

Minutes of the 43rd Annual General Meeting (“AGM” or “the Meeting”) of **Alliance Bank Malaysia Berhad** (“**Alliance Bank**” or “**ABMB**” or “**the Bank**”) held at the Sabah Ballroom, Basement II, Shangri-La Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 30 July 2025 at 10.00 a.m.

Directors Present : Tan Sri Amirsham bin A Aziz (“Tan Sri Chairman”)
Mr. Wong Yuen Weng Ernest
Mr. Tan Chian Khong
Ms. Susan Yuen Su Min
Mr. Lum Piew
Ms. Cheryl Khor Hui Peng
Mr. Chia Yew Hock Wilson
Dr. John Lee Hin Hock
Mr. Stephen Oong Kee Leong
Puan Lily Rozita binti Mohamad Khairi

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

Representative from PricewaterhouseCoopers PLT
Encik Mohamed Zharif Agil

Shareholders, Proxies and Corporate Representatives : As per the Attendance List, 932 Members holding a total of 1,016,765,341 shares representing 58.76% of the total issued share capital were present at the Meeting either in person or by appointing the Chairman as their proxy to vote on their behalf.
(collectively referred to as “Members” hereinafter)

1. WELCOME BY CHAIRMAN

Tan Sri Chairman called the Meeting to order at 10.00 a.m. and welcomed all attendees to the 43rd AGM of the Bank. He proceeded to introduce the Board members and Senior Management Officers present at the head table, including the GCEO, GCFO and Group Company Secretary.

Tan Sri Chairman also introduced Encik Mohamed Zharif Agil, the engagement partner from PricewaterhouseCoopers PLT, the Bank’s external auditors, who was in attendance.

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

Tan Sri Chairman confirmed the presence of a quorum and declared the Meeting duly convened. He further resolved that the Notice of the AGM, having been properly served on Members, be taken as read.

Tan Sri Chairman then called upon the Group Company Secretary to present a summary of the proxy votes received.

The Group Company Secretary reported that the Bank had received proxy appointments for 464 shareholders holding an aggregate of 972.2 million shares, representing 56.19% of the total issued share capital.

Of these, 266 proxies holding a combined 314.5 million shares representing 18.17% of the total issued share capital had appointed the Chairman of the Meeting as their proxy to vote on their behalf. The remaining 198 proxies representing 657.7 million shares or 38.02% of the total issued share capital had appointed other proxies to attend and vote at the Meeting.

Before proceeding with the agenda, Tan Sri Chairman invited the GCEO to:

- (i) present the business update and the Bank's performance for financial year ended 31 March 2025 ("FY2025"); and
- (ii) address questions from both the Minority Shareholders Watch Group ("MSWG") and those submitted by shareholders prior to the Meeting.

3. BUSINESS PERFORMANCE PRESENTATION

The GCEO then presented to the Members the business update and the Bank's performance for FY2025:

- (i) **FY2025 Financial Highlights**
 - ACCELER8 2027: Year in Review
 - Revenue & Profitability
 - Effective Risk Management
 - Balance Sheet
 - Shareholder Value
- (ii) **FY2025 Achievements**
 - ACCELER8 2027: Strategic Pillars
 - Sustainability
 - Awards
- (iii) **Going Forward**
 - ACCELER8 2027: FY2026 Priorities
 - Key Updates
 - Outlook & Concluding Remarks

*(Questions raised by the Minority Shareholders Watch Group ("MSWG") and shareholders submitted prior to the Meeting, along with the Bank's responses, are set out in **Appendix 1** and **Appendix 2** attached.)*

4. AGENDA ITEMS FOR THE AGM

Upon conclusion of the GCEO's presentation on the Bank's FY2025 performance, followed by the question-and-answer session addressing questions from MSWG and those submitted by shareholders prior to the meeting, Tan Sri Chairman invited the Group Company Secretary to present the Meeting motions before opening the floor for further questions.

The Group Company Secretary proceeded to present the motions corresponding to each agenda item as specified in the Notice of the AGM.

4.1 Audited Financial Statements for the Financial Year Ended 31 March 2025 and Reports from the Directors and Auditors Thereon

To receive the Audited Financial Statements for the financial year ended 31 March 2025 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 approval from the shareholders. As such, it was meant for discussion purposes and not put forward for voting.

4.2 Ordinary Resolution 1

- Re-election of Mr. Wong Yuen Weng Ernest as a Director pursuant to Article 87 of the Bank's Constitution**

"THAT Mr. Wong Yuen Weng Ernest, who retires 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 Mr. Oong Kee Leong as a Director pursuant to Article 93 of the Bank's Constitution**

"THAT Mr. Oong Kee Leong, who retires pursuant to Article 93 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 Tan Sri Amirsham bin A Aziz as a Director pursuant to Article 93 of the Bank's Constitution**

"THAT Tan Sri Amirsham bin A Aziz, 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 Puan Lily Rozita binti Mohamad Khairi as a Director pursuant to Article 93 of the Bank's Constitution**

"THAT Puan Lily Rozita binti Mohamad Khairi, 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 Committee Fees to Non-Executive Directors for the Period Commencing 1 April 2025 Until the Next Annual General Meeting of the Bank**

"THAT the payment of Directors' fees and Board Committee fees to Non-Executive Directors based on the revised fee structure as set out in the table below for the period commencing 1 April 2025 until the next Annual General Meeting be and is hereby approved."

