



Alliance Bank Posts 1HFY2023 Net Profit of RM370.6m up by 16.3% YOY

The Bank declares a first interim dividend of 12.0 sen per share

Kuala Lumpur, 29 November 2022 - Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today announced that its net profit after tax for the first half ended 30 September 2022 (“1HFY2023”) increased 16.3% year-on-year (“YOY”) to RM370.6 million. This positive performance was driven by good progress in its strategic priorities and the Bank’s growth momentum.

For 1HFY2023, Alliance Bank reported revenues of RM954.6 million. Net interest income grew 12.4% YOY to RM813.0 million due to higher loans volume and OPR hike impact. Net interest margin improved 11 basis points (“bps”) to 2.64%. Client-based fee income (excluding brokerage) was up 5.7% YOY to RM141.6 million, driven by higher wealth management, foreign exchange sales and trade fees. Cost-to-income ratio remained stable at 43.9%.

The improvement in business activities contributed favourably towards loans growth. Alliance Bank’s overall loans grew by 6.7%, outpacing the industry average (6.4%). The strong performance is attributable to the growth in SME Banking and Commercial Banking, which rose 14.0% and 16.8% YOY respectively. Customer-based funding was 8.4% higher YOY and CASA ratio maintained at the top of industry at 48.7%.

The Bank’s 1HFY2023 net credit cost improved to 12.3 bps as customers successfully graduate from the payment relief programmes. The loans under relief reduced to RM1.97 billion, representing 4.2% of the Bank’s total loan book. All customers under moratoria have now graduated and the Bank will continue to assist customers who need further financial assistance.

Alliance Bank’s capital positions and liquidity remained strong. Common Equity Tier-1 (“CET 1”) ratio was at 15.1%, while Tier-1 Capital ratio was at 16.4%. Total capital ratio was at 20.5%. Liquidity coverage ratio was at 164.4%. The Bank’s loan to fund ratio stood at 85.7%.

The Bank has declared a first interim dividend of 12.0 sen per share, representing a total dividend payout ratio of 50%.

Good Progress in Strategic Priorities

The Bank’s performance is in tandem with strides it is making in the strategic priorities of acquiring more customers, deepening customer engagement and gaining efficiencies.

The Bank has doubled its new-to-bank (NTB) customer acquisition YOY, acquiring approximately 44,000 customers through various digital solutions including e-Know Your Customer (e-KYC), Alliance Digital SME, BizSmart[®] mobile app, BizSmart[®] eTrade, and allianceonline mobile app. The achievement puts the Bank on track towards the target of acquiring 80,000 NTB customers by end FY2023.

New dual-relationship business owners tripled YOY to 4,300, a reflection of improved customer engagement.

Alliance Bank's commitment to gain efficiencies via fast, simple and innovative digital solutions helped maintain the high proportion of digital transactions at 75%, despite a 19% YOY growth in total transactions in 1HFY2023.

Creating Value for Businesses, Communities and Environment

Alliance Bank believes that ESG is a competitive advantage for businesses to build unique and profitable propositions while adding value and contributing to the economy, community and the environment.

The Bank made significant progress towards its FY2023 sustainability goals of growing its new sustainable banking business, helping customers adopt sustainable practices and reducing the Bank's greenhouse gas (GHG) emissions.

Alliance Bank exceeded its FY2023 target of RM2.6 billion new sustainable business in 1HFY2023. The Bank achieved RM3.5 billion in new sustainable business, with RM1.0 billion sustainable financing approved through the Sustainability Assistance Programme. The Programme helps SMEs adopt more sustainable business practices by providing access to a broad suite of relevant ESG solutions.

Alliance Bank has recently initiated the inaugural ESG Survey to raise awareness and educate businesses on ESG adoption and will be publishing key insights and actionable recommendations for SMEs in the coming quarter.

The Bank will continue to strengthen its position as a thought leader in sustainability and help customers transition to sustainable lifestyles and practices seamlessly. The latest being inclusion into the United Nations Global Compact (UNGC) and support of their ten principles in human rights, labour, environment, and anti-corruption.

Internally, the Bank has established a greenhouse gas (GHG) emission reduction strategy to reduce GHG emissions from its operations. The Bank has also developed an ESG due diligence checklist which aligns suppliers with the Bank's fulfilment of ESG commitments.

Broadening Focus, Building on Existing Strengths

Alliance Bank Group Chief Executive Officer Mr Kellee Kam said, "Alliance Bank is built on strong foundations. The strategic priorities have guided the Bank to achieve success and sustainable results in the SME sector, as evidenced by our market share in this segment relative to our size and improving performance. Going forward, we will focus on broadening our strategy and expanding into new areas beyond SME to accelerate our business growth," Mr Kam concluded.

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

Performance Summary for 1HFY2023

- 1HFY2023 overall revenue grew 2.0% YOY to RM954.6 million
- 1HFY2023 net interest income grew 12.4% YOY
 - Net interest margin improved to 2.64%
 - CASA grew 4.0% YOY to RM23.9 billion
 - CASA ratio at 48.7%, top of the industry
- Client-based fee income (excluding brokerage) increased 5.7% YOY
- 1HFY2023 cost-to-income ratio at 43.9%
- Net credit cost improved to 12.3 bps
- Net profit after tax was RM370.6 million
- Healthy liquidity coverage ratio at 164.4%
- Common Equity Tier-1 ratio was at 15.1%; the Tier-1 capital ratio was 16.4%, and the total capital ratio of the Bank was at 20.5%

###

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.

For more information on this press release, please contact Pearly Ong at 03-2604 3378, or e-mail at pearlyong@alliancefg.com.