



ALLIANCE FINANCIAL GROUP

PRESS RELEASE

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ALLIANCE FINANCIAL GROUP BERHAD 3Q2010 PROFIT RISES

Highlights of this news release:

- For the third quarter ended 31 December 2009, the Group recorded profit before taxation of RM131.0 million, an increase of 21.2% over the second quarter ended 30 September 2009.
- For the quarter under review, the profit before taxation was an increase of 93.8% compared to the corresponding quarter last year. The improvement was primarily due to lower allowance for losses on loans and financing.
- For the nine months ended 31 December 2009, the Group recorded profit before taxation of RM301.5 million compared to RM297.6 million registered in the corresponding period last year. The higher profit is primarily due to recovery of a corporate loan as well as reduction of general allowance rate to 1.5%.
- The Group's risk-weighted capital ratio remained strong at 15.2% with core capital ratio at 11.0%.

Kuala Lumpur, 11 February 2010 – Alliance Financial Group Berhad (“the Group”) recorded a profit before taxation of RM131.0 million for the current quarter, an increase of RM63.4 million or 93.8% compared to the corresponding quarter last year. The Group recorded improvements for the current quarter under review due to lower allowance for losses on loans and financing.

“The Group has been agile in adapting to market changes, which has allowed us to stay on course with our plans despite the challenging environment in 2009. Our sound business fundamentals, operational excellence, strong domestic footprint and distinct customer orientation has afforded us much resilience over the last year, evident in our financial performance,” said Datuk Oh Chong Peng, Chairman of Alliance Financial Group Berhad.

For the nine months ended 31 December 2009, the Group recorded profit before taxation of RM301.5 million compared to RM297.6 million registered in the corresponding period last year. The higher profit is primarily due to recovery of a corporate loan as well as reduction of general allowance rate to 1.5%.



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The Group's other operating income decreased by 6.4% or RM10.7 million compared to the same period last year, largely attributed to a lower gain from the realisation of investment securities despite higher brokerage fees income.

Comparing with the immediate preceeding quarter, the Group recorded profit before taxation of RM131.0 million, an increase of RM22.9 million or 21.2% compared to the second quarter ended 30 September 2009. The improvement was due to lower allowance for losses on loans and financing and impairment on investment securities.

As at 31 December 2009, the Group's provision coverage on Idaman Collateralised Loan Obligations ("CLO") is at 96%.

Net non-performing loans ("NPL") increased marginally from 1.8% as at 31 March 2009 to 1.9% as at 31 December 2009. Gross loans provisioning coverage stood at 91% as at 31 December 2009 compared to 99.7% as at 31 March 2009. This is due to write-back of loan allowances which is now no longer required.

As at 31 December 2009, the Group's gross loans and advances increased by 7% to RM21.0 billion compared to 31 March 2009.

Overall, the Group's risk-weighted capital ratio remained strong at 15.2% with core capital ratio at 11.0%.

The Group is optimistic about the current year prospect as the Malaysian economy registered two consecutive quarter-on-quarter growth, growing by 4.8% and 5.7% in the second and third quarters respectively. Recent indicators have suggested that a more broad-based recovery is gathering momentum underscored by improving labour market conditions, private sector confidence and continued access to financing. The economic recovery is expected to gather strength in 2010, primarily driven by domestic demand while the gradual recovery in external demand will provide further support to growth.

"We are now looking at an uptrend market; however we continue to be cautiously optimistic and will maintain our prudent stance in ensuring we sustain long-term value for our shareholders. As such, good asset quality and a strong balance sheet position will remain amongst our key priorities for 2010. It is through our sound risk and capital framework that we expect to capitalise on salient opportunities that lie ahead in this improving market. Hence, we expect to record a satisfactory performance for the financial year ending 31 March 2010," said Datuk Oh.

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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 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.