



ALLIANCE BANK HELPS CUSTOMERS STAY RESILIENT

Bank has extended over RM6.3 billion in payment relief assistance and is on-track with its digitisation initiatives.

Kuala Lumpur, 26 February 2021 – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today reported that it had provided RM6.3 billion in targeted assistance to individuals and business customers in the first nine months of the financial year ending 31 March 2021 (“9MFY21”).

“For 9MFY21, we continue to focus on our two key priorities of helping our customers stay resilient during the pandemic and accelerating our digitisation initiatives to acquire more customers, improve client engagement, and drive better cost efficiency,” said Mr Joel Kornreich, Group Chief Executive Officer of Alliance Bank.

RM5.2 billion was for Payment Relief Assistance (“PRA”) packages, and RM1.1 billion was for Extended Moratorium. The Bank has also disbursed more than RM600 million in Special Relief Fund to help SMEs.

In addition to financial assistance, the Bank has also made available various non-financial solutions to help businesses stay resilient and thrive. It does this through BizSmart[®] Solution, its one-stop digital platform for businesses to connect and get the right solutions to transform their business and stay competitive. The BizSmart[®] Solution enables business owners to expand their network, obtain products and services within the community at discounted rates, and acquire training to help navigate the current market conditions.

The Bank has also adapted the BizSmart[®] Challenge, its flagship programme, to provide practical and immediate assistance to young entrepreneurs. The programme now features three support pillars, i.e. Funding & Financial Advisory, Marketing & Brand Awareness, and Business Support & Networking. The Bank also provided similar digital marketing support to local businesses under the #SupportLokal initiative, which has since reached over 17 million Malaysians online and drove over 66,000 visits to local businesses’ websites.

To further assist companies to access new markets, Alliance Islamic Bank expanded its Halal in One ecosystem with more strategic partners, i.e. Halal Development Corporation, Halnex Sdn Bhd and Halal Street UK. Halal in One offers business owners venturing into the halal space end-to-end solutions, including business advisory, business matching services and shariah-compliant financing.

Financial Performance

For 9MFY21, the Bank posted a revenue of RM1.37 billion, a 9.3% year-on-year (“YOY”) improvement.

The Bank’s net interest income (including the Islamic Banking segment) improved by 2.0% YOY to RM1 billion despite the series of overnight policy rate (“OPR”) cuts since May 2019. The

improvement was driven by loans growth, particularly in the SME segment (3.8% YOY) and lower funding cost arising from a better deposit mix. The Bank recorded 17.5% YOY growth or RM3.1 billion in CASA deposits resulting in a CASA ratio of 44.6%. Net interest margin declined slightly to 2.23% due to the declining rate environment. Non-interest income grew 35.8% YOY to RM369.1 million due to higher treasury income and improved wealth management and brokerage fees.

The Bank reported a pre-provision operating profit growth of 22.9% YOY to RM803.2 million stemming from higher revenue growth and expense moderation. Cost to income ratio improved to 41.4% YOY. Operating expenses decreased by 5.5% YOY as the Bank proactively took prudent cost optimisation measures. "In 9MFY21, we were able to lessen the effect of rising credit costs through stringent cost management on personnel, IT and professional fees, as well as deposit optimisation," explained Mr Kornreich.

The Bank's 9MFY21 net credit cost stood at 91.3 bps, which includes a management overlay to account for uncertainties due to the COVID-19 pandemic impact. The Bank has so far set aside RM223.6 million (or 51.5 bps) as management overlay and will continue to monitor closely if any additional overlay is needed in the coming quarters.

The Bank's liquidity and capital positions remain strong. Common Equity Tier-1 ("CET 1") ratio was at 16.3%, Tier-1 Capital ratio at 17.3%, and total capital ratio at 21.7%. Liquidity coverage ratio was at 153% (industry: 148.2%). The Bank's loan to fund ratio was at 86.1% (industry: 82.5%). The Bank will continue to prioritise capital conservation to support future business expansion.

Accelerating Remote Banking

The Bank continues to forge ahead with its digitisation initiatives. It launched its digital Know-Your-Customer ("eKYC") solution in the first half of FY2021. The solution enables individuals to open and activate a savings account or obtain a loan, conveniently and securely anywhere, anytime, without the need to visit a bank branch or be visited by a bank officer. In the recent quarter, digital applications for personal loans represent about 14% of total personal loans booked.

The Bank has also been enrolling more customers on its digital channels. Digital transaction volumes rose by almost 40% YOY, and over 60% of the Bank's customer transaction volumes are now conducted digitally.

Digital usage on our online and mobile platforms continues to grow quickly, with the number of active consumers increasing by 30% on our allianceonline mobile platform since April 2020.

The Bank was the first in Malaysia to allow Banker Acceptance/Trust Receipts application via mobile, and this has been well-received by its SME customers. By December 2020, nearly 30% of the Bank's monthly Trade transactions were conducted via this mobile platform.

Despite the Conditional Movement Control Order period, the Bank opened 20% more Business CASA accounts per month now compared to last year due to its Branch-in-a-Tablet digital account opening solution. More than 70% of new business accounts were opened via this digital solution.

Looking Ahead

Alliance Bank will continue to proactively help customers navigate through the impact of COVID-19 by providing financial and non-financial assistance and accelerate its digitisation efforts to deliver fast, simple and responsive customer experience.

Performance Summary for 9MFY2021

Key Results

- 9MFY21 overall revenue grew 9.3% YOY to RM1.37 billion.
- 9MFY21 net interest income grew 2.0% YOY despite OPR cut impact since May 2019.
 - CASA deposits grew 17.5% YOY (RM3.1 billion).
 - CASA ratio was at 44.6%.
 - Net interest margin declined to 2.23% due to the declining rate environment.
- Non-interest income rose 35.8% YOY to RM369.1 million
- Operating expenses declined by 5.5% YOY
- 9MFY21 cost-to-income ratio improved to 41.4%.
- Pre-Provision Operating Profit grew 22.9% YOY to RM803.2 million
- Net credit cost (including management overlay of 51.5 bps) stood at 91.3 bps
- Healthy liquidity coverage ratio at 153.0%.
- Common Equity Tier-1 ratio was at 16.3%; the Tier-1 capital ratio was 17.3%, and the total capital ratio of the Bank was at 21.7%.

Key Strategic Focus for FY21

- COVID-19 Management:
 - Granted RM6.3 billion in payment relief assistance.
 - RM5.2 billion for Payment Relief Assistance packages.
 - RM1.1 billion for extended moratorium.
- Digitisation Initiatives
 - Digital applications for Personal Loan accounts for 14% of total Personal Loans booked.
 - Digital transaction volume rose almost 40% YOY.
 - Over 60% of the Bank's transaction volume are conducted digitally.
 - Number of active consumers on allianceonline mobile platform increased by 30% since April 2020.
 - Nearly 30% of the Bank's monthly Trade transactions are via BizSmart[®] eTrade
 - Opened 20% more Business CASA accounts per month compared to last year.
 - More than 70% of new business accounts are opened digitally.

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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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