Description	As approved at the 40 th AGM	New approval to be sought at the 43 rd AGM
<u>Annual Directors' Fees</u> <ul style="list-style-type: none">- Chairman- Member	RM320,000 RM150,000	RM400,000 RM180,000
<u>Annual Board Committees' Fees</u> <ul style="list-style-type: none">- Chairman- Member	RM50,000 RM35,000	RM65,000 RM45,000

4.7 Ordinary Resolution 6

- **Payment of Directors' Benefits (Other than Directors' Fees and Board Committee Fees) to Non-Executive Directors of up to RM1,800,000 for the Period from the 43rd Annual General Meeting Until the Next Annual General Meeting of the Bank**

"**THAT** the payment of Directors' benefits (other than Directors' fees and Board Committee fees) to Non-Executive Directors of up to RM1,800,000 for the period from the 43rd Annual General Meeting until the next Annual General Meeting of the Bank be and is hereby approved."

4.8 Ordinary Resolution 7

- **Reappointment of PricewaterhouseCoopers PLT as Auditors of the Bank**

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

5. QUESTION-AND-ANSWER SESSION WITH MEMBERS

Following the Group Company Secretary's presentation of all motions for consideration, Tan Sri Chairman opened the floor for questions from the Members. Noting his personal interest in Ordinary Resolution 3 concerning his own re-election, Tan Sri Chairman delegated the handling of any questions related to this motion to the Deputy Board Chairman, Mr. Ernest Wong.

*(Questions raised by the Members during this Meeting, along with the Bank's responses, are set out in **Appendix 3**.)*

Having addressed all questions, Tan Sri Chairman declared the question-and-answer session closed.

6. POLLING AND CLOSE OF POLLING

Tan Sri Chairman announced the commencement of electronic voting at 12.00 p.m., inviting the Members to cast their votes within the 10-minute voting session period.

Throughout the 10-minute voting session, the Meeting continuously displayed an instructional video demonstrating the electronic vote-casting procedure until the session concluded.

At 12.10 p.m., Tan Sri Chairman declared the electronic voting session closed and confirmed that the votes would be counted and results verified by the Independent Scrutineer, Deloitte Business Advisory Sdn Bhd.

He then adjourned the Meeting temporarily for about 20 minutes to facilitate the vote tabulation process.

7. ANNOUNCEMENT OF POLL RESULTS

Tan Sri Chairman reconvened the Meeting at 12.30 p.m. and called upon Ms. Kasturi Nathan, representing the Independent Scrutineer, to formally announce the voting results.

Ms Kasturi presented the certified results of the electronic poll, conducted under the supervision of the Independent Scrutineer, as follows:

Resolution	For		Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	967,023,945	99.2819	6,994,358	0.7181
Ordinary Resolution 2	973,933,735	99.9913	84,568	0.0087
Ordinary Resolution 3	973,925,027	99.9904	93,076	0.0096
Ordinary Resolution 4	973,917,622	99.9897	100,681	0.0103
Ordinary Resolution 5	973,901,474	99.9889	107,775	0.0111
Ordinary Resolution 6	973,989,783	99.9880	116,729	0.0119
Ordinary Resolution 7	971,915,594	99.7696	2,244,026	0.2304

Having reviewed the poll results, Tan Sri Chairman declared the following Ordinary Resolutions carried:

Ordinary Resolution 1

- **Re-election of Mr. Wong Yuen Weng Ernest as a Director pursuant to Article 87 of the Bank's Constitution**

"**THAT** Mr. Wong Yuen Weng Ernest, who retires 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 Mr. Oong Kee Leong as a Director pursuant to Article 93 of the Bank's Constitution**

"**THAT** Mr. Oong Kee Leong, 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 3

- **Re-election of Tan Sri Amirsham bin A Aziz as a Director pursuant to Article 93 of the Bank's Constitution**

"**THAT** Tan Sri Amirsham bin A Aziz, 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 Puan Lily Rozita binti Mohamad Khairi as a Director pursuant to Article 93 of the Bank's Constitution**

"**THAT** Puan Lily Rozita binti Mohamad Khairi, 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 Committee Fees to Non-Executive Directors for the Period Commencing 1 April 2025 Until the Next Annual General Meeting of the Bank**

"**THAT** the payment of Directors' fees and Board Committee fees to Non-Executive Directors based on the revised fee structure as set out in the table below for the period commencing 1 April 2025 until the next Annual General Meeting be and is hereby approved."

Description	As approved at the 40 th AGM	New approval to be sought at the 43 rd AGM
<u>Annual Directors' Fees</u> - Chairman - Member	RM320,000 RM150,000	RM400,000 RM180,000
<u>Annual Board Committees' Fees</u> - Chairman - Member	RM50,000 RM35,000	RM65,000 RM45,000

Ordinary Resolution 6

- **Payment of Directors' Benefits (Other than Directors' Fees and Board Committee Fees) to Non-Executive Directors of up to RM1,800,000 for the Period from the 43rd Annual General Meeting Until the Next Annual General Meeting of the Bank**

"**THAT** the payment of Directors' benefits (other than Directors' fees and Board Committee fees) to Non-Executive Directors of up to RM1,800,000 for the period from the 43rd Annual General Meeting until the next Annual General Meeting of the Bank be and is hereby approved."

