

Analyst Briefing 1H FY24

30 November 2023

BUILDING ALLIANCES

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1 1HFY24 Financial Performance

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

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- Sustainability
- Key takeaways

3 Appendix: Financial Results

- 2QFY24 & 1HFY24 results
- Financial ratios

1HFY24 Performance Highlights

- | | |
|---|--|
| 1 Revenue & Profitability | <ul style="list-style-type: none"> ▪ Revenue grew 4.2% y-o-y to RM994.4 million ▪ Net interest income grew 2.2% y-o-y <ul style="list-style-type: none"> ➤ Net interest margin at 2.48% ▪ Non-interest income grew 15.2% y-o-y <ul style="list-style-type: none"> ➤ Wealth management (+11.8% y-o-y), mainly from higher bancassurance fees ➤ FX sales/trade fees (+14.9% y-o-y) & banking services fees (+60.7% y-o-y) ▪ Cost to Income Ratio at 48.0% ▪ Net profit after tax at RM335.9 million |
| 2 Assets & Liabilities | <ul style="list-style-type: none"> ▪ Gross loans grew 10.0% y-o-y ▪ Customer based funding grew 4.4% y-o-y, with CASA ratio at 44.2% (one of the highest in the industry) |
| 3 Effective Risk Management | <ul style="list-style-type: none"> ▪ Net credit cost at 14.8 bps mainly from: <ul style="list-style-type: none"> ➤ BAU credit charge of 34.0 bps, <u>offset by</u> ➤ Management overlays net write-back of 19.2 bps ▪ Liquidity and capital positions remained strong <ul style="list-style-type: none"> ➤ Liquidity coverage ratio at 154.3% ➤ CET-1 ratio: 12.9%; Total capital ratio: 17.5% (without transitional arrangement) |

1HFY24 NPAT at RM335.9 million

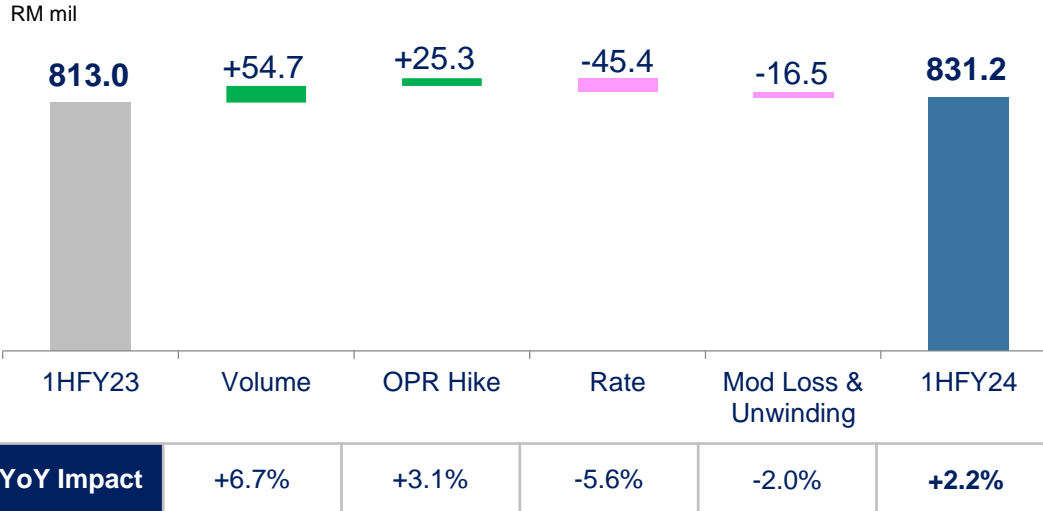
Income Statement	1HFY23 RM mil	1HFY24 RM mil	Y-o-Y Change (Better / (Worse))	
			RM mil	%
Net Interest Income	813.0	831.2	18.2	2.2%
Non-Interest Income (excl. brokerage^)	135.9	163.1	27.2	20.0%
Brokerage^	5.8	0.1	(5.7)	(97.5%)
Total Revenue	954.6	994.4	39.7	4.2%
OPEX	418.7	476.8	(58.2)	(13.9%)
Pre-Provision Operating Profit	536.0	517.5	(18.4)	(3.4%)
Net Credit Cost & Impairments	56.7	74.6	(17.9)	(31.5%)
- BAU credit charge	75.8	170.9	(95.1)	(>100%)
- Management Overlays	(19.1)	(96.3)	77.2	>100%
Pre-tax Profit	479.3	443.0	(36.3)	(7.6%)
Net Profit After Tax	370.6	335.9	(34.7)	(9.4%)
Balance Sheet	1HFY23 RM mil	1HFY24 RM mil	RM mil	%
Gross Loans	46,774	51,460	4,686	10.0%
Customer Deposits	49,081	51,838	2,756	5.6%
Customer Based Funding	51,049	53,287	2,238	4.4%

