



Alliance Bank Records 18.3% Growth In FY2023 NPAT To RM677.8m

Kuala Lumpur, 30 May 2023 – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today reported a year-on-year (“YOY”) net profit after tax increase of 18.3% to RM677.8 million for the financial year ended 31 March 2023 (“FY2023”).

Revenue grew 2.8% YOY to RM1.92 billion as net interest income rose 11.6% YOY to RM1.65 billion on the back of higher loans volume and OPR hikes. Net interest margin improved 11 basis points (“bps”) to 2.64%. Client-based fee income (excluding brokerage) grew to RM284.1 million, attributable to higher wealth management, foreign exchange sales and trade fees. Cost-to-income ratio was 45.9%.

SME and Consumer Banking loans grew 13.1% and 5.2% YOY respectively, contributing to higher overall loans growth momentum at 6.2% YOY. Customer-based funding grew 6.8% YOY with fixed deposits increasing 18.6% YOY. The Bank’s funding is healthy and CASA ratio stood at 41.9%, one of the highest in the industry.

Net credit cost for FY2023 improved 16.2 bps YOY to 31.9 bps due to the net release of management overlays. The pandemic-related loans under relief have decreased further to RM1.25 billion, representing 2.5% of the Bank’s total loan book. Alliance Bank remains committed to helping customers who require further financial assistance.

The Bank is well capitalised with Common Equity Tier-1 (“CET 1”) ratio remaining robust at 14.5% and Tier-1 Capital ratio at 15.3% respectively as at 31 March 2023. Total capital ratio was at 19.4%. The strong capital levels support the Bank’s expansion plans. The Bank’s liquidity position is also strong with coverage ratio of 161.9% (industry average: 154.7%) and loan to fund ratio of 87.4%.

Alliance Bank has proposed a second interim dividend of 10 sen per share, bringing the total dividend to 22 sen per share for a 50% total dividend payout ratio, while maintaining robust liquidity and capital positions.

For the FY2023 strategic priorities, new-to-bank customer acquisition grew 58% YOY to approximately 89,000 customers, exceeding the 80,000 target by 11%. Acquisition of dual-relationship business owners increased 72% YOY to 8,700. Digital transactions grew 19% YOY as a higher proportion of customers adopted the bank’s mobile and online solutions.

Acceler8 Forward

The Acceler8 strategy that was launched earlier this year broadens Alliance Bank's vision towards becoming a bank for the community, delivering value to stakeholders via strong financial performance, best in class customer service and solid ESG progress. The Bank is targeting new market segments and business verticals, driving expansion in key economic corridors, as well as driving synergies and value creation through strategic partnerships to support customers at every stage of their journey.

"Our refreshed strategy has started to yield results. We continue to invest resources to capitalise on the eight growth opportunities, building on our competitive advantages of speed, service and personalisation. We have launched over 30 projects under the eight pillars, focusing on high impact, lower complexity projects, as well as our sustainability initiatives," said Alliance Bank Group Chief Executive Officer Mr Kellee Kam.

Small and medium enterprises (SMEs) remain a core focus of Alliance Bank. Over the past two years, the Bank has achieved 10% - 11% loan growth and it aims to maintain this double-digit growth velocity in FY2024. Innovation of the bank's services and products will continue to be the focus in meeting the needs of businesses through their life cycle.

In the consumer segment, the Bank sees growth opportunities in new segments such as high-net-worth individuals and young professionals with a preference for digital touch points. The Bank had recently launched Malaysia's first dynamic card number feature on its Visa Virtual Credit Card, which offers higher security for online transactions. Alliance Bank is also transforming and refining its credit approach to improve the loan approval process and value propositions to its targeted customer segments.

Tapping into resilient ecosystems, Alliance Bank garnered RM180 million in renewable energy financing in FY2023. By FY2024, the Bank targets to grow this by 70% to RM300 million. Meanwhile, the Bank has identified Sarawak and Penang as key focus regions in its plans to accelerate progress within fast-growing economic corridors in the country.

Alliance Islamic Bank also plays a crucial role in achieving Acceler8's ambitions as the Islamic Banking business continues to be the fastest growing segment in the market. Its unique propositions such as Halal in One will continue to be enhanced to drive growth moving forward. The Bank also continues to drive synergies of its corporate and capital market business through an enhanced client coverage model, aiming to double revenue growth in FY2024.

Kam further explained, "Moving forward on our Acceler8 strategy, we will continue to invest in people and IT for growth and efficiency initiatives. We are guided by our mission of building alliances to improve lives as we develop partnerships that enable us to scale our product offering and distribution."

Sustainability Achievements

Alliance Bank has made significant progress in FY2023 towards realising its sustainability top line goals.

FY2023 saw the Bank record RM6.7 billion in new sustainable banking business, exceeding its target of RM2.6 billion. This was derived from the Bank's various sustainable financing initiatives including #financing4ESG program in collaboration with Bursa Malaysia, Bank Negara Malaysia's Low Carbon Transition Facility, solar panel financing campaign and sustainable mortgage financing packages for green certified development projects.

To better assist customers in adopting ESG practices, the Bank has introduced several sustainability initiatives including the Sustainability Assistance Programme and recently published the inaugural annual ESG Survey Report titled, "ESG Insights from Malaysian SMEs: Building a Better Future Together". The report, produced in collaboration with SME Corp and UNGCMYB, aims to raise awareness on the importance of adopting ESG practices among businesses and provided practical recommendations for SMEs in their journey towards sustainability.

Financial Highlights for FY2023

Key Results

- Revenue grew to RM1.92 billion
- Net interest income increased 11.6% YOY, mainly from higher loans volume and OPR hikes
 - Net interest margin improved to 2.64%
 - Overall loans grew 6.2% YOY
 - Customer based funding grew 6.8% YOY
 - CASA ratio at 41.9%, one of the highest in the industry
- Client-based fee income (excluding brokerage) grew to RM284.1 million
- Cost-to-income ratio was at 45.9%
- Net credit cost improved to 31.9 bps
- Net profit after tax increased 18.3% YOY to RM677.8 million
- Healthy liquidity coverage ratio at 161.9%
- Common Equity Tier-1 ratio was at 14.5%; the Tier-1 capital ratio was 15.3%, and the total capital ratio of the Bank was at 19.4%
- Dividend payout ratio of 50% - total dividend of 22.0 sen per share

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About Alliance Bank Malaysia Berhad

Alliance Bank Malaysia Berhad and its subsidiary, Alliance Islamic Bank Berhad, offers banking and financial solutions through its consumer, SME, corporate, commercial and Islamic banking, and stockbroking business. The Bank provides easy access to its broad base of customers throughout the country via multi-pronged delivery channels that include retail branches, Privilege Banking Centres, Business Centres, Investment Bank branches, and mobile and Internet banking.

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