



For Immediate Release  
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## ALLIANCE BANK POSTS NET PROFIT AFTER TAX OF RM134 MILLION

*Bank presses ahead with acceleration of core businesses and digitisation initiatives.*

**Kuala Lumpur, 28 February 2020** – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today reported that its net profit after tax grew 16% compared to the previous quarter to RM134 million for the third quarter of the financial year ending 31 March 2020 (“3QFY20”). This resulted in an improvement in return on equity to 9.3%.

For the third quarter, the Bank’s net interest income (including Islamic net financing income) grew 1.7% to RM331.3 million (2QFY20: RM325.8 million), while its client-based fee income grew 3.1% to RM83.7 million.

In addition, the Bank’s net credit cost (including impairment) for 3QFY20 moderated to 7.7 basis points (“bps”) due to account recoveries in the business portfolio and intensified collection efforts in the consumer banking portfolio.

On a year-on-year basis, revenue for the first nine months of the Bank’s financial year ended 31 December 2019 grew 3.4% to RM1.26 billion. Its net interest margin of 2.38% remains near the top of the industry. Margin erosion from the Overnight Policy Rate (“OPR”) cut was mitigated by the Bank’s stronger growth in better risk adjusted return loans. The Bank has also been repricing its deposit products and strategically rebalancing its available-for-sale investment portfolio to cushion the OPR cut impact.

The Bank’s gross loans and advances grew 5.5% YOY to RM43.5 billion, outpacing industry’s loan growth of 3.9%. SME loans improved 11% YOY to RM9.3 billion, while the industry contracted 1.7%. Over 44% of the Bank’s SME loan growth was from its unsecured lending proposition via its partnership with Credit Guarantee Corporation.

“Our key transformation initiatives, supported by meaningful partnerships and digitisation efforts, continue to yield good results. We remained focused in building up capabilities and investing in technology to deliver fast, simple, and responsive customer experience. In turn, this has strengthened our position in the SME and consumer segments,” said Mr. Joel Kornreich, group chief executive officer of Alliance Bank.

“In addition, we will continue to strengthen our efforts and vigilance in managing our credit portfolio,” added Mr. Kornreich.

### ***Accelerating the SME and Consumer Banking Businesses***

The Bank continues to enhance its acquisition channels to accelerate its core businesses of SME and consumer banking. Alliance ONE Account (“AOA”), its loan consolidation service for consumers, grew 71% YOY for the 9-month financial period to RM4.7 billion, thanks to its

partner-in-sales programme and digital marketing efforts. The Bank also recorded 14% YOY growth to RM2.1 billion for Personal Loan balances.

The Bank reported 7.6% growth in CASA, largely due to improvements in Alliance SavePlus (+RM1.3 billion YOY) and Alliance@Work payroll-related CASA (+RM206 million YOY). The Bank will increase its cross-selling efforts of higher value proposition products such as its wealth management solutions to business owners and high net worth customers.

In 9MFY20, the Bank acquired more than 1,200 company payroll accounts and over 23,000 new employee Current Account/Savings Account (“CASA”) from its Alliance@Work programme. CASA balances from these new acquisitions grew 170% to RM326.9 million in 9MFY20.

The Bank continues to expand its reach by establishing ecosystem partnerships. In January this year, the Bank signed a Memorandum of Understanding with Celcom Axiata Berhad (“Celcom”) to help business owners grow and manage their business better with a combined package of connectivity and banking solutions. The Celcom Business Suite™ for Retail and Alliance SME Express Financing package provides businesses with better pricing value on mobile and data connectivity, and preferential rates from the Bank.

The Bank also launched its Halal in One Programme, which offers business owners venturing into the Halal market end-to-end solutions including business advisory, business matching services, and shariah-compliant financing.

Alliance Bank continues to roll out digital innovations to deliver fast, simple, and responsive client experience. For personal financing, the Bank introduced its digital personal loan/financing solution which offers fast approval in as little as 10 minutes, and disbursement of funds within 24 hours.

Through the Bank’s Branch-in-a-Tablet initiative, individuals can open a savings account, and activate their debit card and online banking account, in as little as 15 minutes. Today, 90% of the Bank’s customers open a current account using a tablet at the branch. For business owners, they too can open a business account within the same day with minimal documentation using the Branch-in-a-Tablet.

## **Looking Forward**

“In the coming months, we will launch several additional digital solutions to improve our customers’ experience with us. This includes the mobile BizSmart app for business owners who need to approve transactions on-the-go, and conveniently access their business account anywhere, anytime. The mobile app will also provide SMEs with quick and simple trade financing. We will continue to form meaningful collaborations to expand our reach and serve our customers better,” said Mr. Kornreich.

“We are confident that our Key Transformation initiatives, complemented by our digital innovations, will enable us to deliver sustainable growth,” said Mr. Kornreich.

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## Performance Summary for 9MFY2020

### Revenue & Franchise Development

- 9MFY20 overall revenue grew 3.4% YOY to RM1.26 billion.
- 9MFY20 net interest income remained steady YOY despite OPR cut impact
  - Net interest margin at 2.38%
  - Gross loans grew 5.5% YOY, outpacing industry growth of 3.9% YOY.
- Non-interest income grew 18.9% YOY
- 9MFY20 cost-to-income ratio was at 48.2%.

### Effective Risk Management

- Customer-based funding grew 8.9% YOY to RM47.1 billion
- Healthy liquidity coverage ratio at 162.5%.
- Net credit cost (including impairment) for the quarter moderated to 7.7 bps (2QFY20: 17.5 bps)
- Gross impaired loan inflow has reduced q-o-q (3QFY20: +RM92 million vs 2QFY20: +RM164 million)
- Sustainable capital position with common equity tier-1 ratio was at 14.0%; total capital ratio of the Bank was at 18.3%.

### Key Results

- 3QFY20 net profit after tax improved to RM134.0 million (2QFY20: RM115.5 million).
- 3QFY20 ROE improved to 9.3%.
- 9MFY20 NPAT stood at RM326.2 million.

### Transformation Progress

- SME loans grew 11% YOY to RM9.3 billion (vs industry: -1.7% YOY).
- Alliance ONE Account loans grew 71% YOY to RM4.7 billion
- Personal Financing loans expanded 14% YOY to RM2.1 billion.
- Alliance@Work acquired >1,200 company payroll accounts (39% YOY growth), and >23,000 new employee CASA (26% YOY growth) in 9MFY20; CASA balances from these new acquisitions grew 170% to RM326.9 million.
- Ecosystem Partnership: Signed Memorandum of Understanding with Celcom on 15 January 2020; Launched Halal in One Programme on 7 January 2020

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### **About Alliance Bank Malaysia Berhad**

Alliance Bank Malaysia Berhad and its subsidiaries, Alliance Investment Bank Berhad and Alliance Islamic Bank Berhad, is a dynamic, integrated financial services group offering banking and financial solutions through its consumer banking, SME banking, corporate and commercial banking, Islamic banking, investment banking, and stockbroking businesses. The Bank provides easy access to its broad base of customers throughout the country via multi-pronged delivery channels which include retail branches, Privilege Banking Centres, Business Centres, and Investment Bank branches, as well as mobile and Internet banking.

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