^ Brokerage fee & disposal gains from Alliance Investment Bank Berhad's Stockbroking business

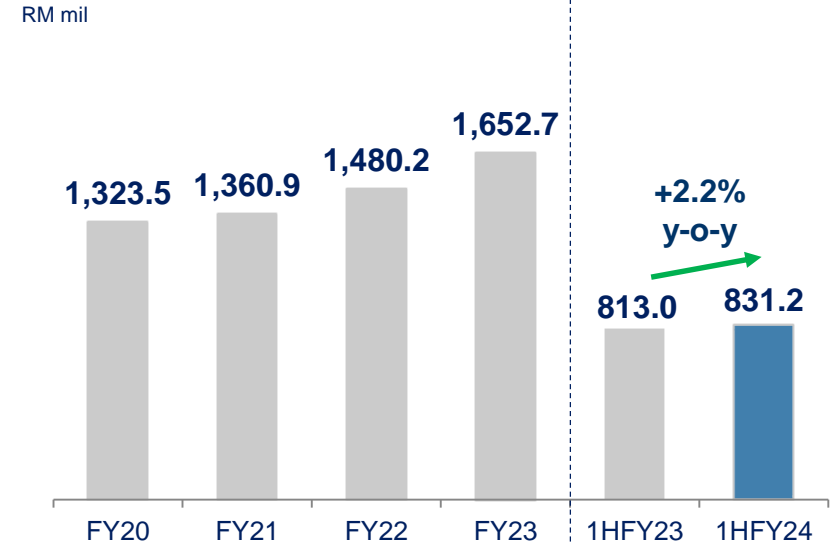
Net interest income grew 2.2% y-o-y

- a) Net interest income grew 2.2% y-o-y, driven by higher loans volume and OPR hike impact:

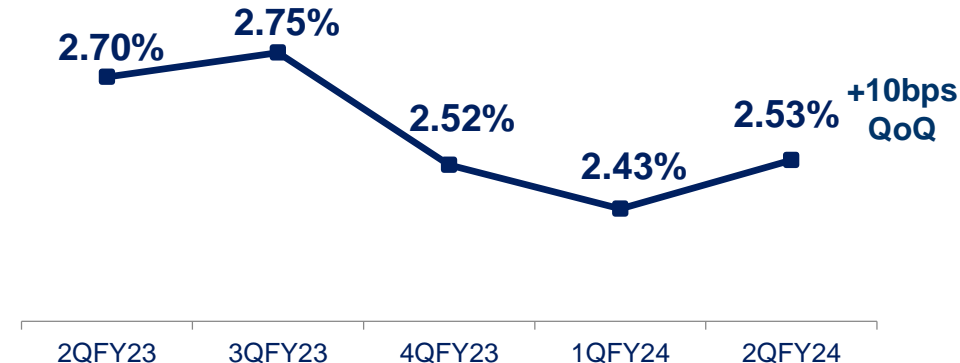
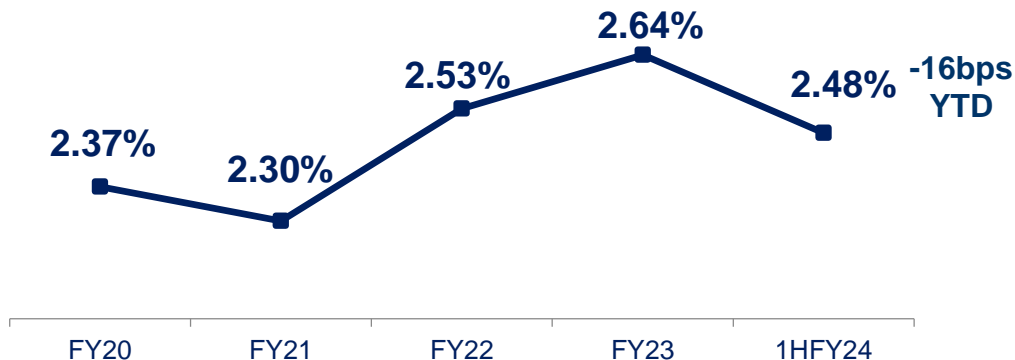
Y-o-Y impact:



