

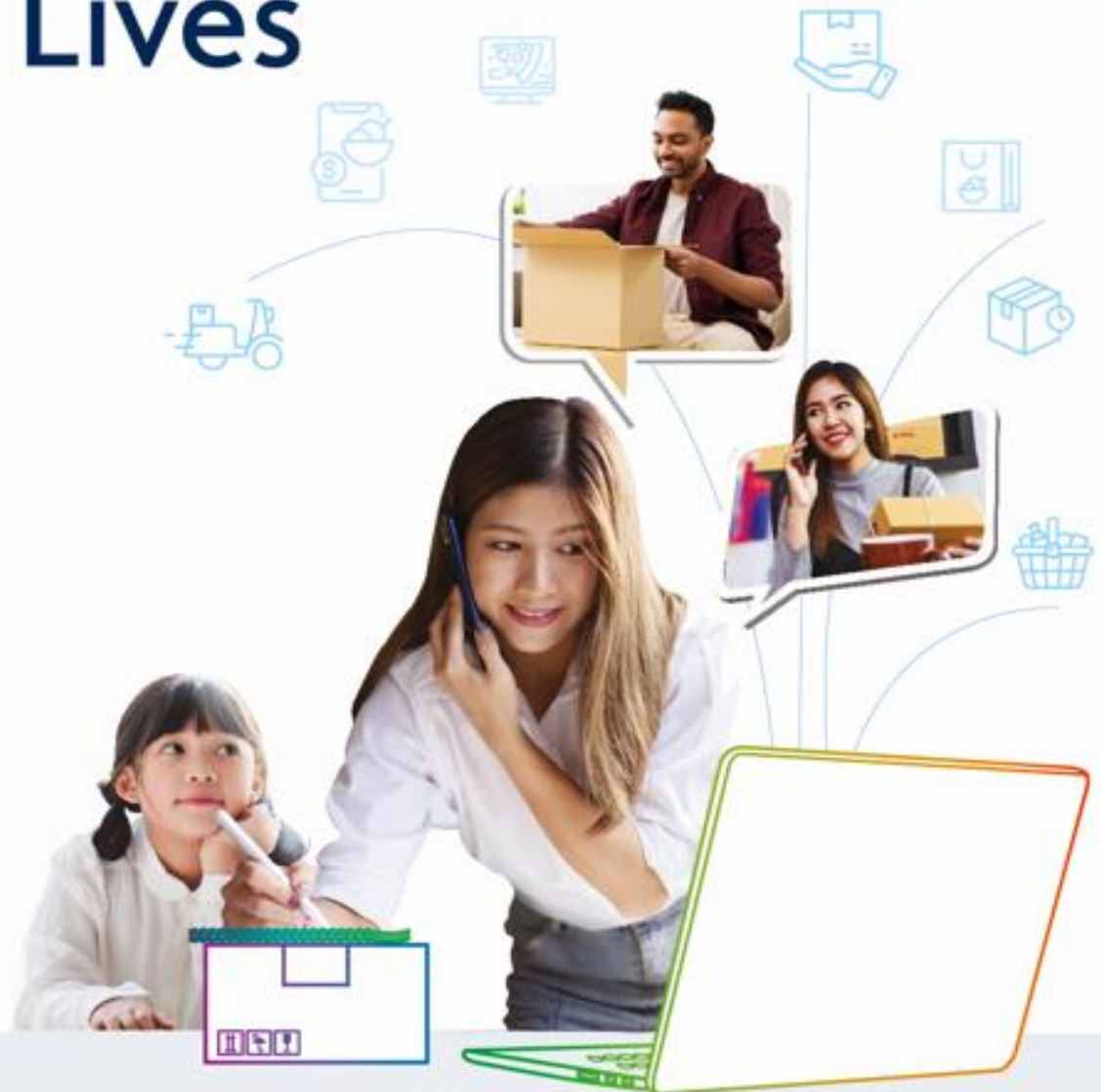


ALLIANCE BANK

# Building Alliances to Improve Lives

## Analyst Briefing FY2023

30 May 2023





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- Revenue & Profitability
- Assets & Liabilities
- Effective Risk Management

## 2 Going Forward

- FY23 Strategic Priorities
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- Key takeaways & Management Guidance

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- 4QFY23 & FY23 results
- Financial ratios

# FY23 Performance Highlights

## 1 Revenue & Profitability

- Revenue grew **2.8% y-o-y** to RM1.92 billion
- Net interest income grew **11.6% y-o-y**
  - Net interest margin improved to **2.64%**
- Client-based fee income (excluding brokerage) grew **1.0% y-o-y**
  - Wealth management (+2.3% y-o-y) & FX sales/trade fees (+16.7% y-o-y)
- Cost to Income Ratio at **45.9%**
- Net profit after tax grew **18.3% y-o-y** to RM677.8 million
- Proposed **second interim dividend of 10.0 sen**
  - FY23 total dividend: 22.0 sen (**dividend payout ratio: 50%**)

## 2 Assets & Liabilities

- Gross loans grew **6.2% y-o-y**
- Customer based funding grew **6.8% y-o-y**, with **CASA ratio at 41.9%** (one of the highest in the industry)

## 3 Effective Risk Management

- Net credit cost improved to **31.9 bps** due to:
  - one-off recovery (1QFY23) and
  - management overlays net write-back
- Liquidity and capital positions remained **strong**
  - Liquidity coverage ratio at **161.9%**
  - CET-1 ratio: **13.8%**; Total capital ratio: **18.7%** (without transitional arrangement)

# NPAT grew 18.3% y-o-y to RM677.8 million

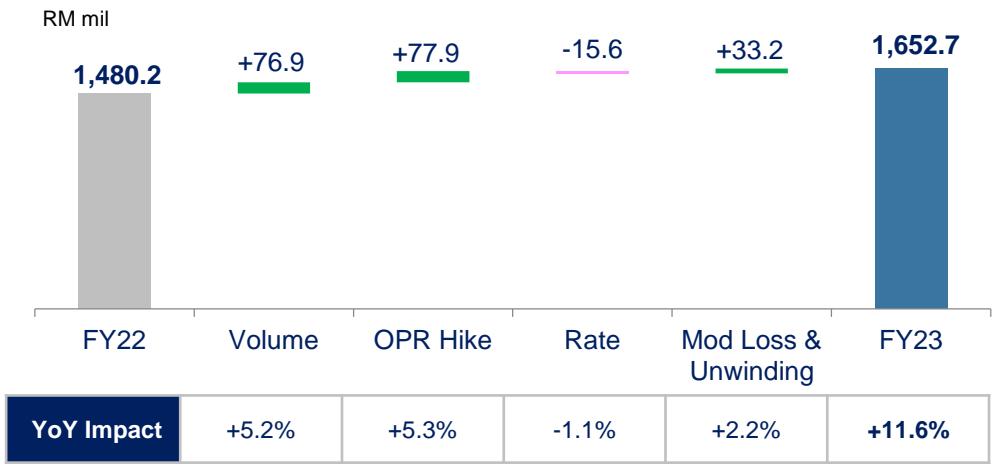
Income Statement	FY22 RM mil	FY23 RM mil	Y-o-Y Change (Better / (Worse))	
			RM mil	%
Net Interest Income	1,480.2	1,652.7	172.4	11.6%
Client-based fee income*	281.3	284.1	2.8	1.0%
<u>Non-client based fee income:</u>				
Treasury & Investment Income	86.1	(19.9)	(106.0)	(>100%)
Brokerage	20.0	2.9	(17.1)	(85.4%)
<b>Total Revenue</b>	<b>1,867.7</b>	<b>1,919.8</b>	<b>52.1</b>	<b>2.8%</b>
OPEX	822.9	881.4	(58.4)	(7.1%)
<b>Pre-Provision Operating Profit</b>	<b>1,044.7</b>	<b>1,038.4</b>	<b>(6.3)</b>	<b>(0.6%)</b>
Net Credit Cost & Impairments	217.4	151.9	65.5	30.1%
- BAU	18.6	359.5	(340.9)	(>100%)
- Management Overlays	198.8	(207.6)	406.4	>100%
<b>Pre-tax Profit</b>	<b>827.4</b>	<b>886.6</b>	<b>59.3</b>	<b>7.2%</b>
<b>Net Profit After Tax</b>	<b>572.8</b>	<b>677.8</b>	<b>105.0</b>	<b>18.3%</b>
Balance Sheet	FY22 RM mil	FY23 RM mil	RM mil	%
<b>Gross Loans</b>	<b>46,189</b>	<b>49,067</b>	<b>2,878</b>	<b>6.2%</b>
<b>Customer Deposits</b>	<b>48,186</b>	<b>50,849</b>	<b>2,663</b>	<b>5.5%</b>
<b>Customer Based Funding</b>	<b>49,118</b>	<b>52,481</b>	<b>3,363</b>	<b>6.8%</b>

\* Client-based fee income (excluding brokerage)

# Net interest income grew 11.6% y-o-y

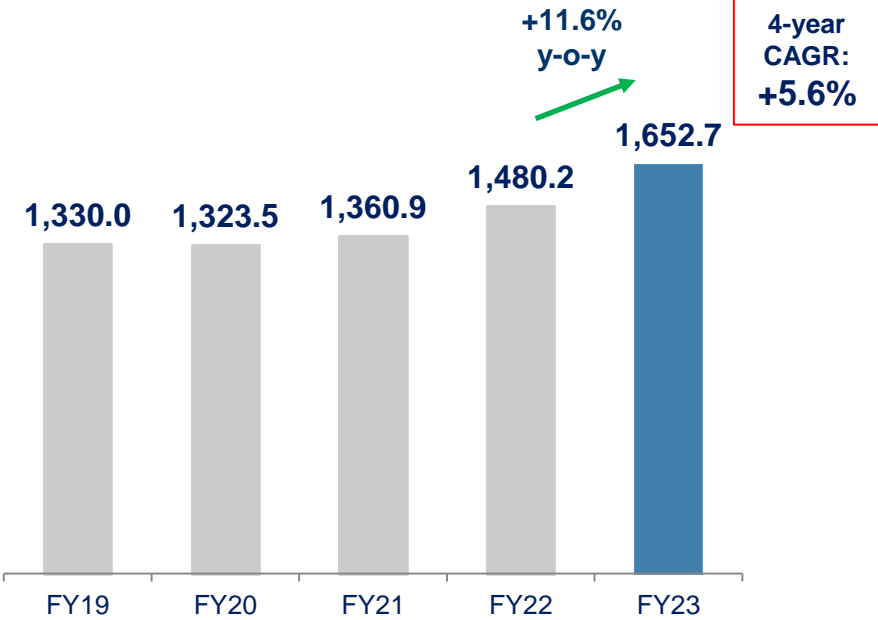
a) Net interest income grew 11.6% y-o-y, driven by higher loans volume and OPR hike impact:

Y-o-Y impact:

