



Alliance Bank Makes Good Progress on Strategic Priorities and Sustainability Initiatives

Kuala Lumpur, 26 November 2021 - Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) continues to make good progress on its strategic priorities of acquiring more clients in the SME and consumer segments, deepening customer engagement and improving efficiencies.

For the first half of the financial year ending 31 March 2022 (“1HFY22”), the Bank registered a 23% year-on-year growth in its new-to-bank customer acquisition. “By the end of financial year 2026 (“FY2026”), we aim to be among the Top 4 banks in SME market share in Malaysia and be a personal banker of choice to business owners,” explained Mr Joel Kornreich, Group Chief Executive Officer of Alliance Bank. The Bank plans to establish consumer banking relationships with 70% of its business owner base and acquire over 100,000 new customers annually.

“We are now focused on helping our customers reposition to capture growth opportunities as the market recovers. In addition, we continue to extend assistance to customers who require help,” he added. As of 10 November 2021, the Bank has extended over RM14.6 billion in payment relief assistance. The Bank will also continue to facilitate the various government assistance grants for businesses, including the *Syarikat Jaminan Pembiayaan Perniagaan* (“SJPP”) programme.

In the consumer segment, the Bank continues to expand its partnerships and digital channels to accelerate acquisition. It recently launched the Alliance Bank Shopee store, where customers can apply for personal loans, its loan consolidation service (Alliance ONE Account), or open a SavePlus account conveniently on the e-commerce channel.

The Bank’s digital innovations have helped deepen customer engagement. “Customer transactions on the Bank’s eTrade platform already accounts for 40% of our customers’ trade transactions,” explained Mr Kornreich. “The BizSmart[®] Solution portal that provides great solutions at preferential value to our business banking clients has reached 120 business partners. We recently launched our new Digital SME unit to acquire and serve the smaller SME segment using remote interactions. Smaller SMEs can now apply for loans digitally and conveniently manage their transactions on the go with the Bank’s mobile banking solution,” he added. In 1HFY22, digital transactions made up 75% of the Bank’s total transactions, and 30% of consumer loans were acquired digitally.

“We are also constantly looking for new ways to gain efficiencies. One such example is our virtual centralisation model, which is a remote-working model that allows centralised work tasks to be allocated virtually. In the past, it had been difficult to relocate our outstation staff to the Headquarters for more centralised functions but we can do it now. In fact, we are currently piloting this with our first batch of 30 employees,” Mr Kornreich elaborated.

As an extension of its Vision to be “The Preferred Bank of Business Owners”, the Bank is also helping business owners transition towards more sustainable practices. It recently signed a Memorandum of Co-operation with the Malaysian Green Technology & Climate Change Centre and a Memorandum of Understanding with Bursa Malaysia Berhad, to help SMEs develop clearer sustainability roadmaps for their businesses.

Over the next four years, the Bank aims to grow RM5 billion in new sustainable banking business, and reduce its greenhouse gases emission footprint.

Financial Performance

For the first half of the financial year 2022 (“1HFY22”), the Bank reported revenue of RM935.9 million. Net profit after tax was RM318.8 million.

The Bank’s net interest income (including the Islamic Banking segment) increased by 8.5% year-on-year (“YOY”) to RM723.2 million. Net interest margin improved 19 basis points (“bps”) to 2.49%.

Meanwhile, non-interest income declined 7.3% YOY to RM212.8 million due to reduced treasury and investment income. Client-based fee income registered a slight increase.

The Bank posted pre-provision operating profit growth of 5.5% YOY to RM547.0 million, driven by improvement in revenue. Cost-to-income ratio also improved to 41.6%.

The Bank’s 1HFY2022 net credit cost was 29.3 bps. This included a management overlay of 19.6 bps. The overlay decreased by RM123 million YOY as the initial amount was provided with the automatic moratorium last year.

Increased sign-ups of the Bank’s Alliance SavePlus Account contributed to the growth of CASA deposits, which grew by RM2.8 billion or 14.1% YOY. This led to CASA ratio improving to 49.6%, which remains at the top end of the industry.

The Bank’s capital positions remained strong as Common Equity Tier-1 (“CET 1”) ratio was at 17.1%, while Tier-1 Capital ratio was at 18.0%, and total capital ratio was at 22.3%. Liquidity coverage ratio was at 165.7%. The Bank’s loan to fund ratio stood at 86.5%.

The Bank has declared a first interim dividend of 8.30 sen, representing a total dividend payout ratio of 40%.

Performance Summary for 1HFY2022

- *1HFY2022 overall revenue grew 4.5% YOY to RM935.9 million*
- *1HFY2022 net interest income grew 8.5% YOY*
 - *Net interest margin improved to 2.49%*
 - *CASA grew 14.1% YOY to RM23.0 billion*
 - *CASA ratio at 49.6%, among the highest in the industry*
- *Non-interest income declined 7.3% YOY*
- *1HFY2022 cost-to-income ratio improved to 41.6%*
- *Pre-Provision Operating Profit grew 5.5% YOY to RM547.0 million*
- *Net credit cost (including management overlay of 19.6 bps) stood at 29.3 bps*
- *Net profit after tax was RM318.8 million*
- *Healthy liquidity coverage ratio at 165.7%*
- *Common Equity Tier-1 ratio was at 17.1%; the Tier-1 capital ratio was 18.0%, and the total capital ratio of the Bank was at 22.3%*

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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 business. The Bank provides its broad base of customers throughout the country easy access via multi-pronged delivery channels that include retail branches, Privilege Banking Centres, Business Centres, and Investment Bank branches, as well as mobile and Internet banking.

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