee structure below be and is hereby approved."

Annual Directors' Fees Non-Executive Chairman Non-Executive Director	 RM320,000 RM150,000
Annual Board Committees' Fees Chairman Member	 RM50,000 RM35,000

Ordinary Resolution 6
- **Payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 42nd AGM until the next AGM of the Bank**

"**THAT** the payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 42nd AGM until the next AGM of the Bank be and is hereby approved."

Ordinary Resolution 7
- **Reappointment of PricewaterhouseCoopers PLT as Auditors of the Bank and granting authority to the Directors to fix their remuneration**

"**THAT** PricewaterhouseCoopers PLT be and are hereby re-appointed as Auditors of the Bank and that the Directors be authorised to fix their remuneration."

9. CLOSE OF MEETING

Mr. Ernest Wong declared that the Bank has not received any notice to transact other business at this AGM.

There being no other business to transact, Mr. Ernest Wong thanked shareholders, proxies and corporate representatives for participating in this virtual meeting and declared the Meeting closed at 12.40 p.m.

CONFIRMED AS A CORRECT RECORD

(Signed)

WONG YUEN WENG ERNEST
CHAIRMAN OF THE MEETING

Date: 28 August 2024

List of Questions Raised by Shareholders and the Bank's Responses

Q1: What is the exit package of RM700,000 paid to Mr. Ng Chow Hon (the former CEO of Alliance Investment Bank Berhad) and how was the amount calculated?

(GCEO) A: RM700,000 was computed based on an agreed formula (1.4 times of base salary multiplied by number of years in employment with the Group). Upon completion of the sale of the stockbroking business, the process of winding down the business of the investment bank and surrendering of its investment banking license took a period of approximately 12 months of which although Mr. Ng would have been eligible for the package, he had elected to work with us to ensure the successful and smooth winding down of the business.

Q2: Referring to the new Head Office (HQ), (a) What is the size of the new and the current HQ?; (b) What is the total cost of acquiring and moving in to new HQ; and (c) What is the current annual rental cost of the current HQ?

(GCEO) A: The Bank currently occupies 21 floors in the current HQ with approximately 225,000 square feet of office space. At the new HQ, the Bank will occupy about 255,000 square feet of office space which is sufficient for all staff and room for expansion, when the need arises.

The cost of the new corporate office is RM405.84 million and we have allocated a maximum budget of RM150 million for the relocation exercise. The current annual rental cost of the HQ is RM13.6 million per annum.

Q3: The cost-to-income ratio (CIR) has been trending upwards over the past 3 years. Does the Bank expect this ratio to remain elevated?

(GCEO) A: The ability for the Bank to scale was dependent on the Bank's investment not only in network and people but also in technology. Cost was frontloaded to allow us to obtain more new-to-bank customers and improve the Bank's ability to garner assets which will generate revenue. By frontloading the cost, CIR has increased from 45% to 48% and the Bank is guiding the CIR to remain at approximately 48% this year.

Benefiting from assets taken onboard, the Bank has grown significantly over the last two years and acquired a record number of new customers. Revenue was expected to increase and CIR will then moderate downwards.

Q4: Loan to Fund Ratio (LFR) was maintained at 87%. Assuming another double-digit growth in loan growth going forward, will the LFR increase to 90%? What is the maximum LFR that the Bank has set for its lending activities, if any?

(GCEO) A: The Bank's target on liquidity measures, apart from the LFR includes the assessment of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Bank will look at these ratios to ensure optimal liquidity of the Bank, balancing both cost and risk. The Bank will maintain the LFR below 90%.

Q5: Referring to Page 40 of the Annual Report 2024 (AR2024), it was mentioned that to boost fee-based income for Corporate & Transaction Banking, the Bank will enhance its portfolio management strategies to drive fee income generation, for example, through Months-On-Book (MOB) initiative. Can you explain the MOB initiative and how does it boost fee-based income?

(GCEO) A: The Bank's focus to scale up was by acquiring new customers and with the increasing customers onboarded, the Bank must ensure to provide a good level of service. The MOB initiative focuses specifically on business and corporate banking customers. A threshold was set and after a certain number of months banking with Alliance Bank, our team will ensure that there are communications with customers to understand their business and continue to share various growth opportunities identified. The Bank will review its customer pool to improve the value of our businesses.

Q6: It was impressive that the Bank's loan portfolio grew by 13% year-on-year, which is twice the industry average. Can the Bank elaborate on how this growth was achieved and did the growth come at the cost of loan quality which might only become evident in future years?

(GCEO) A: As part of the ACCELER8 initiatives, the key driver of growth was by expanding various business segments of the Bank. For example, Consumer Banking business was compressed by -1% in FY2022 and grew 5% the year after. In FY2024, close to 107,000 new to bank customers were acquired. Besides, the Bank also focused on increasing its presence in different areas of growth by expanding in Johor, Penang, Sarawak and Sabah.

Evidently, the Bank has not sacrificed its margin to achieve its current growth rate as Alliance Bank remains the highest margin bank in the industry and the gross impaired loans were reducing. The Bank took a focused approach to growth as mentioned above, instead of increasing the risk appetite significantly.

