



ALLIANCE FINANCIAL GROUP

PRESS RELEASE

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ALLIANCE FINANCIAL GROUP RECORDS 35.3% INCREASE IN PRE-TAX PROFIT FOR FYE 31 MARCH 2011

Highlights of this news release:

- The Alliance Financial Group recorded profit before taxation of RM553.1 million for the financial year ended 31 March 2011, an increase of 35.3% from the corresponding period ended 31 March 2010. The higher profit was due to higher net income, lower overheads and lower impairment charge.
- The Group's net interest income increased by 14.5% due to growth in loans and financing by 4.8% to RM22.4 billion compared to RM21.4 billion as at 31 March 2010.
- The gross impaired loans ratio was reduced to 3.3% as of 31 March 2011 from 3.8% as of 31 March 2010.
- Overall, the Group's risk-weighted capital ratio as at 31 March 2011 remained strong at 16.1%, with its core capital ratio at 12.0% compared to the respective year-on-year comparatives of 15.4% and 11.1% as at 31 March 2010.

Kuala Lumpur, 25 May 2011 – Alliance Financial Group (“AFG” or “the Group”) recorded profit before taxation of RM553.1 million for the financial year ended 31 March 2011. Compared to the corresponding period ended 31 March 2010, the increase of 35.3% was due to its higher net income, lower overheads and lower impairment charge.

“We continue to focus on strengthening its risk management practices to maintain the credit quality of our loan portfolios. The Group also improved cost efficiencies and ensured that its liquidity and capital positions stay strong,” said Datuk Oh Chong Peng, Chairman of AFG.

For the financial year ended 31 March 2011, the Group registered an increase in net interest income of 14.5% due to growth in loans and financing. Gross loans and financing increased by 4.8% year-on-year to RM22.4 billion from RM21.4 billion as at 31 March 2010. Similarly, net interest margin improved to 2.69% as of 31 March 2011 from 2.48% as of 31 March 2010.

Costs were contained at RM544.9 million as of 31 March 2011, with a savings of 1.8% being realised when compared to the corresponding period last year. Consequently, cost-to-income ratio improved from 52.1% to 48.3%.



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The impairment on loans and financing and other losses for the year ended 31 March 2011 recorded a net charge of RM33.3 million compared to the net write-back of RM31.9 million in the corresponding period last year. The net write-back of RM31.9 million was mainly due to a one-off recovery and write-back of general provisions (“GP”) arising from reduction in the GP rate from 1.8% to 1.5%.

For the year ended 31 March 2011, the Group recorded an impairment write-back of RM4.1 million on the Collateralised Loan Obligation (“CLO”) upon partial repayment. During the corresponding period last year, total impairment loss of RM132.9 million was incurred for a CLO for which full provision was made in the financial year ended 31 March 2010. The gross impaired loans ratio was reduced to 3.3% as of 31 March 2011 compared to 3.8% as of 31 March 2010.

Overall, the Group’s risk-weighted capital ratio as at 31 March 2011 remained strong at 16.1%, with its core capital ratio at 12.0% compared to the respective year-on-year comparatives of 15.4% and 11.1% as at 31 March 2010.

For the current quarter under review, the Group recorded profit before taxation of RM114.4 million, an increase of 6.5% compared with the corresponding quarter last year. The improvement was due to the lower impairment charge this year as well as change of accounting treatment on Islamic banking Profit Equalization Reserves whereby an amount of RM14.5 million was written-back to statements of comprehensive income in the fourth quarter of last year.

The Group expects growth momentum to accelerate in the second half of the year with stronger expansion of domestic demand, especially in private consumption and investment. This is supported by an accommodative monetary policy set by Bank Negara to manage inflationary risks. The Group intends to rebuild broad revenue whilst concurrently investing in underlying capabilities and systems to ensure a more diverse range of earnings across its franchises. In addition, the Group is also committed to building internal capabilities to enable all its businesses and key operational areas to support and deliver future top-line growth that can meet and potentially surpass market expectations.

Commenting on the Group’s prospects for the next financial year, Datuk Oh said, “The Group will focus on driving revenue growth especially in Consumer Banking, SME Banking and Treasury, whilst enhancing our non-interest income. We will invest and manage our priorities to address operational, infrastructure, service and human capital aspects of the business in realising the Group’s long-term ambitions. The Group also expects to continue to record satisfactory performance in the new financial year ending 31 March 2012.”



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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, corporate & commercial 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, 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.