Net Interest Income

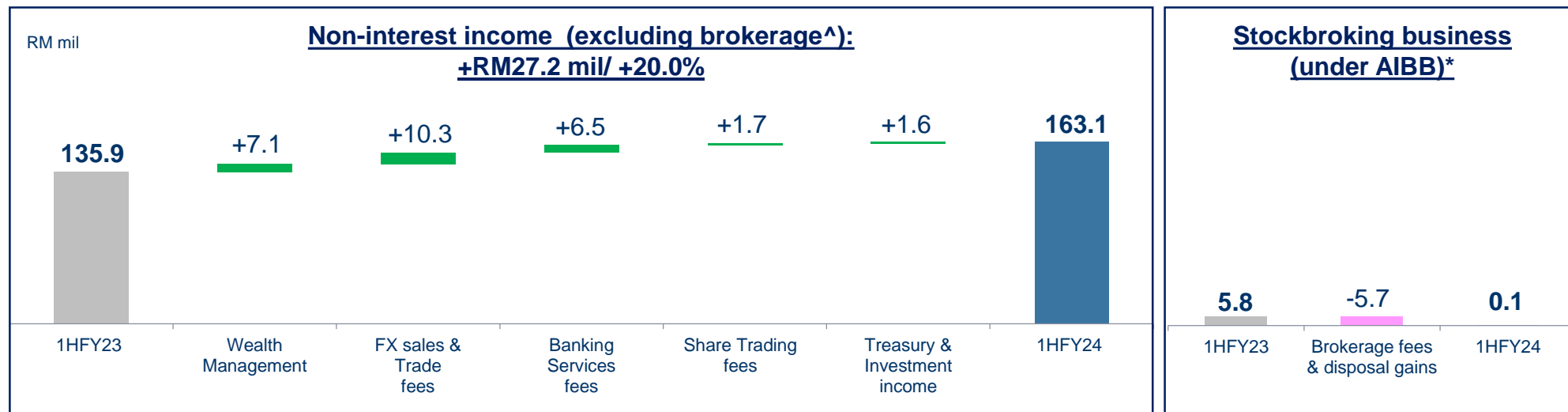


- b) Net Interest Margin Trend:



Non-interest income grew 15.2% to RM163.2 million

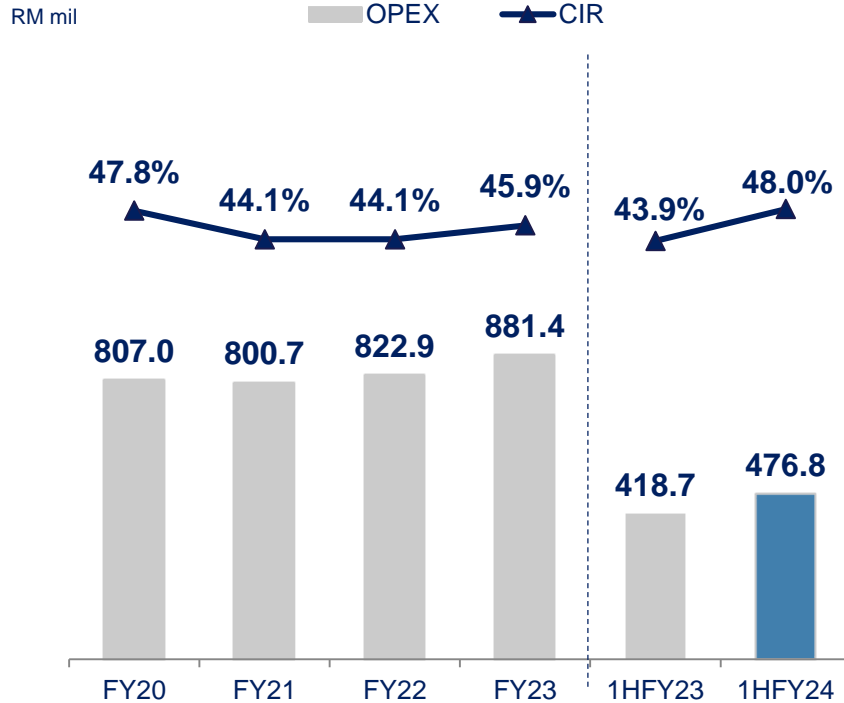
- **Non-interest income** (excluding brokerage[^]): **+20.0% y-o-y**
 - Wealth management (+11.8% y-o-y), mainly from higher bancassurance fees
 - FX sales & trade fees (+14.9% y-o-y) and Banking services fees (+60.7% y-o-y)
- **Treasury & investment income**: (+RM1.6 million y-o-y) mainly due to higher revaluation gain on strategic equity investments



