

ALLIANCE FINANCIAL GROUP RECORDS RM399.3 MILLION NET PROFIT FOR THE 9 MONTHS ENDED 31 DECEMBER 2012**Highlights of the nine months results ended 31 December 2012 (9M FY2013):**

- **Higher Revenue Growth:** Net income rose 5.1% to RM978.0 million, compared to the corresponding nine months 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 RM399.3 million, up 4.9% year-on-year.
- **Return on Equity ("ROE"):** ROE after tax stood at 13.6%.
- **Loans Growth Accelerated:** Above industry gross loans growth of 12.3% year-on-year, driven by expansion in Consumer and Business Banking loans portfolio.
- **Improvements in Asset Quality:** Net impaired loans ratio improved further to 1.2% from 1.4% a year ago.
- **Improvements in Non-Interest Income Ratio:** Non-interest income ratio stood at 27.2% as at December 2012.
- **Healthy Loan-to-Deposit Ratio:** Loan-to-deposit ratio rose to 86.7%, from 78.9% a year ago, to be in line with industry average.
- **Strong Capital Ratios:** The Group's risk-weighted capital ratio ("RWCR") remained strong at 14.9%, well above regulatory and Basel III requirements.

Kuala Lumpur, 19 February 2013 – Alliance Financial Group Berhad ("AFG" or "the Group"), reported a net profit after tax of RM399.3 million for the nine-month period ended 31 December 2012, an increase of 4.9% over the corresponding period. Net profit after tax for the 3rd quarter was RM132.8 million, an increase of 5.1% over the corresponding quarter.

In announcing the results, Group Chief Executive Officer of Alliance Bank Malaysia Berhad, Sng Seow Wah said, "The Group's net profit after tax for the nine months translates into an annualised return on equity of 13.6% and earnings per share of 26.2 sen.

In view of the improvement in the Group's financial performance and policy of paying up to 50% of the net profits as dividends, AFG has raised the total dividends for FY2013 to 16.6 sen per share. We paid a first interim dividend of 6.6 sen per share on 28 August 2012, and second interim dividend of 10.0 sen per share will be payable on 28 February 2013. This translates into a dividend yield of 3.9%. This is a significant improvement from the 13.3 sen dividend paid in FY2012," said Sng.

Improved Financial Performance

"The improved financial performance this year is attributed to the growth in interest income as well as recurring non-interest income, despite interest margins remaining under pressure and the increased competition in the industry," said Sng.

For the nine months ended 31 December 2012, net interest and Islamic Banking income had risen by 4.2% to RM727.9 million whilst the non-interest income increased 7.9% to RM250.1 million.

"The Group's non-interest income ratio has improved further to 27.2%, driven mainly from the Group's continued focus on expanding its Treasury sales, Transaction Banking and Wealth Management services," said Sng.

"Meanwhile, cost-to-income ratio remained at 47.8%, a level similar to last year's. This is due to the Group's continuous investment to upgrade its technology capabilities to improve productivity and increase efficiency; one such initiative is the recently-upgraded Alliance BizSmart Online Banking Internet platform," remarked Sng.

Momentum in loans growth sustained

The Group's net loans, including Islamic financing, registered a 12.3% year-on-year increase to reach RM26.7 billion. The Business Banking portfolio, comprising lending to SME and corporate customers, now represents 44.9% of the total loans portfolio, with Consumer Banking making up the balance 55.1%.

"Our core areas of focus, namely the purchase of residential and commercial properties registered a year-on-year growth of RM2.0 billion or 16.2%, whilst the SME loans portfolio expanded by 12.9%. 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. Arising from the higher recoveries of previously classified impaired loans, there was a net write back of RM29.2 million in impairment provisions, and the net impaired loans ratio too had dropped to 1.2%, from 1.4% as at 31 December 2011. The Group's loan loss coverage under MFRS 139 now stands at 83.8%.

Healthy loan-to-deposit ratio

The Group's total customer deposits stood at RM31.3 billion as at end-December 2012. Notwithstanding the intensified competition in the industry, the current-account-savings-account ("CASA") deposits had expanded by 10.2% to RM12.0 billion. Accordingly, the CASA ratio is now amongst the highest in the industry at 38.3%. The Group had also raised its loan-to-deposit ratio to 86.7%, to be in line with the industry average.

Capital levels positioned for Basel III guidelines

"The Group's risk-weighted capital ratio ("RWCR") remained strong at 14.9%, with core equity capital ratio at 11.9% as at end-December 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

Against the background of gross domestic product ("GDP") growth of between 4.5% and 5.0% in 2012, the Group expects demand for financing and non-interest income business activities to be sustained. The Group will continue to focus on existing business opportunities in Consumer and Business Banking, while enhancing Treasury, Transaction Banking and Wealth Management capabilities.

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, 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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