



ALLIANCE BANK CONTINUES TO HELP CUSTOMERS WITH FINANCIAL AND NON-FINANCIAL ASSISTANCE

Bank reports revenue of RM1.82 billion, proposes an interim dividend of 5.79 sen

Kuala Lumpur, 31 May 2021 – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today reported that it had provided RM7 billion in targeted assistance to individuals and businesses in the financial year ended 31 March 2021 (“FY21”). This accounts for 16.4% of the Bank’s loan book. The Bank has also simplified the process of obtaining a Payment Relief Assistance package and launched a WhatsApp business account to address customers’ queries quickly.

For SMEs, the Bank disbursed more than RM600 million in Special Relief Fund and RM120 million in the Targeted Relief and Recovery Facility provided by Bank Negara Malaysia.

The Bank also supports its customers by making available various non-financial solutions to help businesses better navigate the challenging times. One such initiative is the BizSmart® Solution that offers hundreds of business products and services such as digital marketing and logistics at preferred rates to business owners. The platform provides complimentary webinars and resources such as business articles, market reports and training to upskill SME owners and their employees.

In addition, the Bank started the #SupportLokal initiative to help local businesses fast-track the listing of their products and services on popular e-commerce sites such as Shopee, Pybli and Air Asia OURSHOP. The Bank also provides free digital branding and marketing support to showcase their products and services on its corporate website and social media channels. It has since driven over 80,000 visits to listed businesses’ websites.

Financial Performance

For FY21, the Bank’s revenue grew 7.6% year-on-year (“YOY”) to RM1.82 billion. Net interest income improved by 2.8% YOY to RM1.36 billion despite the multiple overnight policy rate (“OPR”) cuts. This was largely driven by lower funding cost arising from deposit mix optimisation. Net interest margin stood at 2.30%, which is Top 2 in the industry. Non-interest income grew 24.8% YOY to RM456.7 million due to improved treasury and investment income, and higher wealth management and brokerage fees.

The Bank reported pre-provision operating profit growth of 15.3% YOY to over RM1 billion, stemming from better revenue and disciplined expense management. The cost-to-income ratio for the year improved to 44.1% YOY (industry: 45.7%).

The Bank’s FY21 121.4 bps net credit cost includes a management overlay of 71.2 bps as provision for higher risks due to the COVID-19 impact. The overlay takes into account the Bank’s assessment of its risks related to sensitive sectors and take-up of loan modifications.

The Bank’s CASA deposits grew RM4.7 billion or 25.7% YOY due to robust sign-ups of Alliance SavePlus Account. This resulted in an improved CASA ratio of 47%, which is the highest in the industry. SME loans improved 6.4% YOY largely from the take-up of BNM’s Special Relief Facility.

The Bank's liquidity and capital positions are strong. Liquidity coverage ratio was above industry average at 150% (industry: 145.1%). Common Equity Tier-1 ratio was at 16.2%, Tier-1 Capital ratio at 17.2%, and Total Capital Ratio at 21.6%.

For FY21, the Board of Directors proposed an interim dividend of 5.79 sen, representing a dividend payout ratio of 25%.

Accelerating Digitisation

The COVID-19 pandemic has changed consumer behaviour and resulted in a preference for remote interactions. In response, Alliance Bank accelerated its digitisation efforts to give customers various options to interact with the Bank and perform banking in a simple, convenient and safe manner.

The Branch-in-a-Tablet initiative simplifies and speeds up the process of account opening for consumers, most done anywhere, in 15 minutes. Similarly, this is done in "1-day, 1-visit" for businesses. Currently, more than 90% of the Bank's individual accounts and over 70% of its business accounts are opened digitally.

The digital Know-Your-Customer ("eKYC") solution launched in February 2021 enables customers to instantly open a savings account, apply for a credit card or personal loan via the Bank's allianceonline mobile app without having to visit the branch.

Alliance Bank also digitised the financing process for Personal Loan applications. The digital Personal Loan solution provides an approval-in-principle in 10 minutes and funds in the customers' account within 24 hours. Personal loans originating from digital channels contributed approximately 14% of the total personal loan bookings in FY21.

To provide business owners with the convenience of account management on-the-go, the Bank launched the BizSmart® Mobile app in June 2020. Meanwhile, the first-in-Malaysia BizSmart® eTrade, a mobile trade financing submission platform, now contributes 30% of trade financing applications.

The Bank continues to receive industry recognition for its digital innovations. The eKYC solution recently won the "Excellence in Omni-Channel Customer Experience" award at the Digital CX Awards 2021. Meanwhile, BizSmart® eTrade was named "Most Innovative Trade Finance Banking Product in Malaysia" at the Global Banking & Finance Review Awards 2021.

Looking Ahead

"Alliance Bank aspires to be a Top 4 SME Bank in Malaysia by FY2025 by doubling its loan market share in the SME segment. We aim to be The Preferred Bank of Business Owners and maintain our top position in customer net promoter score by serving the financial needs of business owners and their stakeholders. We will apply The Alliance Way to deliver speed, simplicity, empathy, and access to services and advice to our clients," said Mr. Joel Kornreich, Group Chief Executive Officer of Alliance Bank.

Financial Highlights for FY21

- Revenue grew 7.6% YOY to RM1.82 billion.
- Net interest income grew 2.8% YOY
 - Net interest margin at 2.30%, Top 2 in the industry
 - Non-interest income grew 24.8% YOY
 - SME loans grew 6.4% YOY
 - CASA grew 25.7% YOY to RM22.8 billion
 - CASA ratio at 47%, highest in the industry
- Pre-provision operating profit grew 15.3% YOY to over RM1 billion
- FY21 net credit cost was at 121.4 bps, of which 71.2 bps is management overlay
- Healthy liquidity coverage ratio at 150%
- Common Equity Tier-1 ratio was 16.2%; Tier-1 Capital Ratio was 17.2%, and Total Capital Ratio was 21.6%.
- Proposed FY21 interim dividend at 5.79 sen (dividend payout of 25%)

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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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