Ordinary Resolution 7

- **Reappointment of PricewaterhouseCoopers PLT as Auditors of the Bank**

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

8. CLOSE OF MEETING

Tan Sri Chairman confirmed that no notice of any additional business to be transacted at this AGM had been received by the Bank in accordance with the Bank's Constitution and the Companies Act 2016.

Before closing the Meeting, Tan Sri Chairman on behalf of the Board and the Bank expressed heartfelt appreciation to Mr. Tan Chian Khong, who retired at the conclusion of this AGM. Mr. Tan has served the Alliance Bank Group with dedication and integrity for the maximum term of 9 years as an Independent Director.

Tan Sri Chairman also expressed his appreciation to the Members for their participation in the AGM, and declared the Meeting closed at 12.35 p.m.

CONFIRMED AS A CORRECT RECORD

TAN SRI AMIRSHAM BIN A AZIZ
CHAIRMAN OF THE MEETING

Date: 28 August 2025

Questions Raised by the Minority Shareholders Watch Group and the Bank's Responses

Operational & Financial Matters

Q1: On 9 July 2025, Bank Negara Malaysia cut the Overnight Policy Rate ("OPR") by 25 basis points to 2.75% from 3.00%, where it had been since May 2023. The rate cut came a day after the announcement of a 25% tariff on Malaysian exports to the United States.

- (a) As the projected numbers disclosed earlier are premised on a pre-rate cut scenario, please illustrate the impact of the rate cut on the Bank's projections, i.e. GDP growth, loan growth, net interest margin, etc.**

Answer:

- Notwithstanding the OPR rate cut in July 2025, we are maintaining our FY2026 loan growth guidance of between 8% and 10%.
 - We do expect the OPR rate cut will lead to net interest margin ("NIM") compression by approximately 3 basis points, and our NIM guidance for FY2026 will still be between 2.40% and 2.45%.
 - Internally we have revised our expectation of 2025 GDP growth forecast to between 4.0% and 4.5% in view of the uncertain external environment caused by the US tariff and geopolitical tensions.
- (b) Theoretically, credit demand should benefit from the rate cut. However, there is a downside risk that loan growth may taper in view of slower economic growth arising from global trade uncertainty. With the 2 factors at play, how will ABMB perform in FY2026?**

Answer:

- As mentioned in Q1(a), we are still expecting our loan growth for FY2026 to be within our guidance of between 8% and 10%, as we believe that the rate cut will provide support for economic growth alongside the low unemployment rate and strong domestic demand.

Q2: Segmental performance:

- (a) The Consumer Banking division posted a robust 20.92% increase in net income to RM792.2 million in FY2025 (FY2024: RM655.63 million) (page 376, Note 48, AR2025). However, segmental earnings declined to RM130.48 million from RM148.62 million previously, largely due to higher operating expenses and allowance for expected credit losses ("ECL:") on loans, advances, financing, and other financial assets, which rose significantly to RM139.49 million (FY2024: RM23.03 million).**
- (i) What were the key trends or behavioural shifts observed in the debt repayment pattern of Consumer Banking customers during the year?**

Answer:

- During FY2025, we observed a notable increase in credit stress, particularly in the personal financing segment.
- Delinquency (as measured by 30+ Days Past Due %) increased year-on-year ("y-o-y") from 4.8% to 5.5%.

(ii) What is the breakdown of the ECL allowances by product segments, e.g., mortgages, personal financing, hire purchase? Please illustrate the changes y-o-y.

Answer:

- Please refer to table below for the y-o-y comparison. The higher total ECL of RM116.5 million was mainly from mortgages and personal financing.

ECL (RM'million)	FY2024	FY2025	YoY
Mortgages	(73.2)	(10.2)	62.9
<i>Business As Usual (BAU) ECL</i>	17.0	(6.9)	(24.0)
<i>Overlays/Pre-emptive</i>	(90.2)	(3.3)	86.9
Personal Financing	79.0	137.8	58.8
Hire Purchase, Credit Cards & Share Margin Financing	17.2	11.9	(5.3)
Total Consumer Banking	23.0	139.5	116.5

- Mortgages ECL was higher by RM62.9 million primarily due to the writeback of RM90.2 million management overlays provided during Covid-19 that were no longer required.
- Personal financing ECL was higher by RM58.8 million due to higher delinquency as explained in Q2 (a)(i) above.

(iii) Additionally, which Consumer Banking segments currently exhibit higher credit risk? Accordingly, how is the Group managing these exposures?

Answer:

- The Bank has identified personal financing as the highest-risk segment within Consumer Banking due to its unsecured nature and heightened sensitivity to macroeconomic pressures. To mitigate risks and optimise recovery, the Bank has implemented the following measures:
 - a. Stricter Underwriting Standards
 - Tighter Onboarding Criteria: To revise credit scoring models with stricter eligibility thresholds.
 - b. Proactive Collections and Recovery
 - Early Outsourcing of Delinquent Accounts: Uncontactable accounts are escalated to External Collection Agencies at earlier stages to improve contact rates and recovery timelines.
 - Behavioural Segmentation: High-risk accounts are prioritised for targeted outreach (e.g. SMS or WhatsApp alerts, payment restructuring offers and calling priority).

