

**ALLIANCE FINANCIAL GROUP RECORDS RM266.5 MILLION
NET PROFIT FOR THE FIRST HALF OF FY2013****Highlights of the six months' results ended 30 September 2012 (1H FY2013):**

- **Higher Revenue Growth:** Net income rose 6.1% to RM658.3million, compared to the corresponding first half of FY2012, driven by an increase in net interest, and higher non-interest income.
- **Net Profit after Tax:** The Group reported a net profit after tax of RM266.5 million, up 4.8% against the corresponding first half of FY2012 ended 30 September 2011.
- **Return on Equity ("ROE"):** ROE after tax is at 13.7%. Non-interest Income Ratio improved further to 27.2% from 25.6% a year ago.
- **Loans Growth Accelerated:** Net loans growth increased 13.6% year-on-year to RM26.1 billion driven by expansion in Consumer and Business Banking loans portfolio.
- **Improvements in Asset Quality:** Net impaired loans improved further to 1.2% from 1.5 % a year ago, with loan loss coverage at 86.4%, following the full adoption of the Malaysian Financial Reporting Standards ("MFRS") 139.
- **Improvements in Non-Interest Income Ratio:** Non-interest income ratio improved to 27.2% as at September 2012 from 25.6% a year ago.
- **Healthy Loan-to-Deposit Ratio:** Loan-to-deposit ratio increased to 82.8%, from 77.4% a year ago, due to a more efficient balance sheet management
- **Strong Capital Ratios:** The Group's risk-weighted capital ratio ("RWCR") remained strong at 15.2%, well above regulatory and Basel III requirements.

Kuala Lumpur, 20 November 2012 – Alliance Financial Group Berhad ("AFG" or "the Group"), reported a net profit after tax of RM266.5 million, an increase of 4.8% over the corresponding first half of FY2012. The Group reported RM141.9 million net profit after tax for the second quarter FY2013, which represents an increase of 13.9%, over the immediate preceding quarter ended 30 June 2012.

In announcing the results, Group Chief Executive Officer of Alliance Bank Malaysia Berhad, Sng Seow Wah said, "The Group's net profit after tax translates into a return on equity of 13.7% and earnings per share of 17.5 sen for the first six months of the financial year ending 31 March 2013."

Improved Financial Performance

"The improved performance compared to the corresponding first half of FY2012 was attributed to the growth in interest income as well as recurring non-interest income," said Sng.

For the six months ended 30 September 2012, the Group reported a net income of RM658.3 million, an increase of 6.1% compared to the corresponding period last year. Net interest income had risen by 4.5% to RM489.0 million, despite interest margins remaining under pressure and the increased competition in the industry.

"The Group's non-interest income ratio has improved further to 27.2% from 25.6% a year ago. Non-interest income had registered a stronger growth of RM17.0 million or 11.2% to RM169.3 million, driven mainly from the Group's continued focus on expanding its treasury sales, transaction banking and wealth management services," said Sng.

"The cost-to-income ratio increased marginally from 46.3% as at September 2011 to 47.9% in the first half FY2013, as the Group continues to invest in upgrading its technology capabilities. We have just recently launched the improved Alliance Online Business Banking Internet platform as well as the Enterprise Financial Management Systems, in our efforts to further enhance productivity and efficiency of our operations," remarked Sng.

Momentum in loans growth sustained

The Group's net loans, including Islamic financing, registered a 13.6% year-on-year increase to reach RM26.1 billion. The Business Banking portfolio, comprising lending to SME and corporate customers, now represents 46.0% of the total loans portfolio, with Consumer Banking making up the balance 54.0%. "Our core areas of focus, namely the purchase of residential properties and SME lending registered above 17.0% growth. We are also beginning to see some positive growth, albeit still small in hire purchase financing," explained Sng.

Asset quality continues to improve

Despite the challenging external environment, the Group achieved further improvement in asset quality with its adoption of a disciplined approach towards credit risk management and collection processes. The net impaired loans ratio has dropped significantly to 1.2%, from 1.5% as at 30 September 2011, and its loan loss coverage under MFRS 139 now stands at 86.4%. Concurrently, its gross impaired loans ratio too has dropped to 2.3% as at 30 September 2012, from 2.7% a year earlier.

The Group recorded a net write back of RM16.3 million in impairment provisions due to recoveries in respect of accounts for which provisions had been made previously.

Healthy loan-to-deposit ratio

The Group's loan-to-deposit ratio had increased to 82.8%, from 77.4% as at September 2011, in line with its effective asset liability management. Its customer deposits expanded 5.7% year-on-year to RM32.1 billion. The Group also continues to see strong growth in its CASA deposits to RM11.1 billion (+4.7%), and the CASA ratio now stands at 34.5%.

Capital levels positioned for Basel III guidelines

"The Group's risk-weighted capital ratio ("RWCR") remained strong at 15.2%, with core capital ratio at 12.1% as at end-September 2012, well above the regulatory requirements of 8.0%. The Group's capital ratios are well-positioned for BNM's Basel III Guidelines and for further expansion of the Group's business operations in the medium term," said Sng.

Looking Forward

With GDP growth projected to be between 4.0% and 5.0% for 2012, the Group believes that the demand for financing and non-interest income can be sustained. The Group will continue to focus on existing business opportunities in Consumer and Business Banking, while enhancing Treasury and Transaction Banking, and developing the Wealth Management business. It will also focus on enhancing customer experience, in particular with the newly upgraded Internet banking platforms and customer loyalty programmes.

Barring unforeseen circumstances, the Group expects to deliver a satisfactory performance for the financial year ending 31 March 2013.

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ALLIANCE FINANCIAL GROUP

About Alliance Financial Group

Alliance Financial Group, comprising Alliance Bank Malaysia Berhad, Alliance Investment Bank Berhad, Alliance Islamic Bank Berhad and Alliance Investment Management Berhad, is a dynamic, integrated financial services group offering banking and financial solutions through its consumer banking, business banking, Islamic banking, investment banking and stock broking businesses as well as unit trust and asset management businesses.

It provides easy access to its broad base of customers throughout the country 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, as well as mobile and Internet banking.

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