[^] Brokerage fees of RM3.3 million in 1HFY23; * Disposal gain of RM2.5 million in 1HFY23, upon completion on 30th July 2022.

Cost to Income Ratio at 48.0%

Operating Expenses (OPEX)



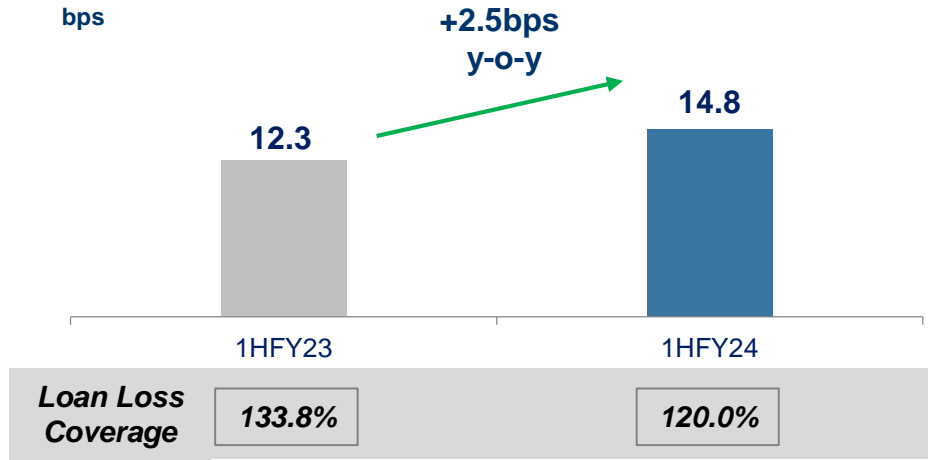
a) Operating expenses up 13.9% y-o-y:

- Collective agreement salary adjustments
- Increased headcount: sales force & essential support (collections, risk & compliance)
- IT expenses related to strategic initiatives
- Marketing expenses mainly for Consumer business & branding refresh

b) Cost to income ratio: 48.0% (maintain guidance of <48%)

Net credit cost at 14.8 bps (annualised: 29.6bps)

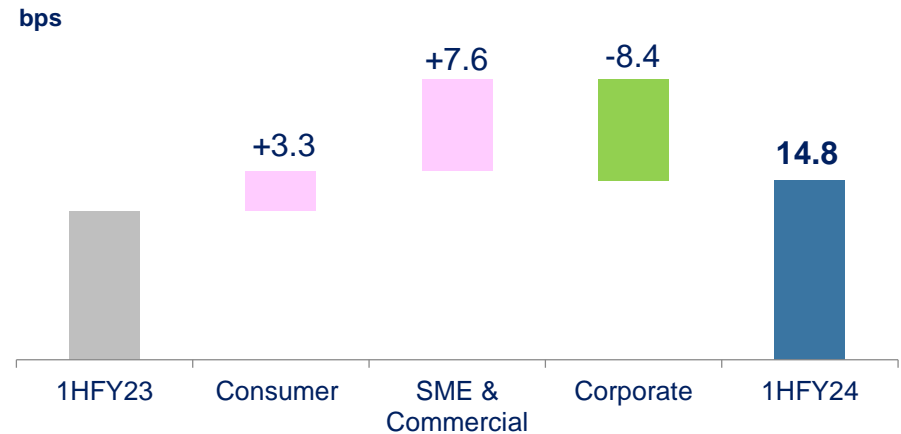
Net Credit Cost



a) **Net credit cost at 14.8 bps** mainly from:

