



ALLIANCE BANK REPORTS REVENUE OF RM421.6 MILLION

Bank continues to provide help to customers, and accelerate digitisation initiatives.

Kuala Lumpur, 27 August 2020 – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today reported revenue growth of 4.1% year-on-year (“YOY”) to RM421.6 million for the first quarter of the financial year 2021 and net profit after tax of RM104.3 million.

The Bank’s revenue growth was driven by the improvement in non-interest income, which rose 25.5% YOY to RM94.5 million mainly due to higher treasury and investment income.

The Bank’s net interest income (including the Islamic Banking segment) declined marginally (0.8% YOY) to RM327.1 million due to multiple overnight policy rate (“OPR”) cuts. This was mitigated by deposit repricing initiatives post-OPR cut.

The Bank reported a pre-provision operating profit growth of 12.4% YOY to RM234.9 million stemming from the better revenue growth and lower operating expenses.

In Q1FY21, the Bank’s net credit cost stood at 21.8 basis points (“bps”). This includes pre-emptive provisions of 13.4bps for segments highly impacted by COVID-19. The Bank will continue to provide targeted assistance to individuals and business clients after the moratorium ends in September 2020 via payment relief assistance programmes.

The Bank’s liquidity and capital positions remain strong. Its Common Equity Tier-1 (“CET-1”) ratio was at 14.5%, Tier-1 Capital ratio at 15.4%, and total capital ratio at 19.8%. Liquidity coverage ratio improved 212.2% mainly due to the Bank’s holding of high-quality liquid assets (“HQLA”) to maintain strong liquidity buffers to mitigate possible shocks arising from the COVID-19 pandemic. Loan to fund ratio was 80.9%.

In view of the COVID-19 pandemic, the Bank will continue to prioritise capital conservation, and build up CET-1 capital in order to support future business expansion.

Extending Financial & Non-Financial Assistance to Customers

“We are focusing on helping our customers weather the crisis and emerge stronger post-pandemic in FY21. To do so, we are providing our customers with financial and non-financial assistance to help sustain them through the economic downturn,” said Mr. Joel Kornreich, group chief executive officer of Alliance Bank.

The Bank will continue to manage its credit risk by providing appropriate temporary relief to its customers who have been most affected by COVID-19 pandemic. It has made available various Payment Relief Assistance packages for individuals in targeted segments. This include those who have lost their jobs, the B40 segment, or who work in highly-impacted sectors such as hotel, tour operators or restaurants.

The Bank also provides marketing and branding opportunities, as well as complementary services to businesses via its #SupportLokal initiative, BizSmart® Solution portal, and Halal-in-One programme.

Accelerate Digitisation Initiatives

In FY21, the Bank is stepping up its digitisation innovations to make interactions with customers simpler, faster, and more responsive.

“The pandemic has accelerated digital acceptance in the market. This represents an opportunity for us to expedite our digitisation efforts in FY21,” said Mr. Kornreich.

Based on the Bank’s recent customer survey conducted during the Movement Control Order (“MCO”) period, two-thirds of its customers prefer using online channels for account opening. 60% of them indicated that they are less inclined to visit the branch to perform their banking transactions given the current pandemic. The Bank also found that online transaction volume increased 20%-30% while branch transactions declined by about a third during the MCO period.

In June 2020, the Bank launched the BizSmart® Mobile App to enable business owners to conveniently approve transactions on-the-go. The new mobile app provides the convenience of account management, payments, and collections. It also became the first bank in Malaysia to launch a mobile trade financing solution. Its Alliance BizSmart® eTrade enables business owners to submit Bankers’ Acceptance or Trust Receipts electronically via the BizSmart® Mobile app.

The Bank will soon launch its digital Know-Your-Customer (eKYC) solution. The solution enables individuals to open and activate a savings account, or obtain a loan, conveniently and securely anywhere, anytime, without visiting a bank branch or be visited by a bank officer. It will also be launching the Digital SME Loan which provides a simple, convenient, and paperless solution for businesses to apply for financing.

The Bank was recognised by IDC Financial Insights as being one of 20 Best Banks 2020 in Asia/Pacific¹. It was also awarded the ‘Best Digital Bank in Malaysia’ at the Financial Insights Innovation Awards 2020.

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¹ Excluding Japan.

Financial Highlights for Q1FY2021

Key Results

- Revenue grew 4.1% YOY to RM421.6 million
- Non-interest income grew 25.5% YOY
- Net interest income declined marginally (-0.8% YOY)
 - Net interest margin at 2.21%
 - Gross loans grew 1.7% YOY
- Cost-to-income ratio improved to 44.3%
- Pre-Provision Operating Profit improved 12.4% YOY to RM234.9 million
- Net credit cost was at 21.8 bps (including high-risk segment pre-emptive provision of 13.4 bps)
- Healthy liquidity coverage ratio at 212.2%
- CET-1 ratio: 14.5%; Tier-1 Capital ratio:15.4%; Total capital ratio:19.8%

Accelerate Digitisation

- Approved RM627 million in BNM Special Relief Facility
- SME Banking loans improved 10.1% YOY
- Alliance@Work CASA grew RM334 million YOY
- Launched BizSmart Mobile app and Alliance BizSmart® eTrade application (for e-Bankers Acceptance and e-Trust Receipts).
 - Alliance BizSmart® eTrade is Malaysia's first mobile trade financing solution
- Will be launching the e-Know Your Customer solution and Digital SME Lending by the end of the year.
- Recognised as "Best Digital Bank in Malaysia" by IDC Financial Insights.

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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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