(iv) Lastly, what were the primary factors contributing to the increase in repayment difficulties among retail customers?

Answer:

- As we mentioned in Q2(a)(i), the higher risk among retail customers was mainly from the unsecured segment.
- The primary factor contributing to the increase in repayment difficulties was mainly due to the increase in the cost of living.

- (b) Business Banking forms the backbone of ABMB with a profit before tax of RM561.8 million (FY2024: RM497.47 million). Yet, small and medium businesses are more vulnerable to the impact of tariffs, which in turn leads to higher costs of goods, reduced market demand, and supply chain disruptions. Inevitably, businesses will turn cautious in their investing activities. Have loan applications slowed since tariff escalations became more pronounced? Has the Bank observed delays or cancellations in working capital financing requests arising from tariff-related concerns?**

Answer:

- While caution among businesses is understandable, there has not been a significant slowdown in loan applications or a rise in cancellations of working capital financing.
- The full extent of the tariff impact remains inconclusive, with ongoing negotiations between Malaysia and the United States, with the aim to finalise terms before the end of the current pause on tariff implementation. At this point of time, there is limited visibility and clarity on the actual implementation and its impact.
- Based on our preliminary portfolio study, the exposure of our SME portfolio to the affected sectors, particularly those dealing in exports and imports, is minimal. However, the Bank will continue to monitor the portfolio's performance and is ready to provide financial assistance to our existing customers if needed.
- In addition, the strong domestic demand and monetary easing in July 2025 will likely help to neutralise some of the negative sentiment. Bank Negara Malaysia has maintained a supportive stance, and recent indicators suggest that credit flows to SMEs remain stable. Continuous efforts driven by the business community and government in diversifying our export base are helping to mitigate the negative impact to a certain extent.

Q3: ABMB plans to relocate its headquarters to Menara Alliance Bank in Jalan Ampang, Kuala Lumpur, in the second half of 2025.

- (a) What is the estimated cost of relocation? How long is the relocation expected to take? In addition, what contingency measures are in place to mitigate operational and transition risks during the process?**

Answer:

- As mentioned in last year's AGM, we have allocated a maximum budget of RM150 million for the relocation exercise. The relocation is expected to be completed by August 2025. Contingency measures include the following:
 - A professional and experienced project management consultant to provide comprehensive services to lead, manage and ensure timely implementation of the relocation exercise.
 - A Project Steering Committee to provide oversight on the overall project implementation as well as guidance and directions on any potential risk which may affect the key milestones, timeline and budget of the relocation exercise.
 - Periodic updates to the Board of Directors on the progress of the relocation exercise.

- (b) Notably, ABMB recorded an uptick in operating expenses in Q4FY2025 to RM290.5 million, resulting in a significantly higher cost-to-income ratio (“CIR”) of 51.6%. For the full year, total operating expenses (“OPEX”) increased by 11.78% to RM1.09 billion (FY2024: RM973.73 million). Overall, the Bank managed to contain CIR at 48% in FY2025.

In light of the upcoming relocation, increased spending on business expansion, and ongoing investments in IT and digital infrastructure, how do these factors collectively influence the OPEX growth trajectory in the near term?

Answer:

- As per our earlier presentation, our OPEX increased 11.8% (or RM114.8 million) y-o-y in FY2025 due to our investment in people and technology, and this will continue going forward.
- Based on our projection including the cost of relocation and ongoing investments, we expect the OPEX increase to be below 10%, and we also expect to maintain the CIR at approximately 48% in the near term.

Sustainability Matters

Q1: FY2025 marked the second year that ABMB calculated the Scope 3 financed emissions for 8 high-emitting sectors (page 70 of AR2025). However, unlike the previous annual report (pages 109 & 110, AR2024), ABMB did not include disclosure of financed emissions in AR2025. A search on ABMB’s corporate website under the Our Environment section was to no avail as well.

What were the total financed emissions and emissions intensity recorded for business activities performed in FY2025? Kindly provide detailed disclosure by asset class and economic sector or provide the URL link to access this information. In addition, please consider including such information in future annual reports.

Answer:

- We have uploaded our financed emissions disclosure as at 31 March 2024 to our corporate website under the “Our Environment” section.
- Readers may refer to this URL link – <https://www.alliancebank.com.my/About-Us/Sustainability/Our-Environment> – to access the information.
- We will consider including this disclosure in future annual reports.
- To calculate our financed emissions, we have adopted the Partnership for Carbon Accounting Financials (“PCAF”) Standard.
- Our financed emissions are based on our lending and investment portfolios across 5 PCAF asset classes, with a focus on 8 high-emitting sectors, which are construction, real estate, iron and steel, forestry and logging, palm oil, oil and gas, power generation and coal.
- Due to the reporting timing of emissions and financial disclosures by our customers and investees, our financed emissions inventory reflects data that is 12 months behind the current reporting period.
- The total financed emissions and emissions intensity recorded for business activities performed as at 31 March 2024 were 944,058 tonnes of carbon dioxide equivalent (tCO₂e), and 34 tonnes of carbon dioxide equivalent (tCO₂e) per million ringgit respectively.

