

PRESS RELEASE

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**ALLIANCE FINANCIAL GROUP REGISTERS PRE-TAX
PROFIT OF RM150.8 MILLION FOR 3rd 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 RM150.8 million, an increase of 15.1% compared to the corresponding quarter last year, driven by higher net interest income and lower overheads for the current quarter under review.
- **Higher net income from loans & financing growth:** For the nine months ended 31 December 2010, the Group recorded pre-tax profit of RM438.8 million, an increase of 45.5% compared to the corresponding period last year. The higher profit was due to higher net income, lower overheads and lower impairment charge.
- **Continued strong capital position:** The Group's risk-weighted capital ratio (RWCR) as at 31 December 2010 remained strong at 15.9% with core capital ratio at 11.8% compared to 15.2% and 11.0% as at 31 December 2009.

Kuala Lumpur, 21 February 2011 – Alliance Financial Group (“The Group”) announced a pre-tax profit of RM150.8 million for its third financial quarter ended 31 December 2010, an increase of 15.1% compared to the corresponding quarter last year. The Group recorded improvements for the current quarter under review due to higher net interest income and lower overheads.

For the 9 months ended 31 December 2010, the Group recorded pre-tax profit of RM438.8 million. This marks a 45.5% increase compared to the corresponding period last year on the back of higher net income, lower overheads and lower impairment charge.

The Group registered an increase in net interest income of 18.9% due to growth in loans and financing. Gross loans and financing grew by 3.3% year-on-year to RM21.7 billion compared to RM21.0 billion as at 31 December 2009. Similarly, the net interest margin improved from 2.42% as at 31 December 2009 to 2.69% as at 31 December 2010.

In line with the Group's effort to reduce cost, overheads were contained at RM398.6 million, a saving of 4.2% over the corresponding period last year. Consequently, cost-to-income ratio (CIR) improved from 52.9% to 46.4%.

The impairment on loans and financing for the current period recorded a net charge of RM24.0 million compared to net write-back of RM51.4 million in the corresponding period last year. The net effect of RM75.4 million was mainly due to 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 9 months ended 31 December 2010, the Group recorded an impairment write-back of RM3.2 million on Collateralised Loan Obligations (CLO) upon partial repayment. During the corresponding period last year, a total impairment loss of RM120.9 million was incurred for another CLO, of which full provision was made in the last financial year.

In terms of asset quality, gross impaired loans ratio reduced from 3.9% as at 31 December 2009 to 3.7% as at 31 December 2010. The Group's risk-weighted capital ratio as at 31 December 2010 remained strong at 15.9% with core capital at 11.8% compared to 15.2% and 11% respectively as at 31 December 2009.

The Group is optimistic about the current year prospect as the pace of growth will be supported by healthy domestic economic activity. The global financial uncertainty may result in a moderate pace in the overall growth of the Malaysian economy.

Mr Sng Seow Wah, Group Chief Executive Officer, Alliance Bank Malaysia Berhad said, "The Group will continue to focus on strengthening the underlying business momentum, improving productivity while maintaining strong risk management practices, active liquidity management and a healthy capital position as an integral part of a long-term strategy for the Group to remain competitive. The Group also expects to record improved results for 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 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.