



ALLIANCE FINANCIAL GROUP

PRESS RELEASE

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ALLIANCE FINANCIAL GROUP REGISTERS 7.9% NET INCOME GROWTH FOR 3Q ENDED 31 DEC 2008

Group also records improved loans asset quality; registering continued declines in net NPL ratio

Highlights of 3Q 2009 Results:

- The Alliance Financial Group posted year-on-year net income growth of 7.9% or RM58.6 million for the 9 months ended 31 December 2008. This income growth was registered despite a sharp decline in investment bank fee income due to adverse industry-wide equity and capital market conditions.
- The Group's loan asset quality has continued to improve with net non-performing loans ratio declining in the period. The ratio slid to 2.2% as at 31 December 2008 from 2.3% as at 30 September 2008. At 31 March 2008 the ratio was 3.3%.
- The Group's gross loans and advances grew in the 9-month period by 17.4% to RM19.4 billion despite a general perception that some banks are not lending enough.

Kuala Lumpur, 24 February 2009 – The Alliance Financial Group (“the Group”) registered net income growth of RM58.6 million for the 9 months period ended 31 December 2008, an increase of 7.9% compared to the corresponding period last year. This is despite a sharp decline in investment bank fee income of RM39.2 million (or 65.6%), driven by the adverse industry-wide equity and capital markets conditions.

This net income growth was contributed by higher net interest income at the Commercial Bank, as well as higher net income from the Islamic Banking business. Datuk Bridget Lai, Group Chief Executive Officer of Alliance Bank Malaysia Berhad and Director of Alliance Financial Group Berhad said, “Both the businesses contributed to an increase of RM72.8 million (or 13%) resulting from strong loans growth. The RM72.8 million also included an over-provision of RM10.8 million in deposit insurance premium which had already been written back in the first quarter.”

At the operating profit level, the Group registered results of RM396.9 million for the period under review, a decrease of 3% compared to the corresponding period last year. The decline was mainly due to the once off write-back of overhead provisions of RM51.8 million in the corresponding period last year. Excluding this write back, the operating profit is higher by 11.0% compared to corresponding period last year.



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Pre-tax profit decreased by RM96.1million or 24.4% to RM297.6million compared to the corresponding period last year mainly due to higher allowances for losses on loans, advances and financing during the period under review. This was mainly due to additional specific allowances of RM56.6million made in anticipation of the impact of present and future economic conditions, along with lower recoveries (RM52.9million) of written-off loans and financing during the 9-month period under review. Included in last year was a once-off recovery of a lumpy written-off loan.

Meanwhile, the Group's loan asset quality continued to improve with net non-performing loans ratio declining from 2.3% as at 30 September 2008 to 2.2% as at 31 December 2008 (31 March 2008: 3.3%). Gross loans provisioning coverage improved from 91.2% as at 30 September 2008 to 92.6% as at 31 December 2008 (31 March 2008: 79.9%).

Gross loans and advances for the Group increased for the 9 months by 17.4% to RM19.4 billion, while its risk-weighted capital ratio remained strong at 14.7%.

Datuk Bridget affirmed that the Group remains focused and committed to its business strategy and business model. In the light of the global and economic conditions, the Group expects a reasonable 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 Personal Concept Stores, 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.