Corporate Governance Matters

Q1: The Board is seeking shareholders' approval to increase directors' and committees' fees according to the revised fee structure below:

Description	Previously approved at 37th AGM held on 25 July 2019	As approved at the 40th AGM held on 4 August 2022	New approval to be sought at the 43rd AGM on 30 July 2025
Annual Directors' Fees			
- Chairman	RM250,000	RM320,000	RM400,000
- Member	RM120,000	RM150,000	RM180,000
Annual Board Committees' Fees			
- Chairman	RM50,000	RM50,000	RM65,000
- Member	RM35,000	RM35,000	RM45,000

Referring to the table above, the proposed increase in fees for ABMB's chairman and directors is 25% and 20%, respectively. For Board Committees' allowances, the proposed increase is 30% for committee chairmen and 28.57% for committee members.

Notably, the previous revision, which was approved by shareholders on 4 August 2022, already saw a 28% and 25% increase in the chairman's and directors' fees, respectively.

As a comparison, other local banks have revised their directors' fees more conservatively:

- Bank M revised its directors' fees with increments of between 13.55% and 14.75% in its AGM held in 2024; the previous revision was in 2015.
 - Bank C recently increased its retainer fees for directors (from RM170,000 to RM250,000), the first adjustment since 2017.
 - Bank P increased its directors' fees by 10% in its AGM held in 2025, after keeping them unchanged since FY2019.
- (a) How often does the Board review the Board Remuneration Policy & Framework?
- (b) How does ABMB benchmark its directors' remuneration and committee fees against those of local and regional financial institutions? Did the Board engage any external consultant to review the remuneration structure? If yes, what criteria or board effectiveness assessments support the proposed fee increase?
- (c) Please provide details on the comparator group used and the percentile range ABMB is in the remuneration review exercise performed by the independent external consultant (if available).

Answer:

- In response to questions (a), (b) and (c), we conduct a transparent and independent review of directors' remuneration every 2 to 3 years, or as needed. The most recent reviews were completed in 2022 and 2018.
- Consistent with previous reviews, the Board has engaged an independent external consultant, Willis Towers Watson, for this year's remuneration assessment. The objective is to ensure that director compensation appropriately reflects the Board's role in driving the business plan over the next 2 to 3 years, accounting for the time, effort, and complexity of their responsibilities. The review also benchmarks remuneration against market standards, ensuring competitiveness with industry peers.

- The benchmarking exercise included a total of 12 banks (7 domestic and 5 foreign institutions), maintaining consistency with the peer group used in our previous 2022 review.
- Based on our comprehensive peer group analysis:
 - Chairman's Compensation Position – total fees are positioned between the 25th and 50th percentile of our 12-bank peer group.
 - Directors' Pay Competitiveness – when normalised for Board and committee meeting frequency, our compensation structure ranks between P25 and P50, and closer to the more conservative 25th percentile level.
- The recommended remuneration revision serves 3 strategic purposes:
 - *Talent Acquisition & Retention*
Ensure we can attract and retain high-caliber directors capable of:
 - Driving our ambitious growth agenda
 - Navigating increasing market complexities
 - Delivering sustainable shareholder value
 - *Competitive Positioning*
Adjust total fees to:
 - Position Alliance Bank at the median (P50) of our peer group
 - Close the current gap while maintaining financial prudence
 - Reflect our improved market position and performance
 - *Proportionate Compensation Philosophy*
Align remuneration with:
 - Our relative size and complexity versus peers
 - The expanded scope of Board responsibilities
 - Evolving governance expectations
- It is worth noting that several of the banking peers undertook remuneration reviews and implemented increases earlier this year during their respective AGMs. As such, the proposed remuneration for ABMB is designed to align with the 50th percentile (P50) of the peer group, ensuring competitiveness and relevance over the next 2 to 3 years.

Pre-AGM Questions Raised by Shareholders and the Bank's Responses

Q1: Note 31 of the Financial Statements shows that Cards revenue was relatively flat y-o-y; however, Cards expense increased by 10%. What was the reason for this mismatch? Was it due to higher activities such as higher air miles conversion? Was the recent announcement of revised benefits for Alliance credit cards one of the initiatives to reduce the gap? (Teo Cher Ming)

[Note: Note 31 shows FY2025 Cards-related income of RM63.5 million and Cards-related expense of RM114.3 million.]

Answer:

- The main reason for the Cards expense increase was mainly due to higher Timeless Bonus Points provisions, as a result of higher expected redemptions including air miles conversion, on the back of the increased number of active cards by 17.5% y-o-y. This is a good sign from a customer activity standpoint, though it does pressure the cost point.
- Yes, the recent announcement of revised benefits is one of the strategic steps we are taking to rebalance the cost-to-revenue equation in our Cards portfolio. Our aim is to maintain competitive customer value propositions while enhancing profitability through more focused rewards structures.

Q2: With the move to Menara Alliance Bank, how much Plant, Property and Equipment (“PPE”) write-off is expected for the PPE items from the old office? (Teo Cher Ming)

Answer:

- The total one-off write-off for PPE as a result of the move to Menara Alliance Bank is estimated at around RM1.5 million, and it has been fully accounted for in FY2025.

