



ALLIANCE BANK GRANTS RM5 BILLION IN PAYMENT RELIEF ASSISTANCE SINCE START OF MCO, ACCELERATES DIGITISATION INITIATIVES

Kuala Lumpur, 27 November 2020 – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today announced revenue growth of 7.6% year-on-year (“YOY”) to RM896.1 million for the first half of the financial year 2021 (“1HFY21”). Net profit after tax for this period was RM208.3 million.

The Bank’s revenue growth was due to the improvement in non-interest income, which rose 28.4% YOY to RM229.5 million mainly due to higher treasury income, and improvements in wealth management and brokerage income. The Bank also reported a pre-provision operating profit growth of 17.8% YOY to RM518.7 million stemming from the better revenue growth and prudent cost control.

For 1HFY21, its net interest income (including the Islamic Banking segment) improved by 2% YOY to RM666.5 million due to lower funding cost arising from better a deposit mix. Net interest margin was at 2.2% due to the OPR cut impact.

The Bank’s net credit cost stood at 56.3 bps for 1HFY21, of which 48 bps (amounting to RM209 million) is a management overlay to buffer against the uncertainty of the pandemic’s impact.

The Bank’s liquidity and capital positions remain strong. Common Equity Tier-1 (“CET 1”) ratio was at 15.4%, Tier-1 Capital ratio at 16.3%, and total capital ratio at 20.7%. Liquidity coverage ratio was at 156.9% (industry: 152%). Its holding of high-quality liquid assets (“HQLA”), which helps to mitigate possible shocks, remained stable at RM14.7 billion. Loan to fund ratio was 82%.

In October, the Bank successfully issued RM1.2 billion Basel III-compliant Tier 2 Subordinated Medium Term Notes (“Sub-MTN”) under its existing RM2 billion programme. The Sub-MTNs were issued in three tranches with maturities between 10 and 15 years.

During the book-building exercise, RM900 million Sub-MTNs were offered initially to investors to replace the Sub-MTNs that were callable in October 2020. Due to overwhelming demand from investors with more than 2 times book cover, the Bank upsized the offerings bringing the total issue size to RM1.2 billion in a single tap. The auction closed with the Sub-MTNs priced competitively between 3.60% p.a. and 4.05% p.a.

The Bank did not declare a first interim dividend in the second quarter of FY2021 and will consider future dividend proposals once the full economic impact of the COVID-19 pandemic is clearer.

Extending Financial & Non-Financial Assistance to Customers

“We continue to focus on our two key priorities of helping our customers stay resilient during the pandemic and accelerating our digitisation initiatives to scale up and reach more customers, improve client engagement, and drive better cost efficiency,” said Mr. Joel Kornreich, group chief executive officer of Alliance Bank.

In the 1HFY2021, the Bank provided RM5 billion in targeted assistance to individuals and business clients. Of this, over RM2.1 billion was for the 3-month extended loan/financing moratorium, and RM2.9 billion was for Payment Relief Assistance packages. The approval rate was 98%.

The Bank has just announced its expanded Payment Relief Assistance packages for the B40, M40, and micro-SME segments in line with the Budget 2021 initiatives tabled recently. It will continue to provide payment relief to those who have lost their jobs, have had their income reduced, or work in highly-affected sectors such as hotels, tour operators, restaurants, or aviation.

Meanwhile, the Bank’s BizSmart[®] Solution portal is helping businesses stay resilient during this challenging time. The portal provides SMEs a 1-stop platform to obtain relevant business solutions such as digital marketing, logistics, and software services at discounted rates. It also features useful online training and webinars to help businesses navigate current market conditions.

The Bank continues to support businesses in their funding needs. During 1HFY21, SME loans grew 7.4% YOY to RM9.8 billion.

Accelerating Digitisation

During the year, the Bank continued to roll out digital innovations to deliver fast, simple, and responsive service to its customers.

“We recently launched our digital Know-Your-Customer (eKYC) solution, which enables individuals to open and activate a savings account instantly, or obtain a loan, conveniently and securely anywhere, anytime, without the need to visit a bank branch or be visited by a bank officer,” said Mr. Kornreich.

In June 2020, the Bank introduced the BizSmart[®] Mobile app to enable business owners to conveniently manage their account, payments and collections, and approve transactions on-the-go. Today, half of the Bank’s business clients are actively using its online and mobile BizSmart[®] platform.

Leveraging on the BizSmart Mobile platform, the Bank also launched Malaysia’s first mobile trade financing solution, the Alliance BizSmart[®] eTrade, which enables business owners to submit Bankers’ Acceptance or Trust Receipts electronically. In just a span of a few months, the volume of trade documents submitted digitally has grown to about a quarter of the monthly total volume.

In addition, the Bank has just launched its fast and simple Digital SME Loan solution. Using this online solution, businesses can apply for loans of up to RM50,000, and receive approval on the same day.

Financial Highlights for 1HFY2021

Key Results

- Revenue grew 7.6% YOY to RM896.1 million
- Non-interest income grew 28.4% YOY
- Net interest income grew 2.0% YOY
 - Net interest margin at 2.22%
- Cost-to-income ratio improved to 42.1% YOY
- Pre-Provision Operating Profit improved 17.8% YOY to RM518.7 million
- Net credit cost was at 56.3 bps (including management overlay of 48bps)
- Net profit after tax was RM208.3 million
- Liquidity coverage ratio at 156.9%
- CET-1 ratio: 15.4%; Tier-1 Capital ratio:16.3%; Total capital ratio:20.7%

Key Strategic Focus for FY21

- COVID-19 Management:
 - Granted RM5.0 billion in payment relief assistance
 - RM2.1 billion for 3-month extended loan/financing moratorium
 - RM2.9 billion for Payment Relief Assistance packages
 - SME loans grew 7.4% YOY to RM9.8 billion
- Digitisation Initiatives
 - Launched digital Know-Your-Customer (e-KYC) solution
 - Alliance BizSmart[®] eTrade application (for e-Bankers Acceptance and e-Trust Receipts) accounts for a quarter of total monthly volume
 - New digital SME loan solution with same day approval

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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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