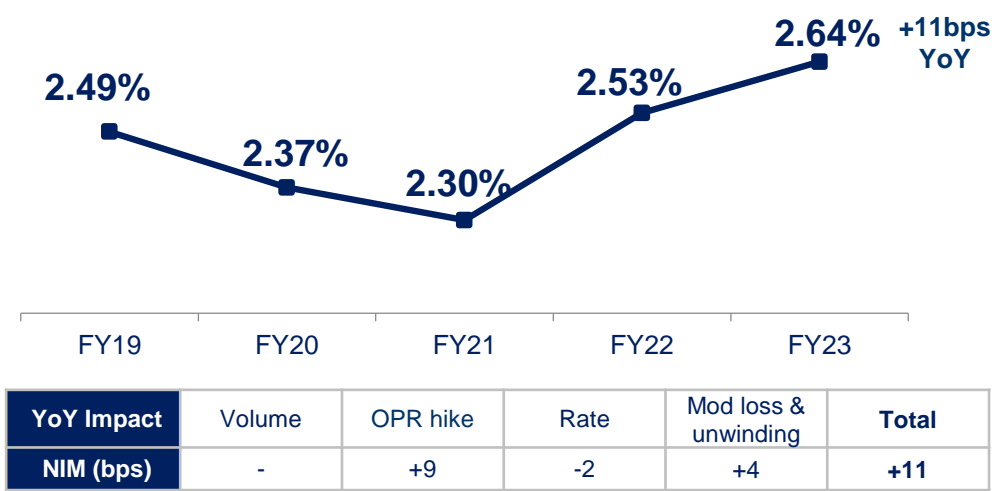


## Net Interest Income

RM mil

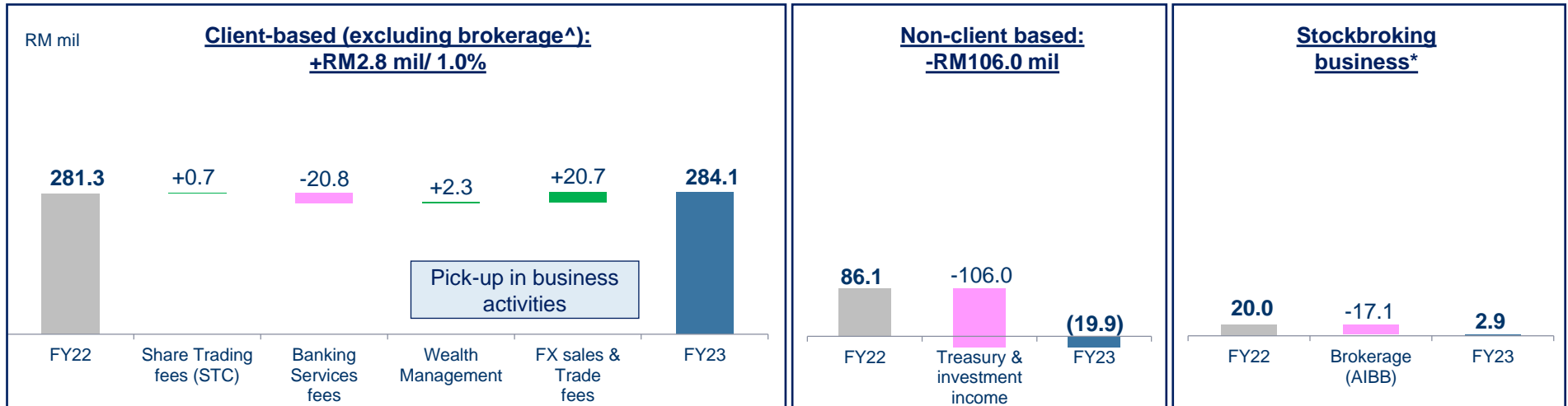


b) Net Interest Margin Trend:



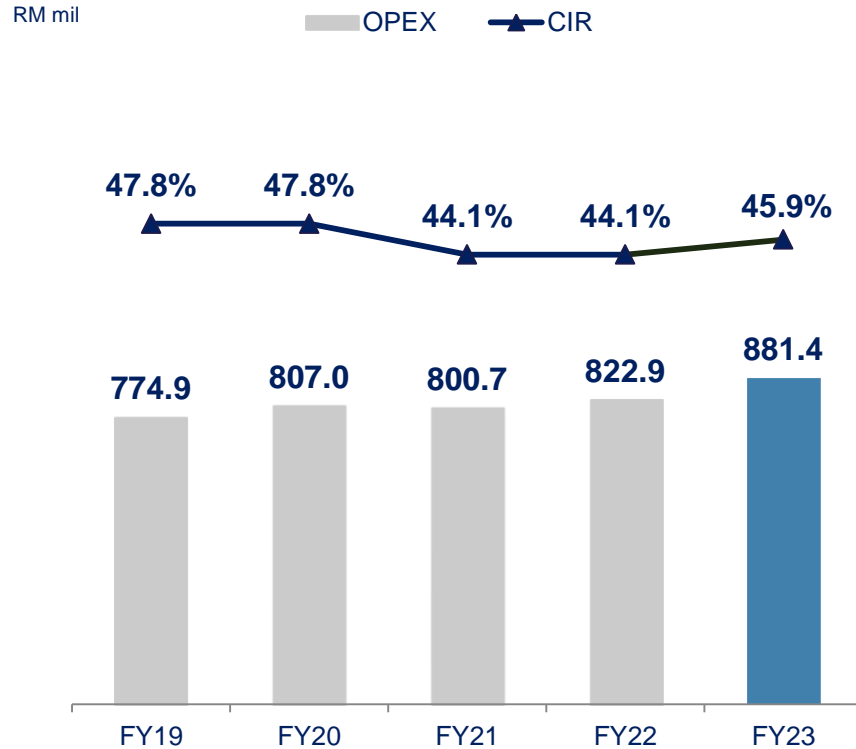
# Growth in wealth management, FX sales & trade fees

- **Client-based fee income (excluding brokerage): +1.0% y-o-y**
  - Wealth management (+2.3% y-o-y)
  - FX sales/trade fees (+16.7% y-o-y)



# Cost to Income Ratio at 45.9%

## Operating Expenses (OPEX)

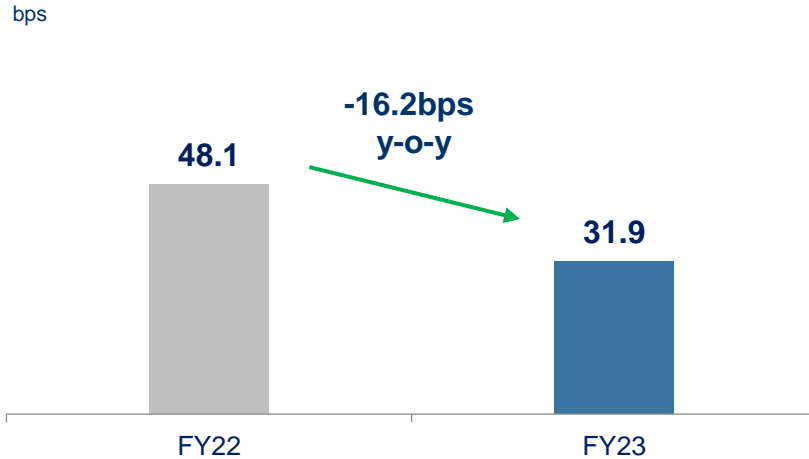


- a) Operating expenses up 7.1% y-o-y (or RM58.4 million):
- Increased sales force, risk & compliance headcount
  - IT expenses related to strategic initiatives
  - Marketing expenses for Digital SME & Consumer
  - Deposit insurance costs
  - Wage inflation
- b) Cost to income ratio: 45.9% (above guidance)



# Net credit cost improved to 31.9 bps

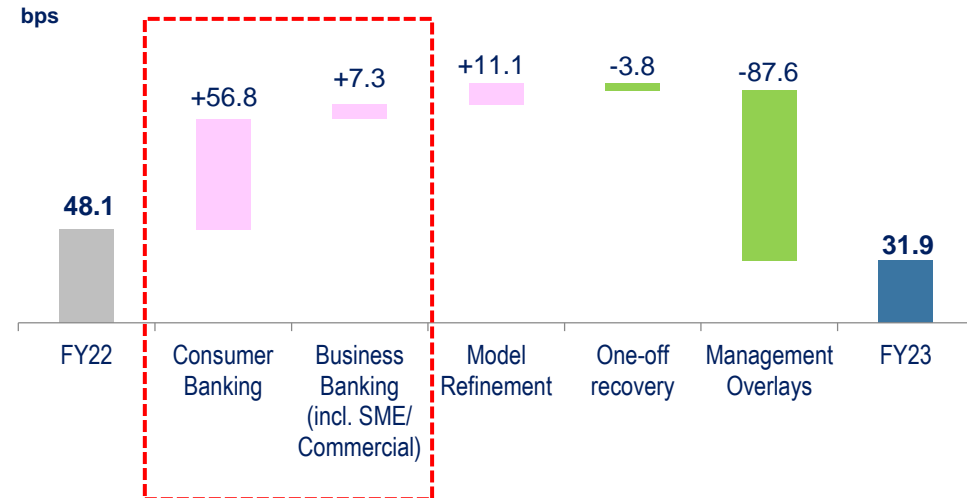
## Net Credit Cost



- a) Net credit cost at 31.9 bps [vs 48.1 bps last year] due to:
- recovery from one account (RM17.5 million)
  - net release of management overlays (RM207.6 million)

Management Overlays (RM mil)	9MFY23	4QFY23	FY23
Reversal of pandemic-related overlays	(152.6)	(101.9)	(254.5)
Credit overlays	83.2	(36.3)	46.9
Of which: Model refinement	53.1	(53.1)	-
Top-up for 1 corp. account	30.1	(30.1)	-
Additional for identified accounts	-	46.9	46.9
<b>Net movement</b>	<b>(69.4)</b>	<b>(138.2)</b>	<b>(207.6)</b>

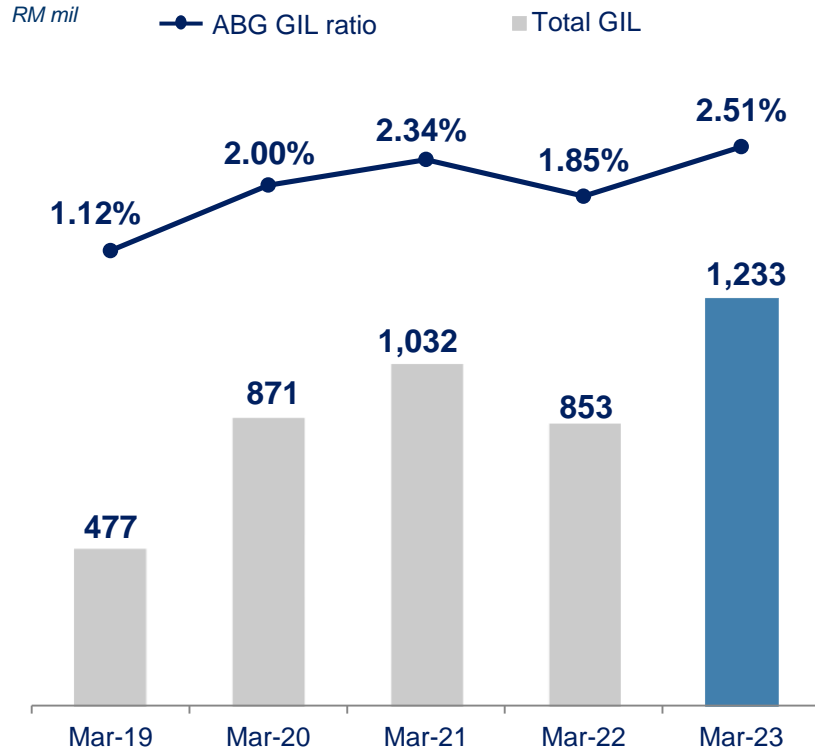
- b) BAU net credit cost: +64.1 bps y-o-y