Q3: Note 17 on intangible assets mentioned RM117 million worth of work in progress (“WIP”) for computer software. What is the nature of this WIP? Is it related to the Menara Alliance Bank move or some IT transformation projects under ACCELER8? (Teo Cher Ming)

Answer:

- The RM117 million WIP is primarily related to the IT transformation projects under ACCELER8, which includes IBM tech refresh, consumer lending transformation, collection scorecard, and wealth management system. It is not related to the move to Menara Alliance Bank.

Q4: IT expenses increased significantly from RM89 million to RM123 million. Was this the result of ACCELER8 and can the management provide a Top 5 expenses breakdown under this category? (Teo Cher Ming)

Answer:

- The increase in the IT expenses (+RM34.5 million) is primarily driven by strategic investment under Acceler8 and inflationary cost pressure on IT contracts and licenses. The increase is contributed by:
 - IT maintenance contract related to newly implemented systems for business (i.e. new consumer loan origination system, new wealth management system, and new collection dialler system) and IT security, as well as an increase in price on renewal of existing contract
 - IT consultancy for regulatory compliance, digitalisation, and system enhancement initiative
 - Increased dataline spending for branches' bandwidth upgrade.

Q5: What is the Bank's ranking in terms of the size of loans and deposits among the local banks in Malaysia? (Tan Sek Keng)

Answer:

- As of March 2025, our gross loans amounted to RM62.4 billion, while our customer deposits amounted to RM65.8 billion.
- Among the local banks, we are the smallest in terms of the size of loans and deposits. Despite that, our loan market share has accelerated from 2.41% (FY2024) to 2.75% since the launch of the ACCELER8 strategy in early 2023. This upward trajectory reflects the early success of our efforts to broaden the Bank's growth engine. What differentiates us is our focus on high-growth segments, cost efficiency, and digital innovation, which enables us to deliver strong returns despite our size. We remain committed to driving future growth through continued focus on ACCELER8.

Q6: Given the limited size of the Bank compared to other local banks, are there any plans for the Board to consider a merger with other mid-sized local banks? (Tan Sek Keng)

Answer:

- While the Board regularly evaluates strategic options that may enhance shareholder value, we believe size alone is not a determinant of success.
- Currently the Bank does not have any plans to consider a merger with any other banks.

Q7: What is the Bank's direction in the next 12 months to expand the banking business? Who are the main target customer segments for the Bank? (Tan Sek Keng)

Answer:

- The Bank remains committed to our 8 growth pillars to drive sustainable expansion and strengthen our market position in FY2026. Additionally, the Bank is strengthening its foundations to support scalable growth.
- For business banking, our key focus for FY2026 is to continue the acquisition and growth momentum, drive fee-based income and further enhance our digital capabilities.
- We expect to grow SME and Commercial within our guided loan growth of between 8% and 10%. Our focus will be on increasing the acquisition of high-quality new-to-bank customers, targeting specific high-growth sectors and economic corridors such as Penang, Johor, Sabah and Sarawak.
- For Consumer Banking, we continue to target individuals in the high-net-worth and young professionals segments as well as regional expansion.

Q8: Apart from the directors' fees, are any of the non-executive directors entitled for any sitting allowances for attending the shareholders' meeting on 30 July 2025? If yes, why there is no token of appreciation to the shareholders who attended the meeting on 30 July 2025? (Tan Sek Keng)

Answer:

- It is a normal practice for banks to pay sitting allowances to the non-executive directors for fulfilling their fiduciary duties during formal meetings, including the AGM.
- Consistent with our Administrative Guide for the 43rd AGM, e-vouchers and physical gifts will not be distributed to shareholders or proxies. We encourage shareholders' active participation to deepen understanding of the Bank's strategy, governance and performance, and that rewarding shareholders through sustainable dividend distributions remains our priority.

Q9: (a) For those directors required for re-election on the 30 July 2025 AGM, what have they contributed individually to the Bank for the past 12 months? (Tan Sek Keng)

Answer:

- We have an annual process in place, carried out by the Group Nomination and Remuneration Committee ("GNRC"), to assess the effectiveness of the Board as a whole, the Board committees and the contributions of each individual Director. The GNRC, having assessed the performance of each of the retiring Directors, was satisfied with the effectiveness of each of them in supporting the Board in carrying out its ultimate responsibility of maximisation of shareholder value and safeguarding stakeholder interest.

(b) Are there any reasons why we do not give the chance for others to join the Board to give their different perspectives to the Bank? (Tan Sek Keng)

Answer:

- The Board considers a range of criteria when assessing candidates for new Board appointments, such as diversity of skills, knowledge, experience and gender of the candidates.
- Any proposed appointment of new Directors will be assessed by the GNRC, which ensures that the candidate has the character, experience, integrity and competency to effectively discharge his or her role as a Director of the Bank.

Q10: Based on the top 30 shareholders as at 21 May 2025, the total shareholding is 70.28%. For a publicly owned bank, is it a good thing to have such a major concentration of shareholding? (Tan Sek Keng)

Answer:

- Shareholding distribution is influenced by market dynamics, and as a publicly listed bank, we operate in full compliance with Bursa Malaysia Listing Requirements and Bank Negara Malaysia's regulatory guidelines, ensuring robust governance and market integrity.
- While ownership concentration can reflect confidence from long-term investors, we also value a diverse shareholder base. As at 31 May 2025, our registry reflects 25,951 shareholders, demonstrating broad participation.