- BAU ECL net charge of 34.0 bps, offset by
- Management overlays net write-back of 19.2 bps

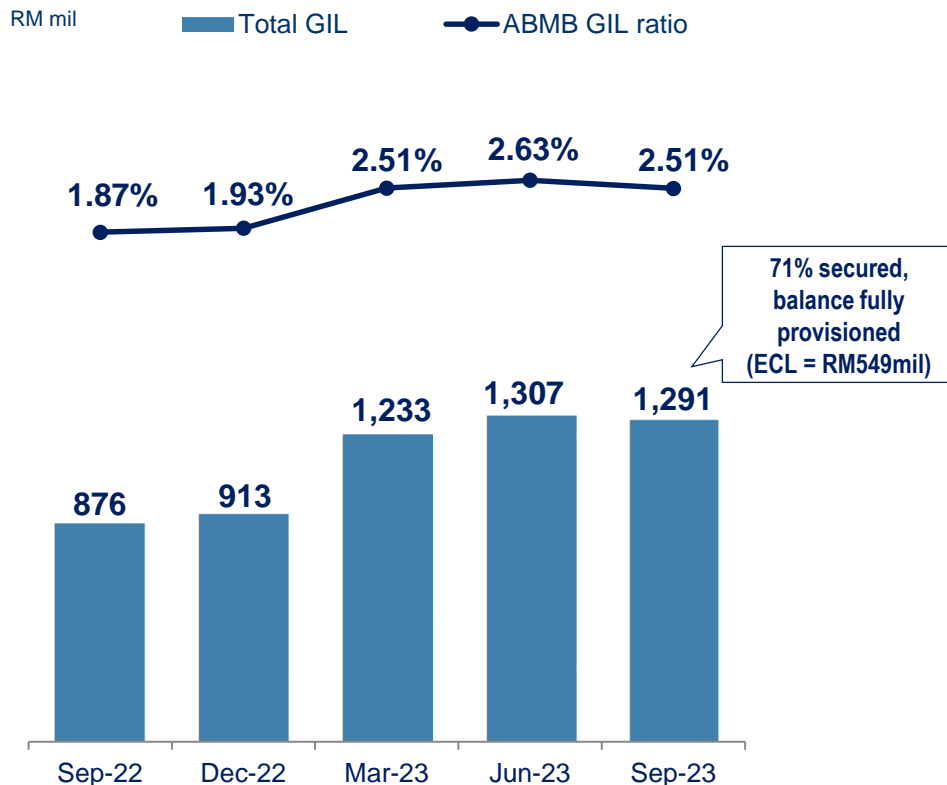
b) **Net credit cost: +2.5 bps y-o-y**



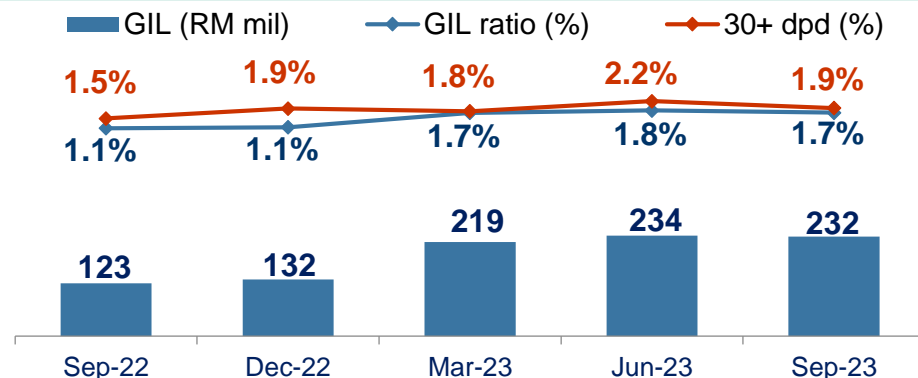
Gross impaired loans (GIL) ratio improved q-o-q to 2.51%