Q7: There were nationwide pickets organised by National Union of Bank Employees (NUBE) to protest the high salaries of bank chiefs and alleged union busting within several banks. The Bank is one of the alleged banks. How will the Bank mitigate this reputation risk? Will it affect the Bank's operation and any disciplinary action will be initiated against the union workers?

(GCEO) A: The Bank had a long history of positive discussion with various unions. Collective Agreement was negotiated as an industry through the Malayan Commercial Banks' Association (MCBA). The Bank believes in continuous constructive dialogue to ensure the voices of union members are heard and hope that such discussion will continue.

Q8: Did the Bank implement a progressive wage policy? How are the staffs' remuneration perks and was salary revised in consideration of inflation?

(GCEO) A: The Bank reviews staff remuneration as a whole. Over 62% of the total cost increased in FY2024 has gone to workforce. The Bank believes that human resource is the primary asset in building a good franchise. The revision in staff salary takes into account multiple factors including benchmarking against peers. The Bank will continue to improve employee value proposition and focus on the total wellbeing of staff at workplace.

Q9: How is the Bank addressing the risks associated with cybersecurity and data privacy in light of increasing digitalisation?

(GCEO) A: The Bank continuously focus on cybersecurity with robust cybersecurity frameworks set up. Cybersecurity infrastructures were routinely assessed and enhanced to prevent unauthorised access. The Bank has also worked with multiple partners who provide adviceand responses relating to cybersecurity. The Bank manages its cybersecurity risk by leveraging on the National Institute of Standards and Technology who focus to identify, detect, response and if all else fails, recover. Cybersecurity issues are viewed seriously by the Bank.

Q9: How does the Bank plan to compete with the emerging digital banks, especially in terms of innovation and customer experience?

(GCEO) A: Alliance Bank sees digital banks as complimentary to the banking sector as the mandate of digital banks was to penetrate the underserved/underbanked market. In terms of innovation, Alliance Bank was externally recognised and has won awards by delivering the Virtual Credit Card (VCC) with dynamic card number which remains the first and only in Malaysia. Alliance Bank's Digital SME business has also won Best Digital SME Bank recently. This proves that Alliance Bank has the technology required to compete in the digital space.

Q10: A total of RM22.195 million in relation to computer software of the Group was written off in FY2024 (Note 17, Page 281 of the AR2024). Why is there an increase of almost 100% of computer software written off as compared to FY2023? Will there be similar write off in FY2025?

(GCEO) A: An asset verification exercise is completed every two years. Computer software that are deemed no longer useable (end of life/end of support) or being replaced with better capabilities are written off. Most of these items have been fully depreciated. This amount would not be similar in FY2025 as this exercise are made only once every two years. The increase in FY2024 was due to the number of investment in technologies as well as upgrades in the previous year.

Q11: Capital commitments authorised and contracted for in FY2024 stood at RM307.576 million which is a substantial increase of previous year's figure of only RM22.499 million (Note 41, Page 347 of the AR2024). What is the reason for the substantial increase and which are the major capital expenditure (CAPEX) items? What is the amount budgeted and expected to incur in FY2025.

(GCEO) A: The largest item was the Bank's commitment in the new Menara Alliance Bank building.

(Group Chief Financial Officer (GCFO)) A: A similar amount is expected for FY2025 as it comprises the remaining amount to be paid for the new building.

Q12: Has the Bank considered implementing Apple Pay to enhance digital payment offerings? If not, are there any plans to explore this technology in the near future to align with evolving consumer preferences?

(GCEO) A: As part of the digital payment capabilities, the Bank has the VCC with dynamic card number. Various options were evaluated and the Bank has collaborated with Google Pay and Samsung Pay as a diversified approach. The Bank will continue to evaluate the market before making its decision to onboard the digital payment solution with Apple Pay.

Q13: The Statement of Cash Flows (Page 220 of the AR2024) reported a substantial increase in purchase of Plant, Property and Equipment (PPE) in FY2024 amounting to RM198.875 million compared to only RM22.92 million in FY2023. What are the top 3 major PPE spent in FY2024 and will similar amount of PPE expenditure be incurred in view of the pending move to Menara Alliance Bank in Jalan Ampang in FY2025?

(GCFO) A: The top PPE expenditure was the progress payment for the new Menara Alliance Bank building. Others were investments in IT. Similar amount is expected to be incurred in FY2025 as the Bank has only paid 50% for the cost of the new building.

Q14: Could the Management provide details on the revenue generated by credit card sector over the past year and how does it compare to previous years. Additionally, what strategies are in place to grow this segment and address customer concern regarding credit limit policies?

(GCEO) A: For credit card segment, the Bank is trying to scale its credit card business to ensure that sufficient profitability is generated in a longer term. It is an important business to complete the needs of customers. Since the launch of VCC, credit card base has increased approximately 17% with 56,000 VCC approved and the running number has risen to 61,000 last quarter. However, the credit card segment remains a less significant part of the consumer banking business.