Questions Raised by Shareholders During the 43rd AGM and the Bank's Responses

Simon Chee Sai Mun (Shareholder): Based on the ACCELER8 2027 transformation strategy, can the Bank achieve RM100 billion in total assets and RM1 billion in net profit by the end of 2027?

GCEO: We are at the mid-point of the ACCELER8 2027 and have reported strong loan growth over the past 2 years. However, in compliance with Bursa Malaysia's listing requirements on financial disclosures and related matters, we are unable to publicly share any internal financial projections. We assure our shareholders that the Bank is on track to achieving its targets under ACCELER8 2027. The Bank has registered commendable growth on its return on equity ("ROE") of 10.3% in FY2025 (FY2018 to FY2022: 5.9% to 9.9%) and 5-year total shareholder return ("TSR") of 149% (3-year TSR: 55%). We target to achieve ROE of 11% and secure a position within the top quartile of TSR by the end of 2027.

During the initial 2 years of ACCELER8 2027, the Bank experienced negative JAWS ratio as expenses outpaced revenue growth. However, over the past three quarters, our JAWS ratio has improved, driven by revenue growth exceeding the increase in expenses.

Simon Chee Sai Mun (Shareholder): How will external cost pressures such as the Sales and Services Tax ("SST") impact the Bank's lending to small and medium enterprise ("SME") customers?

GCEO: It is still too early to fully assess the impact of SST and other inflationary pressures on our customers. However, we anticipate some pressure on loan performance and asset quality and we remain committed to providing the necessary support to our customers during the period. However, Bank Negara Malaysia's ("BNM") recent decision to cut the Overnight Policy Rate ("OPR") by 25 basis points from 3% to 2.75% and to lower the Statutory Reserve Requirement ("SRR") from 2% to 1% is expected to enhance market liquidity, reduce borrowing cost and help mitigate rising inflationary pressures. We will continue to closely monitor market developments and assess any potential impact on the Bank's portfolio.

Simon Chee Sai Mun (Shareholder): Please elaborate on the Bank's assets under its Islamic banking business.

GCEO: Accelerating the Islamic banking business is one of the key 8 pillars under ACCELER8 2027. Currently, the Group's Islamic banking business is around 22%-23% of total assets and 20%-21% of total revenue. We are targeting to improve the segment's total assets and revenue contribution to above 25%.

Simon Chee Sai Mun (Shareholder): Please provide details of secured and unsecured lending for the Bank's personal loan portfolio.

GCEO/GCFO: The Bank's total book comprises 60%-70% of secured lending. Under the Consumer Banking portfolio, the only unsecured products are personal loans. Other products such as mortgages and share margin financing are collateralised. Under personal loans, unsecured lending represents only 5% of the Bank's total book.

Low Tuck Wai (Shareholder): Please explain the increase in allowance for expected credit losses ("ECL") on loans, advances and financing and other financial assets from RM134.9 million (FY2024) to RM187.9 million (FY2025). Is the Bank's ECL expected to improve in FY2026?

GCEO/GCFO: The increased ECL was mainly due to write-backs last year and pre-emptive provisions, mainly from mortgages and personal financing. We expect a charge-off ratio of 30-35 basis points for FY2026.

Lew Tuck Wai (Shareholder): How did Alliance Islamic Bank (“AIS”) perform in FY2025 in terms of profitability?

GCEO: Our Islamic banking business performed well in FY2025 with Commercial Banking and Capital Markets as the main growth engines. AIS posted higher NPAT of RM192.2 million in FY2025 (FY2024: RM161.8 million) with an ROE of 12.2%. The Bank's Capital Markets business improved over 100% in revenue year-on-year with close to 10% market share of Initial Public Offerings in Bursa Malaysia's ACE Market.

Lew Tuck Wai (Shareholder): What are the expected rental savings from the Bank's move to the new headquarters in Menara Alliance Bank (“MAB”) in Jalan Ampang, Kuala Lumpur?

GCEO: The Bank's expected savings are approximately RM13 million to RM14 million per year based on the rental cost of our previous tenancy at Menara Multi-Purpose. However, there will be depreciation from the cost of the new building. Moving to MAB, which the Bank owns, will also protect the Bank against future rental increases.

Chua Song Yun (Shareholder): What is the recovery rate for personal financing? Are the Bank's returns justified in this high-risk segment?

GCEO: The charge-off provisioning for the Bank's personal financing portfolio is approximately 5%. The Bank's pricing for personal financing takes into account the high risk in this segment. Depending on the risk level, unsecured personal loans are charged between 8% and 14%. On a net basis, this is a profitable business for the Bank.

Chua Song Yun (Shareholder): Why does the Alliance ONE Account (“AOA”) have high gross impaired loans (“GIL”) of 5.7%? How big is this product portfolio and what are the returns?

GCEO: AOA was a housing loan refinancing and debt consolidation product that was launched in 2017. However, there were some structural issues with the product which led to high GIL. Subsequently, the Bank has implemented additional credit controls for AOA which have reduced the GIL. The Bank is no longer promoting AOA products and is focused on the recovery process for AOA.

Chua Song Yun (Shareholder): How will the recent OPR cut by BNM impact the Bank, considering that Alliance Bank has high variable-rate loans in its portfolio? What are the Bank's plans to mitigate this?

