



PRESS RELEASE

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ALLIANCE FINANCIAL GROUP REGISTERS 13.1% LOANS GROWTH AT HALF YEAR

Group makes further improvement on loan asset quality; with strong capital adequacy ratio

Kuala Lumpur, 27 November 2008 – The Alliance Financial Group (“the Group”) registered an operating profit of RM277.6 million, an increase of 1.3% compared to the corresponding period last year despite a sharp decline in investment bank fee income and the once off write back of overhead provision of RM51.8 million in the corresponding period last year. Excluding this write back, operating profit improved by 25.0% compared to corresponding period last year.

Datuk Bridget Lai, Director of Alliance Financial Group Berhad and Group Chief Executive Officer of Alliance Bank Malaysia Berhad said, “The Group’s operating profit increased despite a 72.5% or RM32.7 million decline in the Group’s investment bank fees mainly as a result of adverse equity and capital markets. The main contributor to the Group’s improved operating profit was **higher net income growth of 14% or RM66.5 million** as a result of higher net interest income at our commercial bank and higher net income from the Islamic banking resulting from stronger loans growth.”

Both these segments contributed RM72.8 million or 20.4% which included a RM10.8 million write-back of over-provision on deposit insurance which also contributed to the higher net income.

Other operating expenses increased by RM62.9 million or 31.1% compared to the corresponding period last year. The other operating expenses for the corresponding period last year were lower due to a RM51.8 million reversal in provision for expenses in the second quarter of last year. More specifically, these expenses were marketing expenses and personnel related expenses with the introduction of the employees’ share scheme then. Excluding this reversal, the increase in other operating expenses would have been only 4%.

Prudently, the Group made an additional specific allowance of RM32.1 million in the second quarter this year because they anticipate that present and future economic conditions may impact the businesses of some customers. This, together with lower recoveries of written off loans and financing by RM49.1 million, resulted in the Group’s pre-tax profit for the 6 months

ended 30 September 2008 to be 9.9% or RM25.3 million lower at RM230.0 million compared to the corresponding period of 2007, despite the improvement in operating profits.

The Group's loan asset quality continued to improve with net non-performing loans ratio declining from 2.7% as at 30 June 2008 to 2.3% as at 30 September 2008 (31 March 2008: 3.3%). Gross loans provisioning coverage further improved to 91.2% compared to 85.5% as at 30 June 2008 (31 March 2008: 79.9%).

The Group's gross loans and advances increased by 13.1% to RM18.7 billion compared to 31 March 2008 while its risk-weighted capital ratio remained strong at 14.9%.

"Due to the global economic situation, the environment ahead is expected to be even more challenging and it is important that the Group remains focused and committed to its business strategy and model to weather any forthcoming economic storms," said Datuk Bridget Lai.

She went on to say, "Malaysia will remain resilient despite the global economic conditions due to tight fiscal policy and strong liquidity position. The recent announcement by Bank Negara Malaysia to provide a 100% blanket guarantee on all bank deposits and its willingness to provide capital injection to banks in need lends confidence to depositors and the financial industry at large. All this augurs well for the nation and the Group.

Barring any unforeseen circumstances, we remain optimistic that the Alliance Financial Group will record a satisfactory financial performance for the financial year ending 31 March 2009."

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About Alliance Financial Group

Alliance Financial Group is a dynamic, integrated financial services group offering end-to-end financing solutions through its consumer banking, commercial banking, wholesale banking, Islamic banking, investment banking and stock broking businesses as well as unit trust and asset management by providing products and services that are suited for every customer at every stage of their life.

The Group has five decades of proud history in contributing to the financial community in Malaysia with its innovative and entrepreneurial business spirit. Today, the Group is involved in the provision of financial services through its principal subsidiaries, Alliance Bank Malaysia Berhad, Alliance Investment Bank Berhad, Alliance Investment Management Berhad and Alliance Islamic Bank Berhad. It provides easy access throughout the country by serving its broad base of customers via multi-pronged delivery channels which include retail branches, Alliance Rakan branches, Privilege Banking Centres, Hire Purchase hubs, Business Centres, Investment Bank branches, direct marketing offices and unit trust agent offices located nationwide in a mix of rural and urban areas.

The Group's aspiration is to be Malaysia's premier integrated financial services group delivering the best customer experience and creating long-term shareholder value. Strategic alliances, enhanced group synergy, excellent technology and human capital will be the key to creating long-term value for all stakeholders.