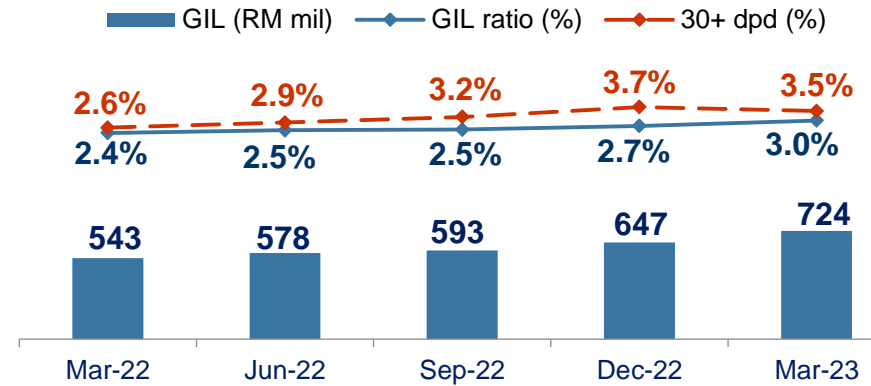


# Gross impaired loans (GIL) ratio at 2.51%

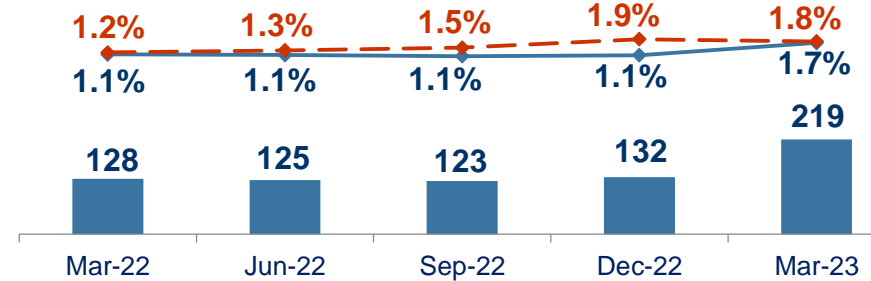
## Gross Impaired Loans (GIL)



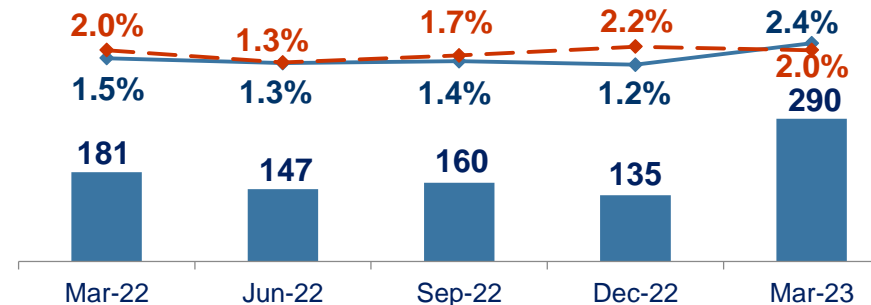
## Consumer



## SME

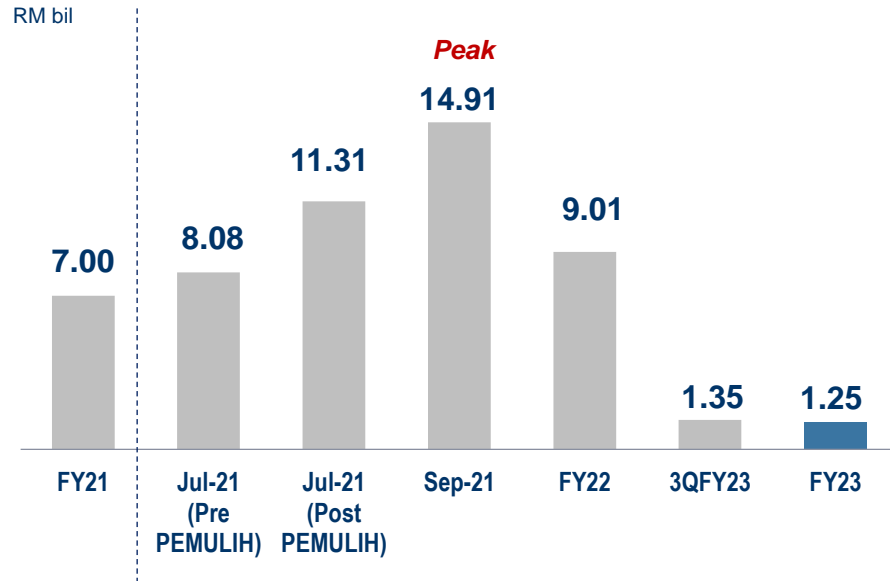


## Commercial & Corporate

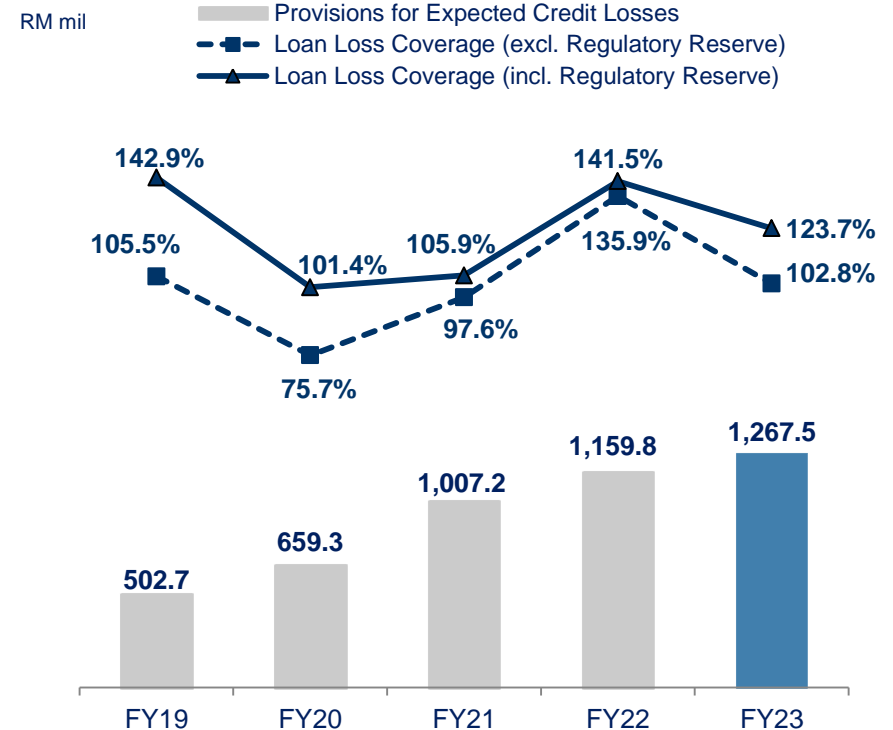


# Loans under relief reducing to 2.50%

## Loans under relief



## Loan Loss Coverage



- a) Loans under relief : 2.5% of loan book
- b) Remaining loans under relief breakdown:

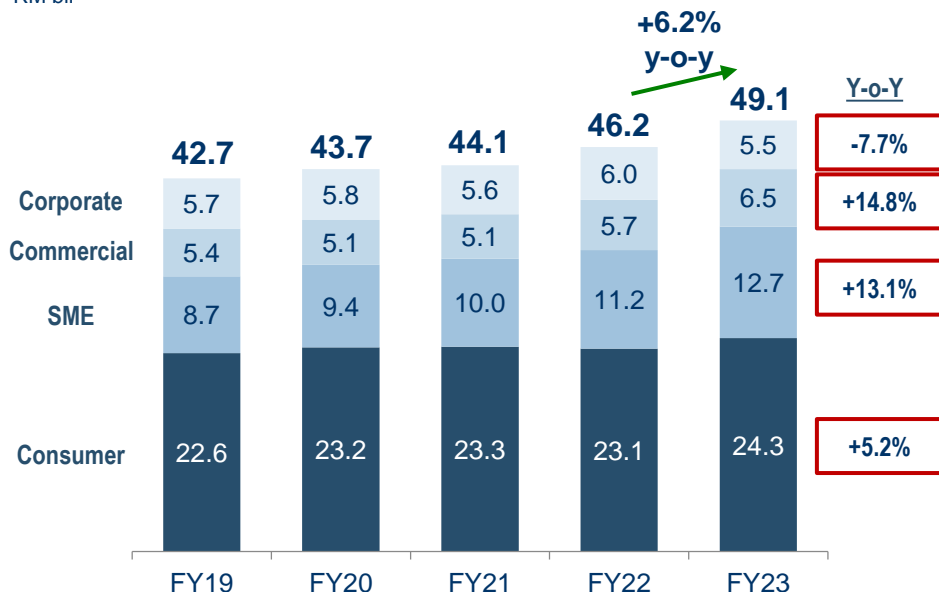
Current (RM'mil)	Consumer	SME	Commercial & Corporate	Group
PRA	868	-	-	868
Mora	-	-	-	-
Graduated (under observation)	-	183	194	378
<b>Loans Under Relief</b>	<b>868</b>	<b>183</b>	<b>194</b>	<b>1,246</b>
Mix %	70%	14%	16%	100%
Q-o-Q Δ	-41	-23	-43	-107



# Funding and loans grew year-on-year

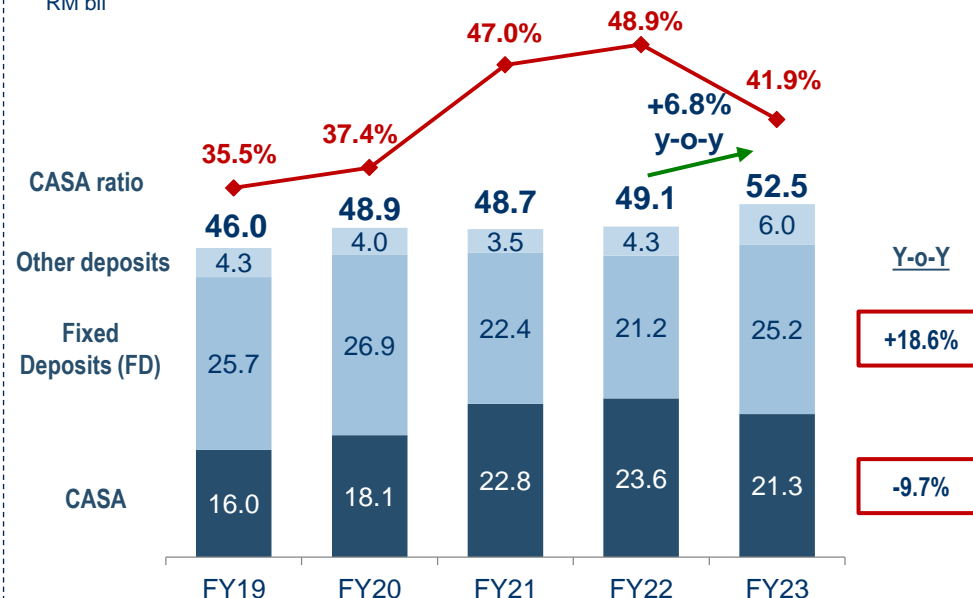
## Gross Loans

RM bil



## Customer Based Funding

RM bil



### a) Loans growth: **+6.2% y-o-y**

- SME: +13.1% y-o-y (mainly Term Loans)
- Commercial: +14.8% y-o-y
- Corporate: -7.7% y-o-y
- Consumer Banking: +5.2% or +RM1.2 bil y-o-y
  - Personal Financing: +18.6% y-o-y
  - Mortgage: +3.4% y-o-y