Effective Risk Management

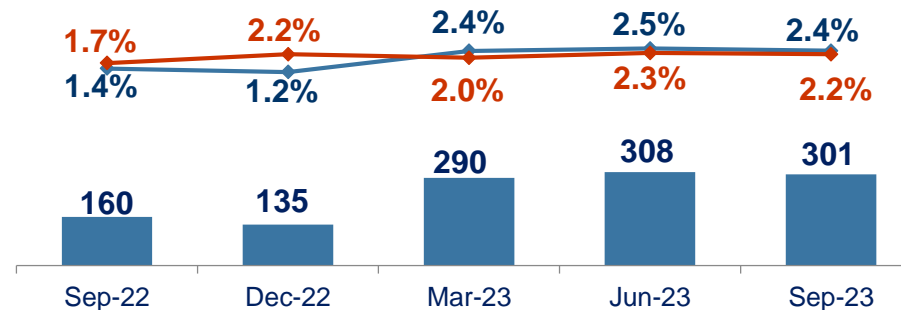
Gross Impaired Loans (GIL)



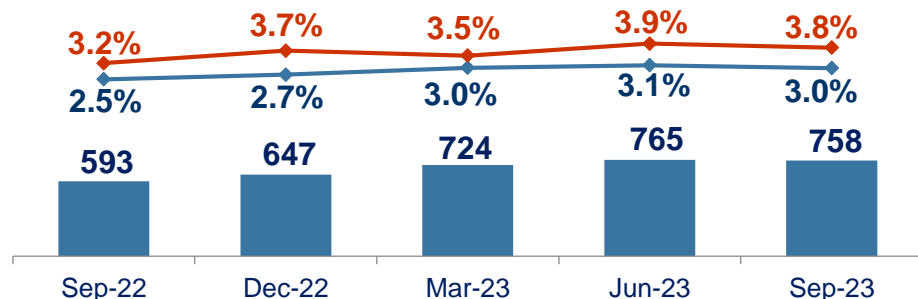
SME



Commercial & Corporate



Consumer

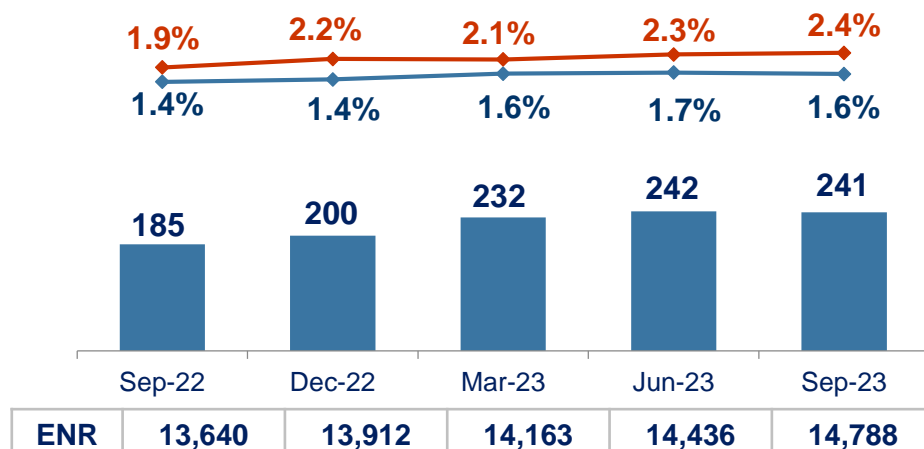


GIL ratio: Consumer Segment

Effective Risk
Management

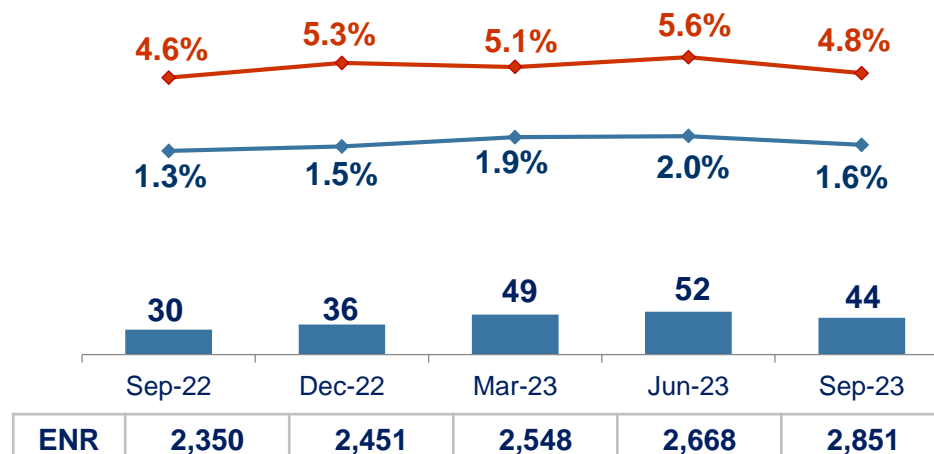