GCEO: The Bank is projecting that BNM's recent OPR cut to 2.75% will lead to a 3 basis-point compression on our net interest margin. As we do not offer hire purchase products which typically have fixed rates, our variable loans book is on the higher side. There are limited products in the Bank's portfolio with fixed interest rates such as personal financing as well as fixed income and Treasury assets. Typically, OPR cuts would negatively impact the Bank's lending income. However, this could be mitigated by potential gains on income from bonds and other Treasury assets. It is important for the Bank to manage the impact of interest rate sensitivity across the Bank's book.

Simon Chee Sai Mun (Shareholder): Why were there 2 separate ECLs in FY2025 – (1) allowance for ECL on loans, advances and financing and other financial assets, and (2) allowance for ECL on financial investments? Which of these is related to fluctuations to the interest rate?

GCFO: The separate ECLs are part of Bursa Malaysia's requirements on financial disclosures. The ECLs are purely credit-related provisions and are not related to interest rate fluctuations.

Lew Tuck Wai (Shareholder): Investment income fell significantly in FY2025 mainly due to a sharp drop in realised loss arising from sale/redemption and marked-to-market revaluation loss. Is volatility in the Bank's investment income expected on an annual basis and what are the main reasons for the volatility?

GCEO: Yes, investment income volatility is expected on an annual basis mainly due to combined factors such as foreign exchange ("forex") fluctuations, sales of forex-related products and the Bank's forex positions.

Feng Poo Ching (Proxy): How much has the Bank invested in its sustainability reporting and maintaining its strong performance in sustainability compliance?

GCEO: We have maintained our FTSE4Good Environmental, Social and Governance ("ESG") Rating and are among the top quartile of public-listed companies in the FTSE Bursa Malaysia EMAS Index.

The Bank's expenditure for annual compliance and reporting for sustainability is approximately RM200,000. However, our ESG efforts are not limited to just sustainability reporting. We are committed to integrating sustainability and ESG into the Bank's corporate operations for competitive advantages. We are one of the pioneers in sustainability reporting and supporting the SME market through various ESG strategic partnerships with organisations such as Monash University Malaysia, INCEIF University and UN Global Compact Network Malaysia and Brunei. We have also achieved RM14.4 billion in sustainable banking business from FY2022 to FY2025.

Yeap Boon Tat (Shareholder): I am an Alliance Bank shareholder and Privilege Banking customer from Kota Kinabalu, Sabah. Congratulations to the Bank's staff, Management and Board of Directors for the Bank's robust financial performance. I am satisfied with the Bank's share price performance and the recent Rights Issue exercise. However, I would like to express disappointment with the service levels by the Relationship Managers at my local ABMB branch and the slow processing of refund for excess share application in the recent Rights Issue. I urge Management to review these matters and implement necessary changes to improve customer experience.

GCEO: We appreciate your feedback and attendance at the AGM. The Bank is consistently looking to improve customer experience and shareholder value. We will have a separate discussion with you to understand and address the issues raised.

Lee Lai Tiam (Shareholder): What is the Bank's projection for its non-performing loans ("NPL") in H1FY2026 and H2FY2026? Was the Rights Issue in May 2025 related to the Bank's NPL?

GCEO: The Bank cannot publicly share any financial projections due to Bursa Malaysia's regulatory requirements on financial disclosures and related matters. However, we will be announcing the Bank's Q1FY2026 results in a few weeks.

The main objective of the Bank's Rights Issue is to improve capital ratio and not related to NPL.

Lee Lai Tiam (Shareholder): The Bank's current share price of RM4.50 is trading below the net assets per share of RM4.95. What are your plans to increase shareholder value?

GCEO: The Bank's recent Rights Issue exercise was well received and our share price has been performing well. We hope that our shareholders will continue to support the Bank's efforts in increasing shareholder value.

Simon Chee Sai Mun (Shareholder): MAB's net book value as of end-FY2025 was RM427.6 million. Has the property's valuation changed since then? What is the total cost of renovation for MAB?

GCEO/GCFO: MAB's valuation should be higher in 2025. The total cost of renovation for MAB was not included in FY2025 because renovation work is still ongoing.

Simon Chee Sai Mun (Shareholder): What is the Bank's property management plans with regard to ownership versus rental of the premises for its operations?

GCEO: Currently, ABMB has a total of 81 branches nationwide with around 60 properties on a rental basis while the rest are owned by the Bank. The Bank does not have a one-size-fits-all approach to owning and renting premises for operations. The duration to break-even for new branches is typically between 18 and 24 months. Owning a property can be a capital extensive exercise. However, we may consider purchasing and owning our premises in strategic locations and if it meets the Bank's long-term objectives.

Leong Lean Pong (Proxy): For the Rights Issue exercise in May 2025, why did the Bank offer 2 new shares for every 17 shares held instead of a more generous allocation of 1 for 1 or 1 for 2?

GCEO: The Bank needed to raise gross proceeds of approximately RM600 million from the Rights Issue. After we determined the issue price per rights share, we worked out that offering 2 new shares for every 17 shares held was sufficient to achieve the estimated proceeds. We did not issue more shares than required to prevent unnecessary dilution and downward pressure on the Bank's share price.