



For Immediate Release
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Alliance Bank Gains Momentum in Strategic Priorities and Accelerates Sustainability Agenda

Kuala Lumpur, 31 May 2022 – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today announced that it made significant progress on its key strategic priorities of acquiring more customers in its core segments, deepening customer engagement and improving efficiencies during the financial year ended 2022 (“FY2022”).

The Bank grew its SME loans by 12.4% year-on-year (“YOY”), which helped to boost its market share to 5%, by expanding its sales force and improving the productivity of its relationship managers with training and enhanced digital tools. The Bank also launched Digital SME lending, which provides up to RM200,000 collateral-free financing. In FY2022, it disbursed RM60 million in Digital SME loans. At the same time, the Bank scaled up its digital Personal Loan and Deposits via the eKYC solution, resulting in digital channels contributing 20% of its consumer banking acquisition.

The Bank continued to serve the personal and business banking needs of business owners, and has acquired twice the number of business owner clients with personal banking relationships compared to the year before.

The Bank also continued to expand the use of digital channels to deliver quick service to its customers. There was close to 9% YOY increase in customers using its BizSmart® and allianceonline digital platforms, as more features were introduced for its customers’ convenience. As a result, digital transactions increased by 35% YOY, and now constitute 75% of total customer transactions.

To improve efficiency and keep its customers safe during the pandemic, the Bank launched virtual service counters at two branches to facilitate simple banking requests such as remittance. Over 90% of customers who used the counters gave positive feedback on their experience. The Bank plans to expand the virtual service counter facility to ten more branches in the financial year ending 31 March 2023.

During the year, the Bank continued to offer payment relief assistance (“PRA”) to alleviate its customers’ financial stress. Its relationship managers proactively contacted all business owner clients to understand their financial situation, and helped them with a loan modification application or an extension before it expired. As a result, 98% of its customers who took up the PRA packages have resumed payment.

Meanwhile, the Bank continued to offer various business supportive measures such as the BizSmart® Solution, which provides business solutions at preferential rates, and #SupportLokal, which helps fast track listing of local businesses on e-commerce platforms. In the past two years, #SupportLokal has driven over 430,000 visits to local businesses’ websites. For the Bank efforts, it ranked Top 2 in the industry for COVID-19 customer support measures in an independent study.

Sustainability Achievements

The Bank is also helping businesses adopt environmental, social and governance (“ESG”) practices, while transforming its own business to reduce emission footprint. To-date, it has provided over RM2 billion in new sustainable banking business against its goal of RM10 billion by FY2025. It has also established an emission baseline and set up a plan to reduce its emissions in the next three years.

Meanwhile, the Bank launched several products and services to help consumers and businesses adopt sustainable practices. Its strategic partnerships with Bursa Malaysia Berhad on the #Financing4ESG initiative for public-listed companies, and the Malaysian Green Technology and Climate Change Corporation, provide business owners advice and solutions to help them with their sustainability transformation. “Through these alliances, we are helping businesses adopt better ESG practices and capture market opportunities,” said Mr. Joel Kornreich, Group Chief Executive Officer of Alliance Bank.

During the year, the Bank established a Group Sustainability Committee at the board-level to provide oversight of its sustainability strategies and measures, and a Sustainability Steering Committee to implement its sustainability priorities. It also enhanced its ESG risk management guidelines by including a General Risk Acceptance Criteria (“RAC”) framework that applies to all sectors, and additional industry-specific RACs for ESG-sensitive sectors such as palm oil, and forestry and logging. At the same time, the Bank implemented an ESG screener tool to identify customers who need help in adopting sustainable practices. In FY2022, the Bank reduced its exposure to businesses that demonstrate little to no inclination to transform sustainably by more than 60%.

Financial Performance

For FY2022, Alliance Bank posted a revenue of RM1.87 billion. Its net interest income improved 8.8% YOY to RM1.48 billion. Client-based fee income (excluding brokerage income) increased by 3.5% YOY. Pre-provision operating profit grew to RM1.04 billion, exceeding the RM1 billion mark for the second year.

The Bank maintained its cost to income ratio at 44.1%, despite investments in sales force expansion and IT capabilities. Net profit after tax increased by 60% year-on-year (“YOY”) to RM572.8 million. Return on equity was at 9.2%.

The Bank’s net credit cost reduced to 48.1 bps, from 121.4 bps in FY2021, because of its proactive credit management.

In FY2022, the Bank grew its loans by 4.6% YOY. SME loans increased by 12.4% YOY, twice as fast as the industry, while corporate and commercial loans rose 9.5% YOY due to higher loan utilisation.

CASA deposits grew 3.4% YOY attributable to the increased opening of Alliance SavePlus Accounts. This contributed towards an improved CASA ratio of 48.9%, maintaining the Bank at the top of the industry.

The Bank’s capital positions remained strong. Common Equity Tier-1 ratio was at 16.0%, Tier-1 Capital ratio was at 16.9%, and total capital ratio was at 21.0%. The Bank’s loan to fund ratio stood at 87.2%, and liquidity coverage ratio at 155.1%.

For FY2022, the Board of Directors has declared a second interim dividend of 10.2 sen per share. This brings the total dividend for the financial year to 18.50 sen per share, representing a dividend payout ratio of 50%.

For more information on Alliance Bank and its products and services, please visit www.alliancebank.com.my.

Financial Highlights for FY2022

Key Results

- Revenue grew to RM1.87 billion
- Net interest income increased 8.8% YOY, mainly from funding optimisation
 - Net interest margin improved to 2.53%
 - CASA grew 3.4% YOY to RM23.6 billion
 - CASA ratio at 48.9%, remains at top of the industry
- Client-based fee income (excluding brokerage) grew 3.5% YOY
- Cost-to-income ratio maintained at 44.1% within the Bank's guidance
- Pre-Provision Operating Profit grew to RM1.04 billion
- Net credit cost improved to 48.1 bps
- Net profit after tax was RM572.8 million
- Healthy liquidity coverage ratio at 155.1%
- Common Equity Tier-1 ratio was at 16.0%; the Tier-1 capital ratio was 16.9%, and the total capital ratio of the Bank was at 21.0%
- Dividend payout ratio of 50%
- Declared second interim dividend of 10.2 sen per share (total dividend for FY2022 is 18.50 sen per share)

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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 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, including retail branches, Privilege Banking Centres, Business Centres, Investment Bank branches, and mobile and Internet banking.

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