

PRESS RELEASE

For more information on this press release, please contact Ms Agnes Ong, Tel : (03) 2730 2367, Fax : 03-2696 4692 or e-mail: agnesong@alliancebg.com.my

ALLIANCE FINANCIAL GROUP REGISTERS IMPROVEMENT IN PROFIT BEFORE TAXATION OF RM173.8 MILLION FOR 1QFY2012

Highlights of this news release:

- **Higher net income, solid cost management and better loan recoveries reflected in bottom line growth:** The Group recorded profit before taxation of RM173.8 million, an increase of 52.0% compared to the immediate preceding quarter which ended 31 March 2011. Compared with the corresponding quarter last year, this represents an overall improvement of 15.6%.
- **Growth in interest and other operating income:** The Group registered 18.9% growth in interest income due to overall growth in loans. In addition, other operating income increased by 53.8% compared to the corresponding period last year, boosted mainly by higher fees income and gains from the realisation of investments.
- **Strong capital and asset quality:** The Group's core capital and risk-weighted capital ratio (RWCR) continues to be robust at 11.3% and 15.3% compared to 11.2% and 15.5% for the corresponding period last year. The Group's gross impaired loans ratio improved to 3.0% compared to 3.8% as of 30 June 2010.

Kuala Lumpur, 16 August 2011 – Alliance Financial Group Berhad (AFG or the Group) comprising Alliance Bank Malaysia Berhad and its subsidiaries recorded profit before taxation of RM173.8 million for the first financial quarter ended 30 June 2011, an increase of 15.6% compared to the corresponding quarter last year. Compared with the immediate preceding quarter ended 31 March 2011, this represented an overall improvement of 52.0% and was the result of a higher net income, better loan recoveries and solid cost management by the Group.

Datuk Oh Chong Peng, Chairman of AFG said, "The Group remains strong and well-positioned; occupying a niche within the local Consumer and Business Banking industry segments. Moving forward, we will continue to focus on rebuilding broad revenue streams and investing in the underlying capabilities and systems required to deliver earnings and value creation across our franchise."

Mr. Sng Seow Wah, Group Chief Executive Officer, Alliance Bank Malaysia Berhad said, “We have a clear strategy and a strong team in place to drive our earnings and achieve our targets. The management continues to focus on revenue generation and prioritise productivity improvements within the operational, infrastructural, service-related and human capital aspects of our business. As we grow organically and work towards realising our Group’s long term ambitions, we will strive to exceed our customers’ service expectations.”

The Group registered an 18.9% growth in interest income due to an increase in the lending rate and growth in loans. Its gross loans and financing grew by 5.0% year-on-year. In an effort to improve liquidity, the Group also grew deposits by 21.5% since the corresponding period in June 2010. In addition, its loan deposit ratio is now at 80.0% compared to 92.6% from a year ago; whilst its Current Account Savings Account (CASA) ratio stands at 35.5% as of 30 June 2011.

The Group’s other operating income increased by 53.8% compared to the corresponding period last year boosted mainly by higher fees income and gains from the realisation of investments. The non-interest income ratio grew from 19.4% a year ago to 26.4%. The Group’s Cost-to-Income ratio stood at 46.5%, in line with the Group’s overheads increase of 15.4% due to business activities’ focused on building revenue; investing in the underlying capabilities and systems required to establish a diversified base of earnings.

The Group enjoys strong capital and asset quality. Its core capital and risk-weighted capital ratio (RWCR) continue to remain robust at 11.3% and 15.3% compared to 11.2% and 15.5% for the corresponding period last year. The Group’s gross impaired loans ratio improved to 3.0% compared to 3.8% as of 30 June 2010.

Datuk Oh added, “Economic growth in Malaysia should continue to be steady; notwithstanding uncertainties in the horizon due to economic and debt problems in Europe and the US. Bank Negara Malaysia expects the local economy to remain stable and to grow gradually during the course of the year, in tandem with the ongoing implementation of the Economic Transformation Plan. In view of this, the Group sees good things ahead provided the uncertainties that exist in the global economy do not impact the performance of Malaysia’s economy. Barring unforeseen circumstances, the Group is confident of recording a satisfactory performance in the financial year ending 31 March 2012.”

- END -



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, 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 Islamic Bank Berhad and Alliance Investment Management 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, 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.