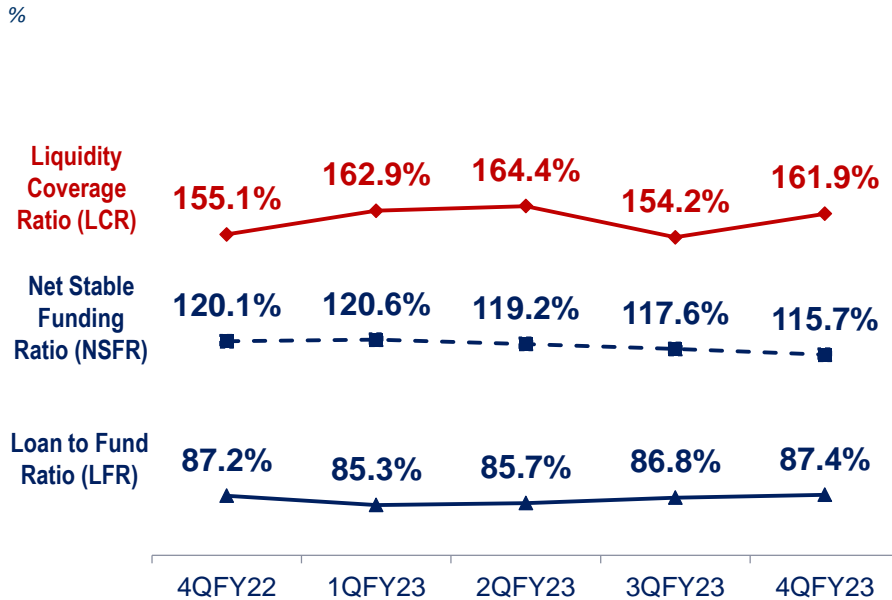
### a) Customer based funding: **+6.8% y-o-y**

- b) CASA declined 9.7% (or RM2.3 bil) y-o-y mainly due to shift to FD:
  - Alliance SavePlus: -31.4% y-o-y
- c) CASA ratio at 41.9% (remaining one of the highest in the industry)



# Liquidity and capital position remain strong

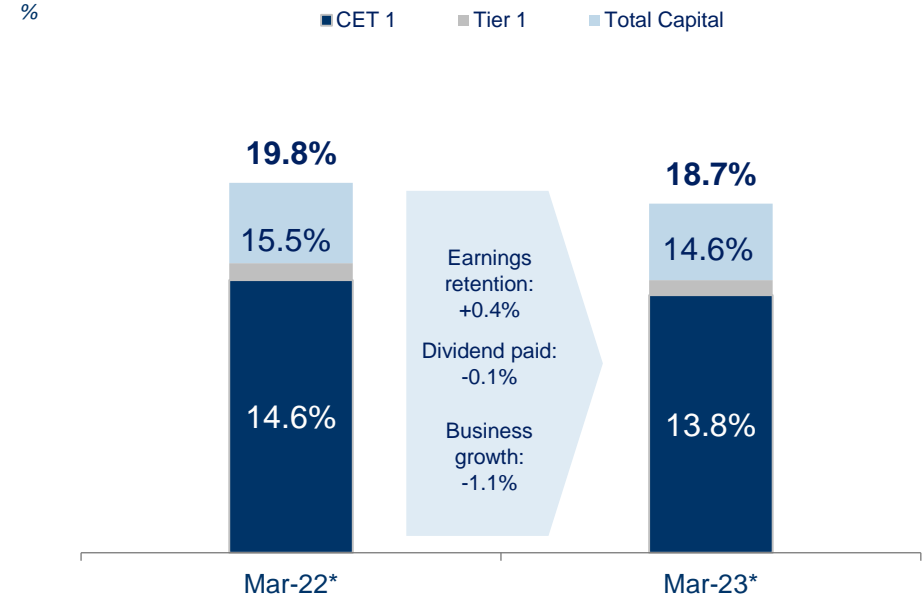
## Liquidity: LCR, LFR



- a) Liquidity ratios remaining strong
  - LCR: 161.9% (vs industry\*: 157.4%)
  - LFR: 87.4% (vs industry\*: 81.9%)
- b) Net stable funding ratio (NSFR): 115.7%

\* BNM Monthly Statistical Bulletin Mar 2023

## Capital Position

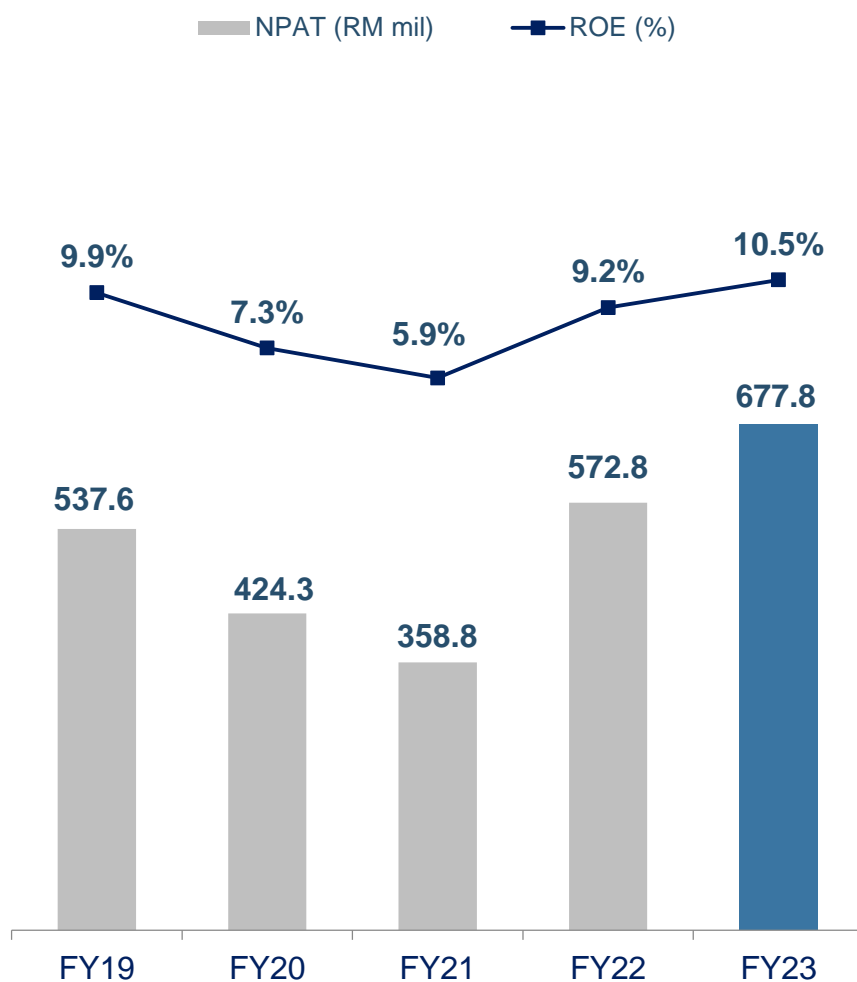


- a) Strong capital position (without transitional arrangement)
- b) Stable capital levels will continue to support future business expansion

\* Capital ratios without transitional arrangement  
[with transitional arrangement: CET 1 ratio: 14.5%, Tier 1 ratio: 15.3% & Total Capital ratio: 19.4%].

## NPAT grew 18.3% y-o-y ; ROE at 10.5%

### Net profit After Tax & ROE

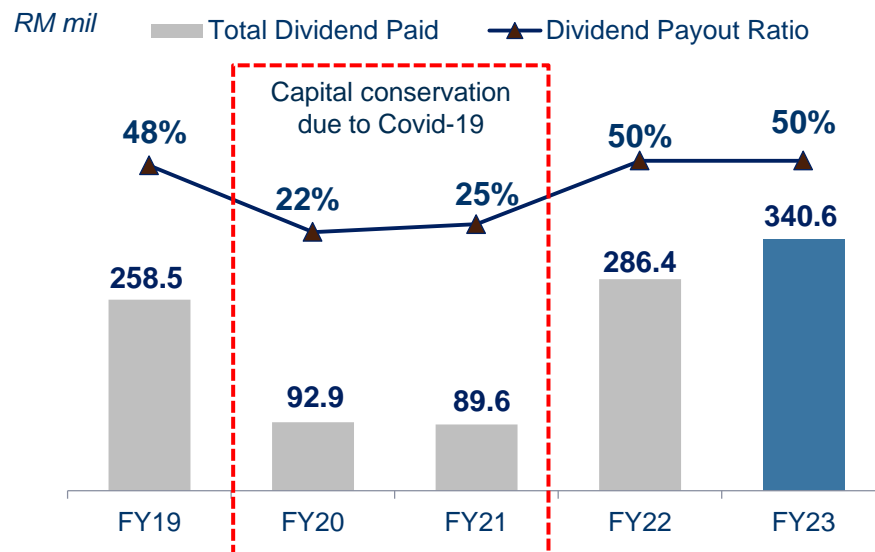


a) Net profit after tax: +18.3% y-o-y to **RM677.8 million**

b) ROE improved to **10.5%**

# FY23 dividend payout at 50%

## Dividend and Payout Ratio

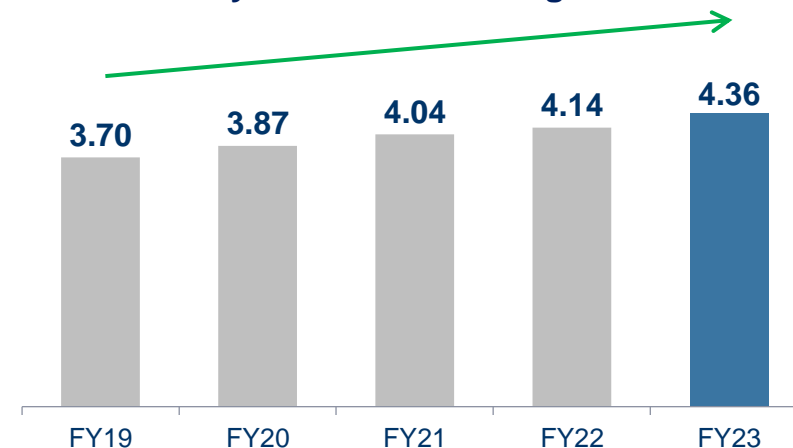


- a) Declared 1<sup>st</sup> interim dividend: 12 sen
- b) Proposed 2<sup>nd</sup> interim dividend: 10 sen  
(Total dividend: 22.0 sen vs 18.5 sen in FY22)

## Net Assets per Share

RM

4-year CAGR: +4.2% growth



- a) Net asset per share grew steadily to RM4.36 (4-year CAGR: +4.2%)

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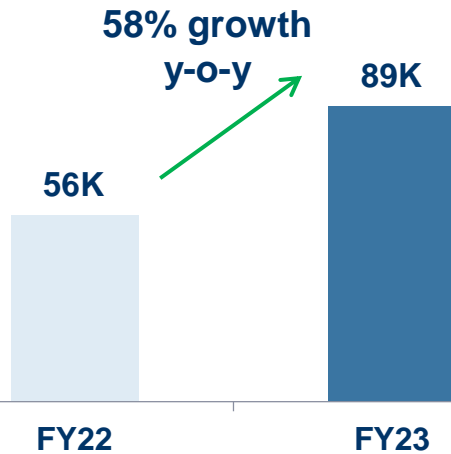
# FY23 Strategic Priorities

