

Alliance Bank Reports an increase of 9.1% in Net Profit to RM366.6 million driven by strong revenue and loans growth

The Bank declares the first interim dividend of 9.5 sen per share.

Kuala Lumpur, 28 November 2024 – Alliance Bank Malaysia Berhad (“Alliance Bank” or the “Bank”) today announced a 9.1% year-on-year (“YOY”) increase in net profit to RM366.6 million for the first half of the financial year ending 31 March 2025 (“1HFY2025”). Revenue for this period rose 15.2% YOY to RM1.15 billion.

The performance was mainly driven by a 15.0% growth in net interest income to RM955.9 million, attributable to higher loan volumes, with a net interest margin of 2.47%. Non-interest income increased 16.1% to RM189.5 million, led by gains in wealth management income, foreign exchange sales, trade fees, and treasury and investment income. Cost-to-income ratio improved to 46.5%.

Loans continued to grow at 14.8% YOY to RM59.1 billion, with all business segments recording double-digit YOY growth: SME loans up 16.4%, Commercial loans up 16.2%, Consumer loans up 14.3% and Corporate loans up 11.6%. Customer deposits expanded 13.8% YOY, supporting Alliance Bank’s healthy funding base. The CASA ratio remains one of the industry’s highest at 40.9%.

Operating expenses rose to RM532.9 million from RM476.8 million in the prior year, reflecting ongoing investments in people and technology for growth and efficiency initiatives. Notwithstanding this, the Bank’s pre-provisioning operating profit increased by 18.4% to RM612.6 million.

Net credit cost for 1HFY2025 was 24.5 bps, while the Bank’s loan loss coverage ratio stood at 112.1%.

Alliance Bank continues to maintain strong capital and liquidity positions, with Common Equity Tier-1 (“CET 1”) ratio of 12.4% and a total capital ratio of 17.1%. Liquidity coverage remained robust at 149.5% and the loan to fund ratio stood at 88.7%.

The Bank has declared a first interim cash dividend of 9.50 sen per share, translating into a dividend payout ratio of 40%.

Acceler8-ing Forward

The Acceler8 transformation strategy, launched in January 2023, continues to drive Alliance Bank’s strong performance, reinforcing its commitment to becoming The Bank For Life for its stakeholders. In FY2025, Alliance Bank is focused on maintaining acquisition momentum, deepening its client relationships, and advancing Islamic Banking growth.

In terms of acquisition momentum, the Bank onboarded close to 50,000 new customers in 1HFY2025, while total Bank's loan book market share increased to 2.68% from 2.58% in FY2024. This broad-based growth was driven by contributions from all business segments.

In deepening relationships, the Bank continued its structured engagement approach to offer relevant solutions aligned to the clients' needs. Non-interest income rose 16% YOY to RM189.5 million, primarily driven by higher trade fees, foreign exchange sales, and wealth management products.

For the Islamic franchise, gross financing grew 11% YOY, from RM12.8 billion to RM14.2 billion, while revenue increased 26% YOY, reflecting strong demand for Shariah-compliant products. The Bank continues to scale up its Halal in One Programme with various partners to broaden its reach.

The eight growth pillars under the Acceler8 strategy have delivered positive results towards the Bank's FY2025 targets. Alliance Bank's SME loan portfolio continued to gain market share, increasing to 5.32% (March 2024: 5.19%), surpassing industry growth. The Bank's focus on providing personalised solutions and service excellence at every stage of the business customer life cycle has resulted in a 14% increase in business banking client fee income.

Consumer loans grew by 14% YOY, significantly outpacing the industry's 6% growth, leading to a loan market share of 2.22% (March 2024: 2.13%).

Alliance Bank's commitment to sustainability continues to drive positive impact through its Sustainability Impact Programme, designed to support business clients on their ESG journey. In 1HFY2025, the Bank approved RM399 million in cumulative loans under this programme, representing 71% of its FY2025 stretch target of RM560 million.

The Bank is also making strides toward becoming a regional champion, with double-digit YOY growth in key economic corridors, including Johor, Penang, and Sarawak. Combined, these states recorded 16% and 20% increase in loan and deposit growth respectively.

Meanwhile, the capital market segment achieved strong 84% YOY revenue growth, contributed by vibrant corporate finance deals.

The Bank continues to forge strategic partnerships, expanding and strengthening alliances with like-minded organisations to enhance product offerings, broaden distribution, and deliver greater value for stakeholders. For example, Alliance Bank partnered with the Northern Corridor Economic Region (NCER) and UN Global Compact Network Malaysia & Brunei (UNGCMYB) to conduct a Climate Action workshop for businesses in the northern region. Additionally, the Bank collaborated with the Malaysian Investment Development Authority (MIDA) to host an inaugural workshop in Kuala Lumpur, focused on helping manufacturers and exporters prepare for Carbon Border Adjustment Mechanism (CBAM) compliance.

Progressing On Sustainability

Alliance Bank has made significant progress in its sustainability objectives, achieving RM13.7 billion in cumulative new sustainable business since FY2022, with RM1.1 billion achieved in the first half of FY2025.

Recognised for its leadership in promoting ESG adoption among SMEs and businesses in Malaysia, Alliance Bank was honoured to speak at the UN Global Compact Leaders Summit in New York in September 2024. The global summit held during the UN General Assembly high-level week brought together over 1,500 global leaders from business, government, and civil society. Alliance Bank was the only Malaysian financial institution to be invited, underscoring its dedication to raising the bar on sustainability.

"Our Acceler8 strategy is a cornerstone of both our growth and our sustainability goals. The meaningful progress made across all eight growth pillars reinforces our dedication to supporting our customers at every stage of their financial journey, offering comprehensive solutions for every milestone. Our aim is to be the bank that stands by our customers for life," said Alliance Bank Group Chief Executive Officer Mr. Kellee Kam.

Financial Highlights for 1HFY2025

Key Results

- Revenue grew 15.2% YOY to RM1.15 billion
- Net interest income grew 15.0% YOY
 - Net interest margin at 2.47%
 - Overall loans grew 14.8% YOY (or 12.0% year-to-date annualised basis)
 - CASA ratio remains one of the highest in the industry at 40.9%
- Non-interest income grew 16.1% YOY to RM189.5 million
- Cost-to-income ratio at 46.5%
- Net credit cost was 24.5 bps
- Net profit after tax at RM366.6 million
- Robust liquidity coverage ratio at 149.5%
- Capital position: Common Equity Tier-1 ratio at 12.4%; Tier-1 capital ratio at 13.6%, and the total capital ratio at 17.1%

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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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