

Alliance Bank Records 17.3% Year-on-Year Profit Growth to RM176.7 million for 1QFY2025

Kuala Lumpur, 29 August 2024 – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today reported a 17.3% growth in net profit year-on-year (“YOY”) to RM176.7 million for the first quarter of the financial year ending 31 March 2025 (“1QFY2025”). This was on the back of a 15.8% YOY revenue increase to RM539.8 million.

The Bank’s net interest income grew 15.8% to RM464.7 million, driven by higher loans volume while net interest margin was at 2.45%. The non-interest income rose 15.7% to RM75.1 million, primarily from higher wealth management income, foreign exchange sales and trade fees. Cost-to-income ratio stood at 48.0%.

Overall loans momentum continued with a 14.8% YOY growth, representing almost double that of the 7.9% growth recorded in 1QFY2024. The positive performance was led by the Bank’s SME (17.1% YOY), Commercial (17.5% YOY), Corporate (9.7% YOY) and Consumer (14.0% YOY) banking growth.

Alliance Bank’s funding is healthy, with customer deposits growing 11.6% YOY. The CASA ratio remains one of the industry’s highest at 41.5%.

The 1QFY2025 net credit cost was 8.1 bps while the Bank’s loan loss coverage ratio was at 111.6%.

The Bank remains well-capitalised with a Common Equity Tier-1 ratio (“CET 1”) of 12.2% and a total capital ratio of 16.4%. In terms of liquidity position, Alliance Bank is resilient with a liquidity coverage ratio of 163.0% and loan to fund ratio of 88.2%.

Acceler8 Gains Momentum

The Acceler8 strategy has enabled continued strong performance as the Bank focuses on becoming The Bank For Life for its stakeholders.

The Bank’s SME loan growth continued to gain market share to 5.2% (May 2024: 5.0%) and outperform industry growth. Alliance Bank acquired 2,500 New-to-Bank (“NTB”) business customers during the quarter. Alliance Bank’s emphasis on delivering personalised solutions and service excellence to support business customers through their life cycle has enabled the Bank to grow its business banking client fee income by 13%.

Consumer loans grew by 14% YOY and outpaced the industry average. This enabled the Bank to continue gaining ground in loan market share with 29,000 NTB customers acquired in 1QFY2025.

The Bank's focus on being an ESG-focused organisation has resulted in positive impact through its Sustainability Impact Programme which drives advocacy efforts and provides pragmatic ESG advice and solutions to business clients. With 35% or RM195 million cumulative loans approved under this programme in 1QFY2025, the Bank is en route toward achieving the FY2025 full-year target of RM560 million.

Alliance Bank's efforts to become a regional champion for selected economic corridors are also seeing positive developments. Johor has been identified as an economic growth region, alongside Sarawak and Penang. All three states recorded strong YOY performance, and cumulatively these states recorded 16% for both loan and deposit growth respectively.

The corporate and capital market segment achieved 16% YOY revenue growth, while the Islamic Banking financing business outpaced FY2024 with its 13% YOY growth. The Bank will continue scaling up its Halal in One programme acceptance and driving business events with partners to widen its reach.

The Bank continues to establish strategic partnerships, enlarging and strengthening alliances with like-minded partners to scale product offerings, distribution and drive value for stakeholders. For example, Alliance Bank continued its engagement with partners such as Penang Green Council, InvestPenang and InvestSarawak to assist SMEs and drive ESG adoption in these states.

Advancing Sustainability Goals

Alliance Bank has made substantial strides towards achieving its topline sustainability goals. The Bank's various initiatives have resulted in RM13.1 billion in cumulative new sustainable business since FY2022, with RM586.0 million achieved in the first quarter of FY2025. The Bank continues to support businesses in their sustainability journey with a RM1 billion allocation for green receivables financing for SME suppliers participating in Bursa's Centralised Sustainability Intelligence ("CSI") Solution. The CSI Solution helps companies integrate environmental, social and governance ("ESG") considerations into their business strategies and operations through carbon assessment tools and support for sustainability reporting.

Through initiatives such as the PROGRESS ESG diagnostic tool jointly developed with UN Global Compact Network Malaysia & Brunei, Alliance Bank is actively assisting businesses develop and integrate ESG considerations into their operations.

"Our Acceler8 strategy continues to drive our overall growth and sustainability aspirations. As we achieve significant progress in all our eight growth pillars, we remain focused on providing tailored financial and non-financial solutions with exceptional service to become the preferred banking partner. We will continue to be customer-focused and ESG-centric as we strengthen our market presence and reach especially across key economic corridors such as Johor, Penang, and Sarawak. We are committed to serving as a trusted partner at every step of our customers' financial journey, meeting their diverse needs and prioritising their best interests," said Alliance Bank Group Chief Executive Officer Mr. Kellee Kam.

Financial Highlights for 1QFY2025

Key Results

- Revenue grew 15.8% YOY to RM539.8 million
- Net interest income grew 15.8% YOY
 - Net interest margin at 2.45%
 - Overall loans grew 14.8% YOY (or 9.7% year-to-date annualised basis)
 - CASA ratio remains one of the highest in the industry at 41.5%
- Non-interest income grew 15.7% YOY to RM75.1 million
- Cost-to-income ratio at 48.0%
- Net credit cost was 8.1 bps
- Net profit after tax at RM176.7 million
- Robust liquidity coverage ratio at 163.0%
- Capital position: Common Equity Tier-1 ratio at 12.2%; Tier-1 capital ratio at 12.9%, and the total capital ratio at 16.4%

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About Alliance Bank Malaysia Berhad

Alliance Bank is dedicated to offering differentiated financial and non-financial solutions across consumer, SME, corporate, commercial, and Islamic banking sectors. Embracing its 'The Bank For Life' brand purpose, Alliance Bank is committed to meeting the ever-evolving needs of its customers, serving as a dependable banking partner throughout their lifetime.

With a vision of community-centric banking, Alliance Bank deeply engages with the community through an omni-channel approach. Customers can interact with Alliance Bank through an extensive network of retail branches, Privilege Banking Centres, Business Centres, and Digital banking services. The Bank aims to foster meaningful connections within the communities it operates in.

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