## FY23 Achievements

1

### Acquire more customers

#### Number of New-to-Bank customers



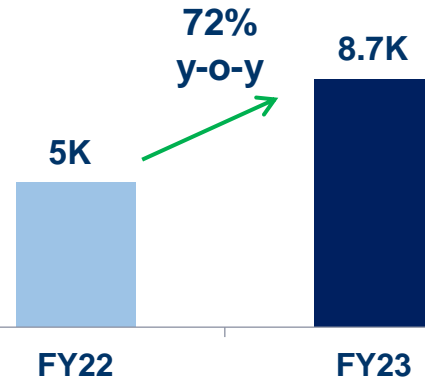
- Strong New-to-bank customers acquisition:
  - ✓ 58% growth y-o-y to 89k mainly driven by consumer banking digital acquisition

**Achieved Target**

2

### Deepen customer engagement

#### Number of new dual-relationship business owners (#)



- Continued strong momentum for dual relationship business owners acquisition:
  - ✓ 72% y-o-y to ~9k new business owners

**~Achieved Target**

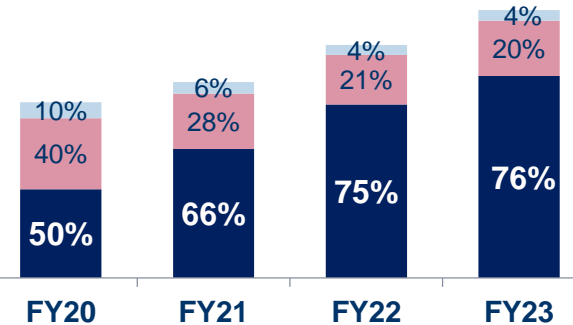
3

### Gain efficiencies

#### Customer digital adoption

Account Transactions by Channel  
(Average/Month)

■ Digital / Remote ■ SST ■ OTC



- Digital transaction portion improved to 76% even when total transaction grew by 17% y-o-y
  - ✓ Digital channels transactions: +19% y-o-y

**Achieved Target**

# Sustainability



## Significant progress made towards realizing Sustainability Topline Goals

<u>FY2025 Topline Goals</u>	<u>FY2023 Achievements</u>	<u>What's Next for FY2024</u>
<b>1</b> Grow RM10.0 billion in new sustainable banking business	<ul style="list-style-type: none"> <li>Achieved <b>RM6.7 billion</b> in new sustainable business (<i>cumulative RM8.1 billion</i>)</li> <li><b>Ongoing Key Initiatives:</b> <ul style="list-style-type: none"> <li>Low Carbon Transition Facility for SMEs</li> <li>#financing4ESG program in collaboration with Bursa</li> <li>Solar panel financing campaign</li> <li>Sustainable mortgage financing packages for green-certified development projects</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Target <b>RM3.65 billion</b> in new sustainable business</li> <li>Roll out <b>new sustainable product offerings and solutions</b></li> </ul>
<b>2</b> Help customers adopt sustainable lifestyles and business practices	<ul style="list-style-type: none"> <li>Reduced C5% of portfolio to <b>34.5%</b></li> <li>Officiated as a <b>United Nations Global Compact (UNGC) member</b> in September 2022</li> <li><b>Key Initiatives rolled out:</b> <ul style="list-style-type: none"> <li>Advisory and financing through Sustainability Assistance Program</li> <li>Inaugural thought leadership publication of ESG Survey Report on SMEs' ESG adoption</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reduce <b>customers under C5 category to &lt;45%</b></li> <li>Expand <b>sustainability advisory and offerings</b> to customers</li> </ul>
<b>3</b> Reduce the Bank's greenhouse gas (GHG) emissions footprint	<ul style="list-style-type: none"> <li>Announced <b>20% reduction target by FY2027</b> against FY2020 baseline in <b>Scope 1 &amp; Scope 2 GHG emissions</b></li> <li>Aligned disclosures in Annual Report to <b>Task Force on Climate-related Financial Disclosures (TCFD) recommendations</b></li> <li>Launched a bank wide <b>sustainability e-Learning</b> for staff</li> <li>Established an internal <b>ESG Due Diligence Checklist</b> for suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Reduce <b>~9.6% in Scope 1 &amp; Scope 2 GHG emissions</b></li> <li>Enhance <b>climate risk management</b></li> <li>Increase <b>employee sustainability engagement &amp; capacity building</b></li> </ul>

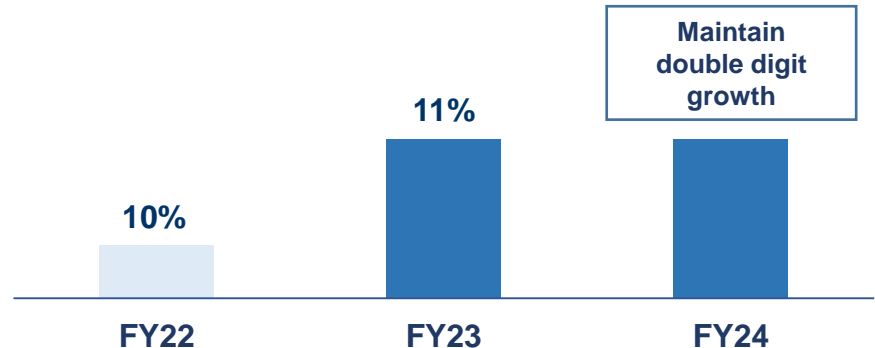


# ACCELER8 2027: FY24 Key Success Metrics (1/2)

1

## Continue velocity on SME expansion strategy

SME\* Loan Growth

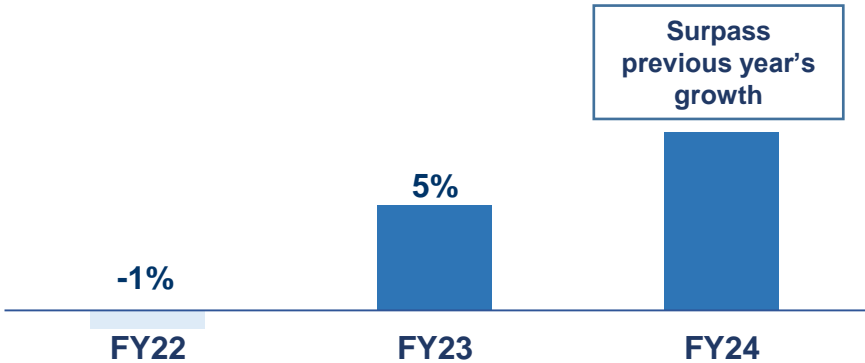


\*Based on BNM SME Definition

3

## Broaden consumer business, targeting attractive segments

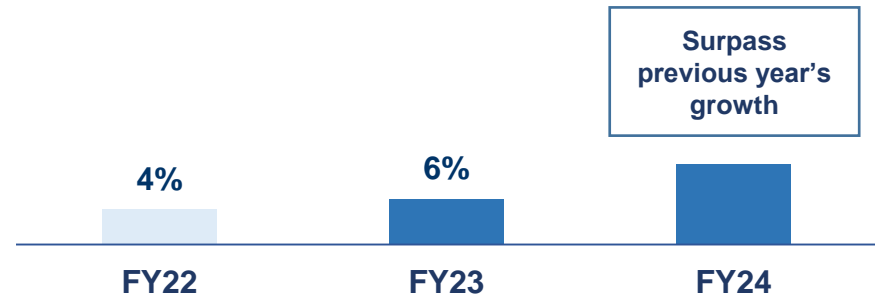
Consumer Loan Growth %



2

## Support our business customers through their life cycle

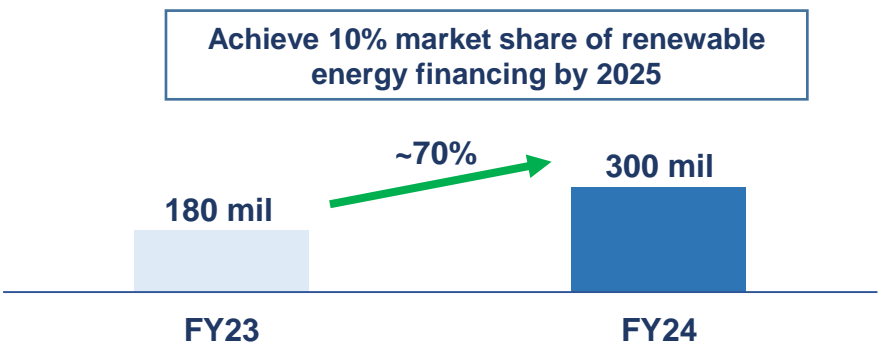
Business Banking Client Fee Income Growth



4

## Target resilient ecosystems across their value chain

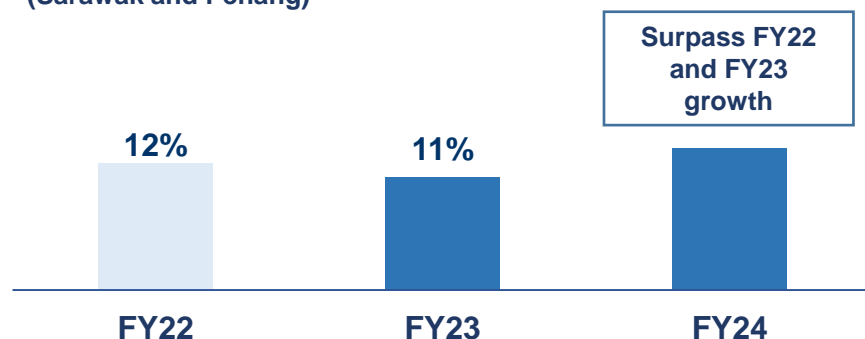
Sustainability Assistant Program (SAP)



# ACCELER8 2027: FY24 Key Success Metrics (2/2)

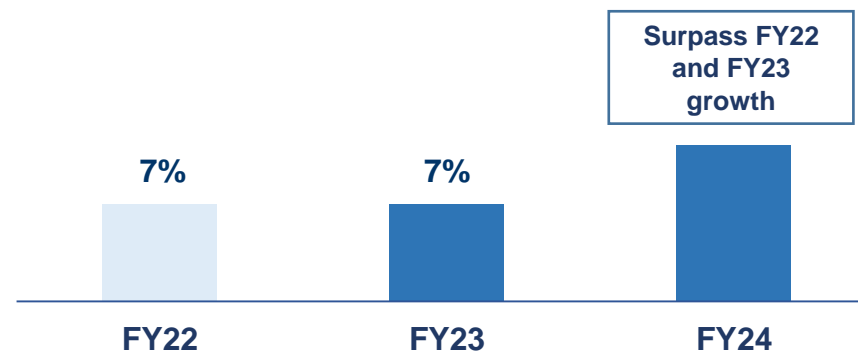
## 5 Become regional champion for selected economic corridors

Regional Loans  
(Sarawak and Penang)



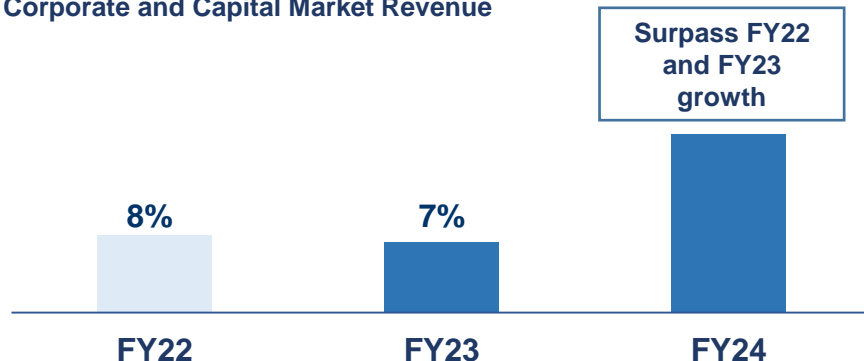
## 7 Accelerate Islamic business, leveraging unique propositions

AIS Financing



## 6 Drive synergies & value creation in our corporate & capital market business

Corporate and Capital Market Revenue



## 8 Leverage partnerships to scale product offering, distribution and drive value

Develop 2-3 key strategic partnerships in FY24

Discussion in progress with a key partner on offering banking services to their client base via digital and servicing their supplier network



## Key Takeaways for FY23

### ▪ Business growth:

- **Loans growth** momentum (6.2% y-o-y) mainly driven by SME and Commercial, with also strong pick up in Consumer.