On strategies, the Bank viewed that the VCC was a unique value proposition which differs from other credit card products in the market. A conventional physical credit card offering will have succumbed to significant competition. The Bank's VCC is the only product that allows customers with the flexibility to generate their own 16 digit card number providing safety, security and convenience of having the ability to do it in their own hands. The Bank will continue to work with various partners on the VCC.

Q15: For FY2023, the Bank's interest expense increased by 56% compared to the increase of interest income of 26% (Statement of Income, Page 214 of the AR2024). The increase in interest expense in FY2023 compared to FY2022 was only 34%. With the Bank's Current & Savings Account (CASA) ratio at 41% which is one of the highest in the industry and average interest rates stable in 2024, will it have a positive impact on interest expense to be incurred in FY2025 based on the current cost of funds?

(GCEO) A: There has been compression in two areas with the interest rate coming up and slower CASA growth compared to Fixed Deposits (FD) as customers were shifting from CASA to higher yielding FD. Competitors have been pricing up to fund their own growth. For FY2025, the Bank would look at another aspect which is the repricing of the FD as Overnight Policy Rate (OPR) has increased. As FD matures, it would be re-priced and replaced with a higher FD price. The quantum of compression would not be the same as previous years and the Net Interest Margin (NIM) is expected to stabilise at approximately 2.4% to 2.45% in FY2025. The Bank will ensure that it remains one of the highest interest margin banks in the industry.

Q15: As at 31 March 2024, the balances of expected credit losses (ECL) overlays and post-model adjustments amounted to RM121.431 million and RM71.170 million for the Group and the Bank respectively (2023: RM256.632 million and RM147.182 million). What is the Bank's plan on the remaining ECL overlays and post-model adjustments in the coming financial year?

(GCEO) A: The treatment of ECL overlays is under a fair amount of scrutiny by the Bank's Group Audit Committee, the External Auditors and the regulators. ECL were assigned to specific high risk portfolios and high risk credit that require additional overlays. The ECL would be written back depending on the performance of the specific portfolio. The Bank has provided sufficiently with a loan loss coverage with regulatory reserve of 113%.

Q16: Was the Bank affected by the recent CrowdStrike disaster?

(GCEO) A: The Bank was not affected in totality by the recent CrowdStrike disaster. All third party providers of the Bank was also not affected by the said disaster.

Q17: Will year 2024 be better compared to 2023 or worse due to new challenges?

(GCEO) A: The Bank remained cautiously optimistic. Significant economy growth was seen in the recent quarter with national Gross Domestic Product (GDP) improving, and reduction in unemployment rate coupled with increase of new entries to the workforce. The positive economic growth will benefit the banking sector. The Bank remained cautious as downside risk may stem from external development such as geopolitical tensions, and surrounding macroeconomic environment which may affect interest rates. The Bank is agile in its approach with guided range in loans growth and conservative guidance in credit cost.

Q18: Page 78 of the AR2024 mentioned over 56,000 VCC was issued and approved in FY2024. What is the latest number on the VCC issued to date and in terms of credit card receivables, what is the percentage contributed from VCC?

(GCEO) A: The number of VCC increased at a good pace and the number stood at 62,000 last quarter. As the VCC was built in an open Application Programming Interface (API), the Bank has partnered with other parties to onboard more customers. Total receivables were reported at a lower proportion of RM23.5 million which was approximately 3% of the total credit card base with an End Net Receivable (ENR) growth of 20% from the total card base since the launch of the VCC.

Q19: What is the NIM, Credit Cost and loan growth guidance for FY2025?

(GCEO) A: NIM is expected to compress to between 2.40 to 2.45%, credit cost is expected to be maintained between 30 to 35 basis points, whereas loans growth, was targeted at 8% to 10%.

Q20: The Bank has been proactively making itself more recognisable in the market. For example, via the sponsorship of Jay Chou concert and the partnership with Velvet Cinema. From these initiatives, how many new to bank customer has the Bank obtained and what is the target market of the Bank as Velvet Cinema is considered a high-end cinema?

(GCEO) A: The Bank's approach was to build presence in the market. Other than the mentioned partnership, the Bank built its presence via placing of rebranding advertisements at major highways, Environmental, Social and Governance (ESG) initiatives and BizSmart Challenge.

This caters to a broad target market and the Bank has over the years onboarded 119,000 new consumer and business customers with close to 107,000 new customers coming from Consumer Banking, representing an increase of 30,000 compared to the previous year.

Q21: Considering that the Bank's peers are competing for CASA customers, please explain how does the Bank achieve the highest CASA ratio in the industry at 41.6%?

(GCEO) A: The Bank provides services and propositions that are unique to customers and the outcome has been positive.

<u>List of Additional Questions from the Shareholders and the Bank's Responses via Email Post AGM</u>

Q1: How much did the Bank spent on the Virtual AGM?

A: The cost for the virtual AGM 2024 was approximately RM45,000. This includes the cost of remote participation and voting facilities, the audio & video support and fees for engagement of the independent moderator.

Q2: When will the Bank go back to physical AGM?

A: The Bank regards the AGM as an opportunity to engage and communicate with shareholders and will continuously evaluate the best option for the Bank's AGM going forward, taking into account the market practice.