

PRESS RELEASE

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**ALLIANCE FINANCIAL GROUP REGISTERS PRE-TAX
PROFIT OF RM137.6 MILLION FOR 2nd QTR FYE 2011****Highlights of this news release:**

- **Improved pre-tax profit compared to corresponding quarter last year:** Alliance Financial Group recorded a pre-tax profit of RM137.6 million; an increase of 27.3% compared to the corresponding quarter last year, driven by higher net interest income and lower impairment charges for the second financial quarter ended 30 September 2010.
- **Higher net interest income from loans & financing growth and increases in OPR:** For the six months ended 30 September 2010, the Group registered net interest income of RM343.3 million or an increase of RM61.0 million or 21.6% over the same period last year. This is due to growth in loans and financing as well as benefitting from the 75 basis point increase in Overnight Policy Rate (OPR).
- **Continued strong capital position:** The Group's risk-weighted capital ratio (RWCR) remained strong at 16.1% with core capital ratio at 11.9%.

Kuala Lumpur, 22 November 2010 – Alliance Financial Group (“The Group”) announced a pre-tax profit of RM137.6 million for its second financial quarter ended 30 September 2010, an increase of 27.3% from the corresponding quarter last year. This improvement was primarily due to higher net interest income and lower impairment charge.

For the 6 months ended 30 September 2010, the Group recorded pre-tax profit of RM287.9 million. This marks a 68.8% increase compared to the corresponding period last year on the back of higher net income, lower overheads and lower impairment charge.

The Group registered net interest income of RM343.3 million or an increase of 21.6% due to growth in loans and financing as well as benefitting from 75 basis point increase in Overnight Rate Policy (OPR). Gross loans and financing grew by 6.3% year-on-year to RM21.8 billion compared to RM20.5 billion as at 30 September 2009. Similarly, the net interest margin improved from 2.55% as of 30 September 2009 to 2.74% as of 30 September 2010.

In line with the Group's effort to improve productivity, overheads were contained at RM261.2 million, a saving of 2.9% over the corresponding period last year. Its cost-to-income ratio (CIR) improved from 52.9% to 45.6%.

The impairment on loans and financing for the current period recorded a net charge of RM23.3 million compared to net write-back of RM53.8 million in the corresponding period last year. This was due to a one-off recovery from a corporate borrower and write-back of general provisions (GP) arising from reduction in GP rate from 1.8% to 1.5%.

For the current 6 months ended 30 September 2010, the Group incurred an impairment loss of RM0.7 million on a Collateralised Loan Obligations (CLO). This CLO has since matured and been redeemed. During the corresponding period last year, a total impairment loss of RM122.8 million was incurred for another CLO of which full provision was made in the last financial year.

Compared with the immediate preceding quarter ended 30 June 2010, the Group's pre-tax profit of RM137.6 million for the second quarter ended 30 September 2010 marked a 8.4% decrease. However, the Group's net income registered a 7.5% increase due partly to an off-set by higher overheads and impairment on loans and financing in the second quarter.

In terms of asset quality, gross impaired loans ratio reduced from 4.1% as of 30 September 2009 to 3.8% as of 30 September 2010. However the Group's risk-weighted capital ratio remained strong at 16.1% with core capital at 11.9%.

Mr Sng Seow Wah, Group Chief Executive Officer, Alliance Bank Malaysia Berhad said, "The Group will continue to focus on underlying business momentum and productivity improvements while maintaining strong risk management practices, active liquidity management and a healthy capital position."

The Malaysian Government announced second quarter 2010 real growth of 8.9%. The Government forecasts that external developments may result in a moderation in the pace of growth of the Malaysian economy. However, overall growth will continue, supported by robust domestic economic activity.

Mr Sng added, "The Group expects satisfactory results in the financial year ending 31 March 2011."

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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, SME banking, commercial banking, Islamic banking, investment banking and stockbroking 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, Islamic Banking Centres, 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 through its products and financial service offerings, and creating long-term shareholder value.