### ▪ Profitability:

- **NPAT** grew 18.3% y-o-y to **RM677.8 million**, with a **ROE of 10.5%**.
- We continue to reward our shareholders with **total FY23 dividend of 22.0 sen per share**.

### ▪ Balance sheet items:

- **Gross impaired loans increase** (GILs) – one corporate account primarily, BAU increase within expectation.
- **Loans under relief** continue declining.

### ▪ ACCELER8 2027 Strategy:

- **FY24 key success metrics** for 8 pillars.
- **Key updates:**
  1. **Visa Virtual Credit Card (VCC)** – Malaysia's first
  2. **Credit transformation:** Retail Loan Origination System (RLOS)
  3. Collaboration with **Bursa Malaysia & Mah Sing Group**
- Launched **ESG Survey Report**

	FY23 Guidance	FY23 Actual
Gross Loans	4% - 5%	6.2%
Net Interest Margin	between 2.55 - 2.60%	2.64%
Cost to Income	< 45%	45.9%
Net Credit Cost	35 - 40bps	31.9bps
ROE	> 10%	10.5%



## Key Outlook for the Year

### ▪ Economic outlook:

- GDP expected to moderate between 4% to 5%.
- Monetary policy stance remains supportive of economic growth.

### ▪ Business growth:

- **Loans growth** opportunity is expected to continue to be robust;
- Focus on driving fee and treasury income growth.

- **Net Interest Margin (NIM)** expected to compress given the rising cost of funds.

- **Operating Expenses (OPEX)** expected to increase with our investment in people and technology, as we continue to build revenue growth momentum;

- Notwithstanding the increase in investments expected, aim to maintain **ROE** at 10.5%.

	FY23 Actual	FY24 Guidance
<b>Gross Loans</b>	6.2%	8% - 10%
<b>Net Interest Margin</b>	2.64%	between 2.50 - 2.55%
<b>Cost to Income</b>	45.9%	< 48%
<b>Net Credit Cost</b>	31.9bps	30 - 35bps
<b>ROE</b>	10.5%	~ 10.5%



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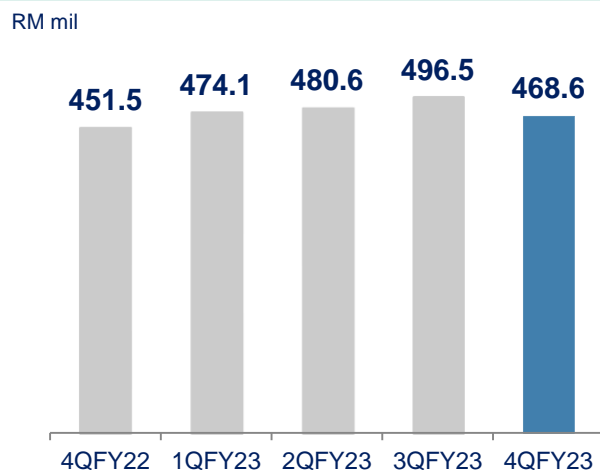
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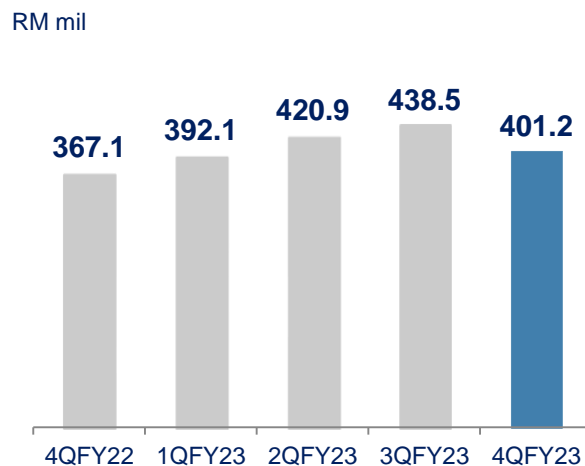
- 4QFY23 & FY23 results
- Financial ratios

# 4QFY23 NPAT grew 26.3% y-o-y to RM130.2 million

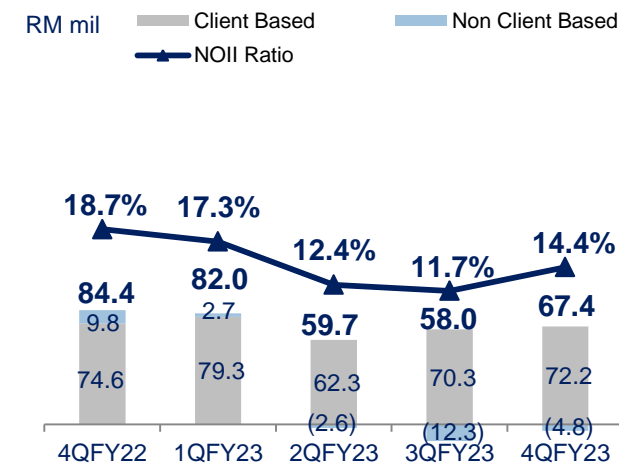
## Revenue



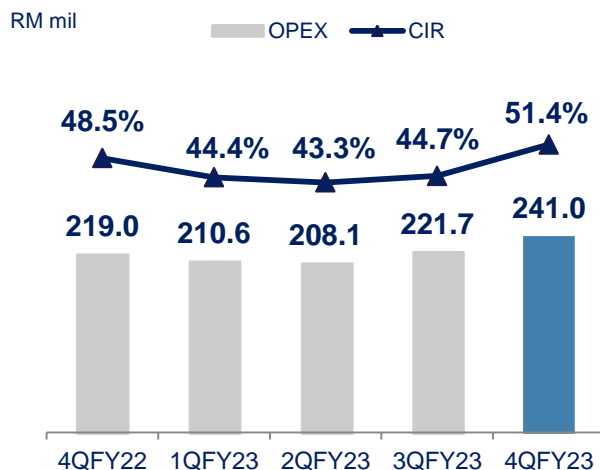
## Net Interest Income & Islamic Net Financing Income



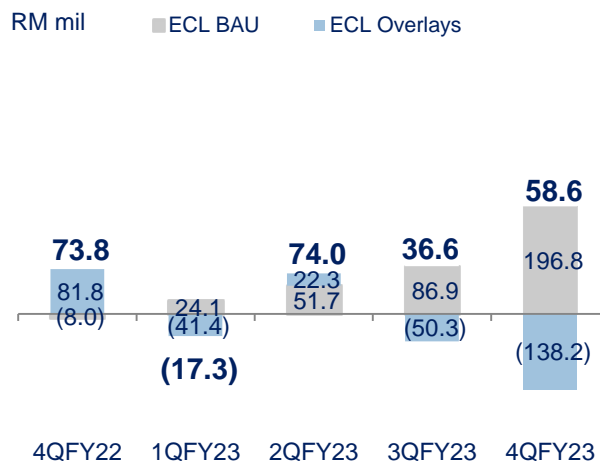
## Non Interest Income & NOII Ratio



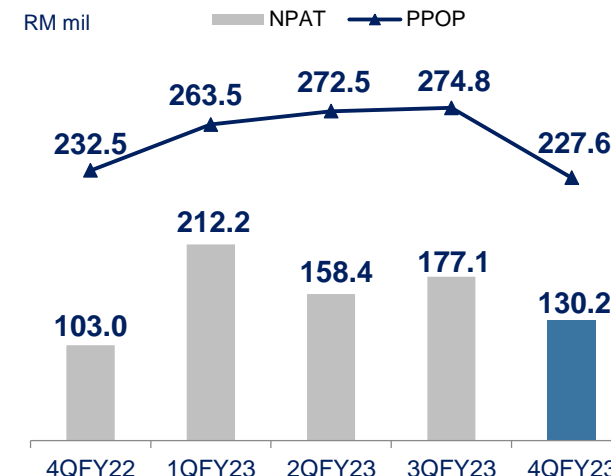
## Operating Expenses & CIR Ratio



## Expected Credit Losses ("ECL")



## Pre-Provision Operating Profit & Net Profit



Note: Revenue and non interest income includes Islamic banking income





Income Statement	3QFY23 RM mil	4QFY23 RM mil	Q-o-Q Change Better / (Worse)	
			RM mil	%
Net Interest Income	327.8	302.7	(37.3)	(8.5%)
Islamic Net Financing Income	110.7	98.4		
Islamic Non-Financing Income	11.0	8.4	9.4	16.2%
Non-Interest Income	47.1	59.0		
<b>Net Income*</b>	<b>496.5</b>	<b>468.6</b>	<b>(27.9)</b>	<b>(5.6%)</b>
OPEX	221.7	241.0	(19.3)	(8.7%)
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>274.8</b>	<b>227.6</b>	<b>(47.2)</b>	<b>(17.2%)</b>
Net Credit Cost	36.8	58.5	(21.7)	(59.0%)
- BAU	87.1	196.7	(109.6)	(>100%)
- Management Overlays	(50.3)	(138.2)	87.9	>100%
Expected Credit Losses on Financial Investments	(0.2)	0.1	(0.3)	(>100%)
<b>Pre-tax Profit</b>	<b>238.2</b>	<b>169.0</b>	<b>(69.2)</b>	<b>(29.0%)</b>
<b>Net Profit After Tax</b>	<b>177.1</b>	<b>130.2</b>	<b>(46.9)</b>	<b>(26.5%)</b>

- **Revenue** reduced by 5.6% q-o-q:
  - Net interest income: -RM37.3mil or -8.5% q-o-q mainly due to higher funding cost from customer deposits.
  - Non-interest income: +RM9.4mil q-o-q:
    - ✓ Higher treasury & investment income (+RM7.5mil)
    - ✓ Higher client based fee income (+RM1.9mil)
- Higher **operating expenses** by RM19.3mil, an increased from all line of expenses.
- **Pre-provision Operating Profit (PPOP)** reduced 17.2% q-o-q to RM227.6mil.
- **Net credit cost** recorded a net charge of RM58.5mil (or 11.9 bps) mainly due to the normalisation of ECL BAU, offset by reversal of ECL overlays.
- **Net profit after tax** reduced by 26.5% q-o-q mainly due to lower revenue, higher operating expenses and higher net credit cost.

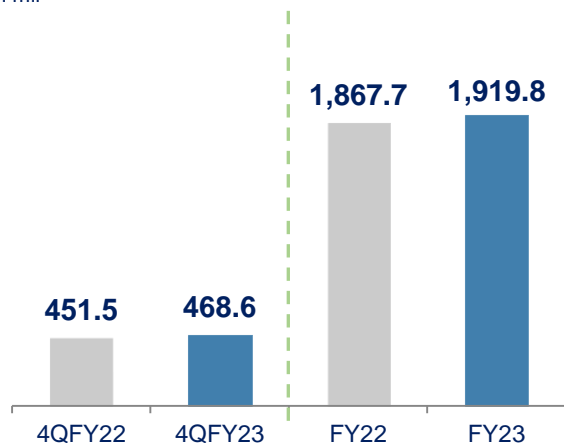
Notes:

\* Revenue, net interest income and non interest income includes Islamic banking income

# FY23 NPAT grew 18.3% y-o-y to RM677.8 million

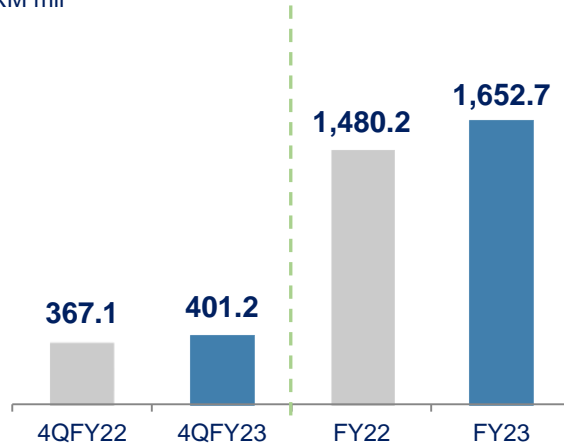
## Revenue

RM mil



## Net Interest Income & Islamic Net Financing Income

RM mil



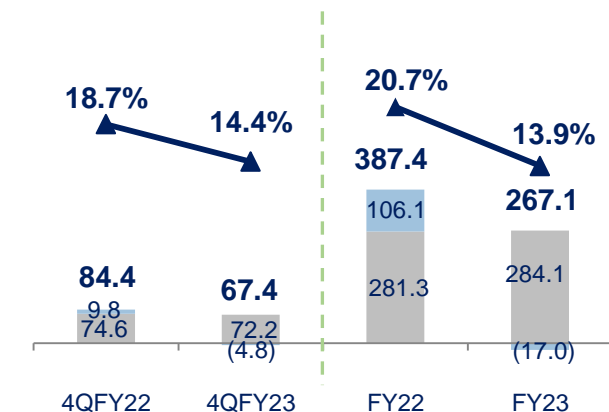
## Non Interest Income & NOII Ratio

RM mil

Client Based

Non Client Based

NOII Ratio

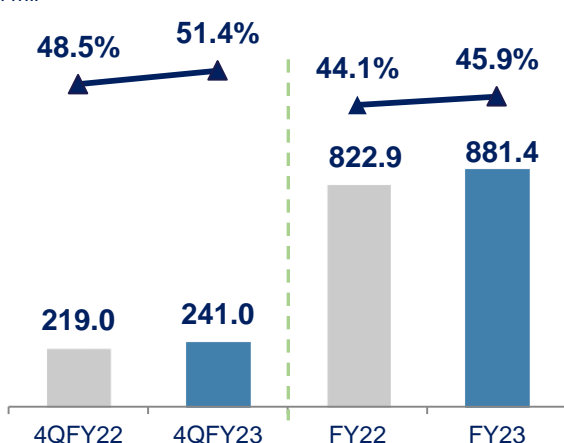


## Operating Expenses & CIR Ratio

RM mil

OPEX

CIR

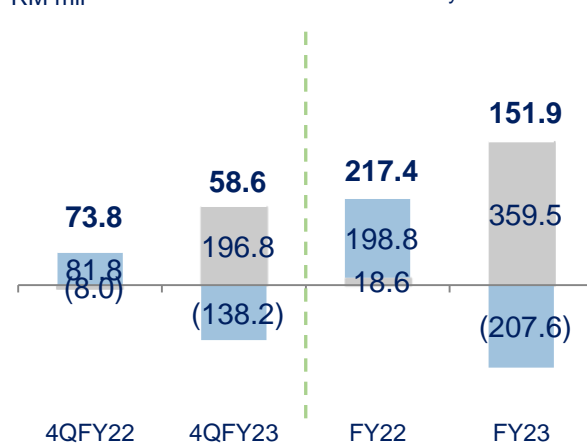


## Expected Credit Losses ("ECL")

RM mil

ECL BAU

ECL Overlays

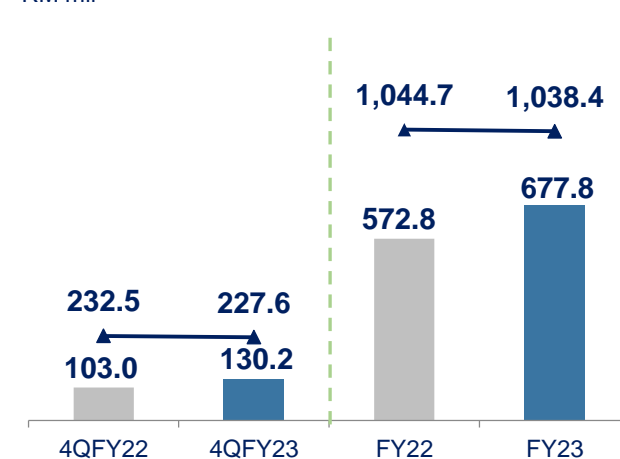


## Pre-Provision Operating Profit & Net Profit

RM mil

NPAT

PPOP



Note: Revenue and non interest income includes Islamic banking income



Income Statement	4QFY22 RM mil	4QFY23 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	276.1	302.7	34.1	9.3%
Islamic Net Financing Income	91.0	98.4		
Islamic Non-Financing Income	4.4	8.4	(17.0)	(20.1%)
Non-Interest Income	80.0	59.0		
<b>Net Income*</b>	<b>451.5</b>	<b>468.6</b>	<b>17.1</b>	<b>3.8%</b>
OPEX	219.0	241.0	(21.9)	(10.0%)
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>232.5</b>	<b>227.6</b>	<b>(4.9)</b>	<b>(2.1%)</b>
Net Credit Cost	73.2	58.5	14.7	20.1%
- BAU	(8.6)	196.7	(205.3)	(>100%)
- Management Overlays	81.8	(138.2)	220.0	>100%
Expected Credit Losses on Financial Investments	0.5	0.1	0.4	83.6%
<b>Pre-tax Profit</b>	<b>158.7</b>	<b>169.0</b>	<b>10.3</b>	<b>6.5%</b>
<b>Net Profit After Tax</b>	<b>103.0</b>	<b>130.2</b>	<b>27.1</b>	<b>26.3%</b>

▪ **Revenue** grew by 3.8% y-o-y:

- Net interest income: +RM34.1mil or 9.3%, driven by higher loans volume and OPR hikes.
- Non-interest income: -RM17.0mil y-o-y:
  - ✓ Lower treasury & investment income (-RM10.2mil)
  - ✓ Lower brokerage (-RM4.4mil)
  - ✓ Lower client based fee income (-RM2.4mil)

▪ **Operating expenses** higher by RM21.9mil, an increased from all line of expenses.

▪ **Pre-provision Operating Profit (PPOP)** reduced by 2.1% y-o-y to RM227.6mil.

▪ **Net credit cost** recorded a net charge of RM58.5mil (or 11.9 bps) mainly due to the normalisation of ECL BAU, offset by reversal of ECL overlays.

▪ **Net profit after tax** grew by 26.3% y-o-y mainly driven by revenue growth, lower net credit cost and lower tax expense.

Notes:

\* Revenue, net interest income and non interest income includes Islamic banking income



Income Statement	FY22 RM mil	FY23 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	1,121.6	1,230.1	172.4	11.6%
Islamic Net Financing Income	358.6	422.6		
Islamic Non-Financing Income	38.9	30.2	(120.3)	(31.1%)
Non-Interest Income	348.5	236.9		
<b>Net Income*</b>	<b>1,867.7</b>	<b>1,919.8</b>	<b>52.1</b>	<b>2.8%</b>
OPEX	822.9	881.4	(58.4)	(7.1%)
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>1,044.7</b>	<b>1,038.4</b>	<b>(6.3)</b>	<b>(0.6%)</b>
Net Credit Cost	217.2	152.3	64.9	29.9%
- BAU	18.4	360.0	(341.5)	(>100%)
- Management Overlays	198.8	(207.6)	406.4	>100%
Expected Credit Losses on Financial Investments	0.2	(0.5)	0.6	>100%
<b>Pre-tax Profit</b>	<b>827.4</b>	<b>886.6</b>	<b>59.3</b>	<b>7.2%</b>
<b>Net Profit After Tax</b>	<b>572.8</b>	<b>677.8</b>	<b>105.0</b>	<b>18.3%</b>

▪ **Revenue** grew by 2.8% y-o-y:

- Net interest income: +RM172.4mil or 11.6%, driven by higher loans volume and OPR hikes.
- Non-interest income: -RM120.3mil y-o-y:
  - ✓ Lower treasury & investment income (-RM106.0mil)
  - ✓ Lower brokerage (-RM17.1mil), offset by
  - ✓ Higher client based fee income (+RM2.8mil)

▪ Higher **operating expenses** by RM58.4mil, mainly from higher personnel expenses, IT expenses and marketing expenses.

▪ **Pre-provision Operating Profit (PPOP)** declined by 0.6% y-o-y to RM1,038.4mil.

▪ **Net credit cost** recorded a net charge of RM151.9mil (or 31.9 bps) mainly due to the normalisation of ECL BAU, offset by reversal of ECL overlays.

▪ **Net profit after tax** grew by 18.3% y-o-y mainly driven by revenue growth, lower net credit cost and lower tax expense.

Notes:

\* Revenue, net interest income and non interest income includes Islamic banking income



Balance Sheet	Dec 22 RM bil	Mar 23 RM bil	Q-o-Q Change	
			RM bil	%
Total Assets	65.1	66.3	1.2	1.9%
Treasury Assets*	11.8	12.4	0.5	4.6%
Net Loans	46.3	47.9	1.7	3.6%
Customer Deposits	49.0	50.8	1.8	3.8%
Customer Based Funding <sup>+</sup>	50.9	52.5	1.5	3.0%
CASA Deposits	22.5	21.3	(1.2)	(5.1%)
<b>Shareholders' Funds</b>	<b>6.6</b>	<b>6.7</b>	<b>0.2</b>	<b>3.0%</b>
Net Loans Growth (y-o-y)	6.3%	6.2%		
CASA Deposits Growth (y-o-y)	(3.4%)	(9.7%)		
Customer Based Funding <sup>+</sup> Growth (y-o-y)	7.9%	6.8%		

- **Net loans** grew by 3.6% q-o-q:
  - **SME loans:** +5.9% q-o-q mainly from Term Loans
  - **Commercial loans:** +5.4% q-o-q
  - **Consumer loans:** +1.7% q-o-q mainly from Classic Mortgage and Personal Loans/Financing
  - **Corporate loans:** +6.7% q-o-q mainly due to higher drawdown from several accounts
- **Customer based funding** grew by 3.0% q-o-q:
  - Fixed deposits increased by RM3.8bil or 17.5% q-o-q, while
  - CASA deposits decreased by RM1.2bil or -5.1% q-o-q mainly from both SavePlus and conventional CASA,
  - Money market deposits and Structured Investments decreased by RM0.8bil and RM0.2bil q-o-q respectively.
- **Liquidity coverage ratio:** 161.9% (vs 154.2% in Dec 2022; industry: 157.4%^).

Notes:

\* Treasury assets comprise financial assets (FVOCI, FVTPL, AMC) & derivative financial assets

<sup>+</sup> Customer based funding = CASA + Fixed Deposits + Money Market Deposits + Retail Negotiable Instrument of Deposits + Structured Investments

<sup>^</sup> BNM Monthly Statistical Bulletin Mar 2023



Balance Sheet	Mar 22 RM bil	Mar 23 RM bil	Y-o-Y Change	
			RM bil	%
Total Assets	61.8	66.3	4.5	7.2%
Treasury Assets*	11.9	12.4	0.5	4.1%
Net Loans	45.1	47.9	2.8	6.2%
Customer Deposits	48.2	50.8	2.7	5.5%
Customer Based Funding <sup>+</sup>	49.1	52.5	3.4	6.8%
CASA Deposits	23.6	21.3	(2.3)	(9.7%)
<b>Shareholders' Funds</b>	<b>6.4</b>	<b>6.7</b>	<b>0.3</b>	<b>5.1%</b>
Net Loans Growth (y-o-y)	4.4%	6.2%		
CASA Deposits Growth (y-o-y)	3.4%	(9.7%)		
Customer Based Funding <sup>+</sup> Growth (y-o-y)	0.8%	6.8%		

- **Net loans** grew by 6.2% y-o-y:
  - **SME loans:** +13.1% y-o-y mainly from Term Loans
  - **Commercial loans:** +14.8 % y-o-y due to higher drawdown from several accounts
  - **Consumer loans:** +5.2% y-o-y mainly from Classic Mortgage and Personal Loans/Financing
  - **Corporate loans:** -7.7% y-o-y mainly due to higher repayment from several accounts
- **Customer based funding** grew by 6.8% y-o-y:
  - Fixed deposits increased by RM3.9bil or 18.6% y-o-y,
  - Money market deposits and structured investments increased by RM0.9bil and RM0.8bil respectively, while
  - CASA deposits decreased by RM2.3bil or 9.7% y-o-y mainly from both SavePlus and conventional CASA.
- **Liquidity coverage ratio:** 161.9% (vs 155.1% in Mar 2022, industry: 157.4%^).

Notes:

\* Treasury assets comprise financial assets (FVOCI, FVTPL, AMC) & derivative financial assets

<sup>+</sup> Customer based funding = CASA + Fixed Deposits + Money Market Deposits + Retail Negotiable Instrument of Deposits + Structured Investments

<sup>^</sup> BNM Monthly Statistical Bulletin Mar 2023



	Financial Ratios	4QFY22	3QFY23	4QFY23	FY22	FY23
Shareholder Value	Return on Equity	6.7%	11.0%	8.2%	9.2%	10.5%
	Earnings per Share	6.7sen	11.4sen	8.4sen	37.0sen	43.8sen
	Net Assets per Share	RM4.14	RM4.23	RM4.36	RM4.14	RM4.36
Efficiency	Net Interest Margin	2.50%	2.75%	2.52%	2.53%	2.64%
	Non-Interest Income Ratio	18.7%	11.7%	14.4%	20.7%	13.9%
	Cost to Income Ratio	48.5%	44.7%	51.4%	44.1%	45.9%
Balance Sheet Growth	Net Loans (RM bil)	45.1	46.3	47.9	45.1	47.9
	Customer Deposits (RM bil)	48.2	49.0	50.8	48.2	50.8
	Customer Based Funding (RM bil)	49.1	50.9	52.5	49.1	52.5
Asset Quality	Net credit cost (basis points)	15.6	7.8	11.9	48.1	31.9
	Gross Impaired Loans Ratio	1.8%	1.9%	2.5%	1.8%	2.5%
	Net Impaired Loans Ratio	1.1%	1.2%	1.4%	1.1%	1.4%
	Loan Loss Coverage Ratio^	141.5%	130.2%	123.7%	141.5%	123.7%
Liquidity	CASA Ratio	48.9%	45.8%	41.9%	48.9%	41.9%
	Loan to Deposit Ratio	95.9%	96.5%	96.5%	95.9%	96.5%
	Loan to Fund Ratio	87.2%	86.8%	87.4%	87.2%	87.4%
	Liquidity Coverage Ratio	155.1%	154.2%	161.9%	155.1%	161.9%
Capital	Common Equity Tier 1 Capital Ratio	16.0%	15.1%	14.5%	16.0%	14.5%
	Tier 1 Capital Ratio	16.9%	16.0%	15.3%	16.9%	15.3%
	Total Capital Ratio	21.0%	20.1%	19.4%	21.0%	19.4%

*Note: ^ Loan Loss Coverage includes Regulatory Reserve provision [excluding Regulatory Reserve: 102.8% at 4QFY23 (vs. 125.0% at 3QFY23)]*



# Thank You.

ALLIANCE BANK

30-May-23 FY2023 ABMB Analyst Briefing

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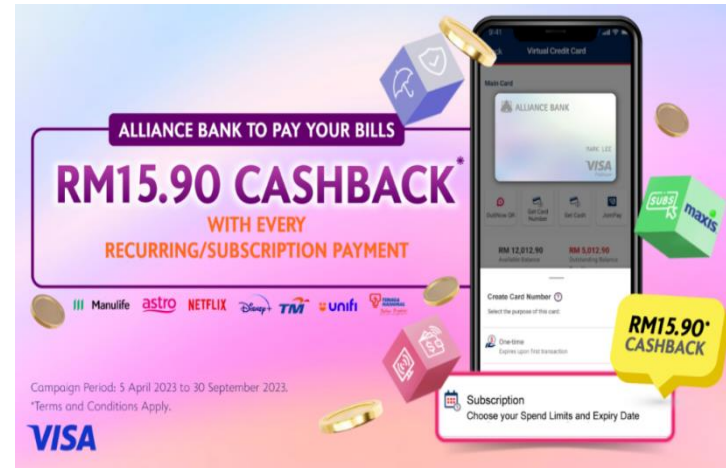
# ACCELER8 2027: Key updates (1/4)



3

Broaden  
consumer  
business,  
targeting  
attractive  
segments

## Alliance Bank Virtual Credit Card



- Launched **Malaysia's first in-app dynamic virtual card** which aims at providing **greater control and security** for online transactions.
- Virtual credit card (VCC) allows customer to **create multiple 16-digit virtual card numbers** for various online platforms, subscriptions and e-Commerce websites.
  - ✓ Users transact online **without exposing their primary account number**, adding an **extra layer of security** when dealing with dubious websites or data theft when legitimate website are compromised.
- Since the launch of VCC in allianceOnline Mobile, **managed to activate 17k VCC** and total card base grew by >13%:
  - ✓ VCC **average spending per transactions were 30% higher** than plastic credit card
  - ✓ VCC **spending per month increased by 4 times**

# ACCELER8 2027: Key updates (2/4)

3

Broaden consumer business, targeting attractive segments

## Upgrading Loan Origination System with advance Credit capabilities



- **Credit Transformation project** which involves **digital innovation and automation** to enhance existing processes and credit decisioning.
- Allow us to **increase loan approval performance** and to **evaluate the ‘underbanked’ segment** including HENRY (High Earners Not Rich Yet).
- New credit transformation capabilities **to improve productivity and turnaround time**:
  - ✓ **Data analytics** – adapt our credit scoring to offer credit to traditional customers;
  - ✓ **Alternative credit scores** – to help the Bank accurately score more consumers;
  - ✓ **Automatically identify solutions** – to offer the best possible experience for each customer.

# ACCELER8 2027: Key updates (3/4)

4

Targeting  
resilient  
ecosystems  
across their  
value chain

## Collaboration between Bursa, Mah Sing and Alliance Bank



- Alliance Bank and Mah Sing onboarded as early adopters of **Bursa's Centralised Sustainability Intelligence Platform** that aims to **expedite the adoption and integration of ESG practices among companies.**
- Mah Sing and Alliance Bank will work together to **build an ecosystem that sees tangible financial benefits from sustainable practices.**
- **Alliance Bank will** offer Mah Sing's suppliers, contractors, and consultants **four incentives:**
  - ✓ Access to **better green financing and deposit rates up to 50 basis points better;**
  - ✓ Free access to a **SME climate assessment tool** jointly developed by **UNGC** (UN Global Compact Network Malaysia & Brunei) and sponsored by Alliance Bank;
  - ✓ **ESG training conducted by UNGC** on Scope 1 and Scope 2 emissions;
  - ✓ Suppliers will receive **exclusive green tech solutions** that will reduce operating costs.

# ACCELER8 2027: Key updates (4/4)

## Key Enablers

Build an  
ESG-focused  
organization

## Launch of Alliance Bank inaugural ESG Survey Report

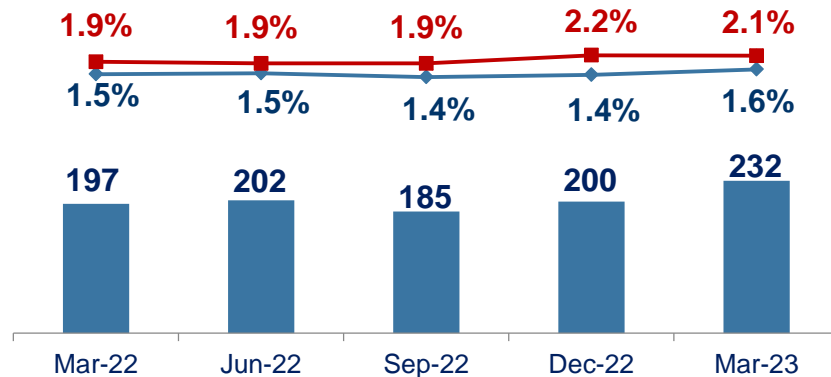


- Launched inaugural **ESG survey report** in April 2023 in partnership with **UNGC** (UN Global Compact Network Malaysia & Brunei) and **SME Corporation Malaysia** as part of **Alliance Bank's 'BeESG' initiative** to encourage more sustainable practices among businesses.
  - ✓ **Surveyed over 600 SMEs nationwide** to understand the state of ESG adoption among SMEs in Malaysia, and to **identify opportunities** to help them on their ESG journey.
- **Positioning the Bank as a Thought Leader** in the ESG space, and helping us better develop relevant solutions for our clients.



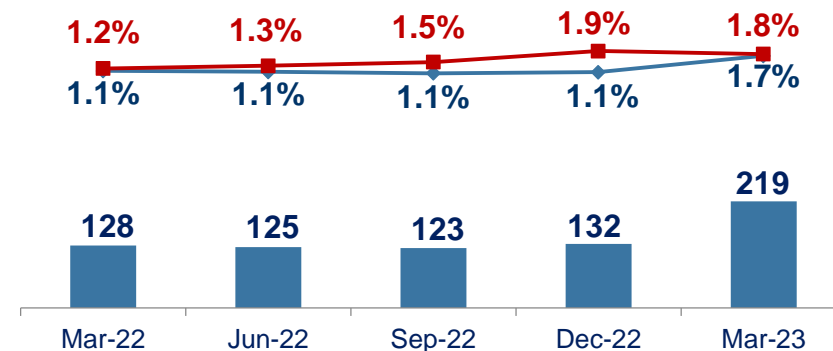
### Classic Mortgage

■ GIL (RM mil)    ◆ GIL ratio (%)    ■ 30+ dpd (%)



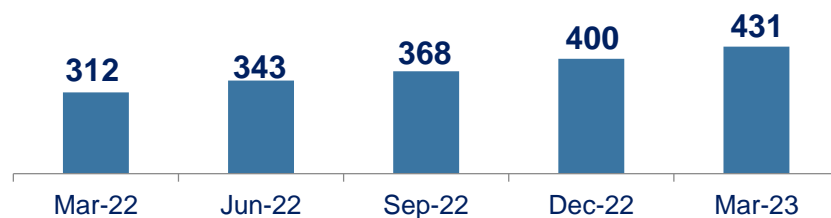
### SME

■ GIL (RM mil)    ◆ GIL ratio (%)    ■ 30+ dpd (%)



### Alliance ONE Account

◆ GIL ratio (%)    ■ 30+ dpd (%)



### Personal Financing

◆ GIL ratio (%)    ■ 30+ dpd (%)