Classic Mortgage

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

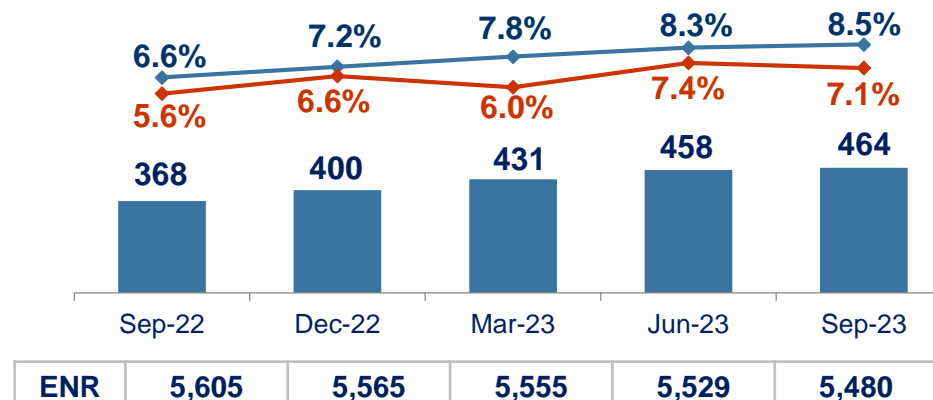


Personal Financing

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



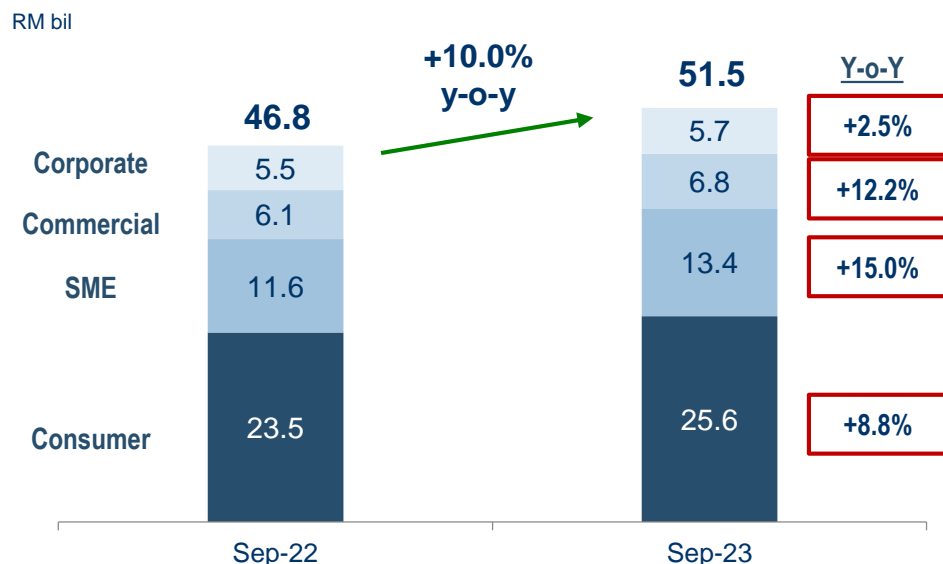
Alliance ONE Account (AOA)



Strong loans growth, supported by funding

Assets &
Liabilities

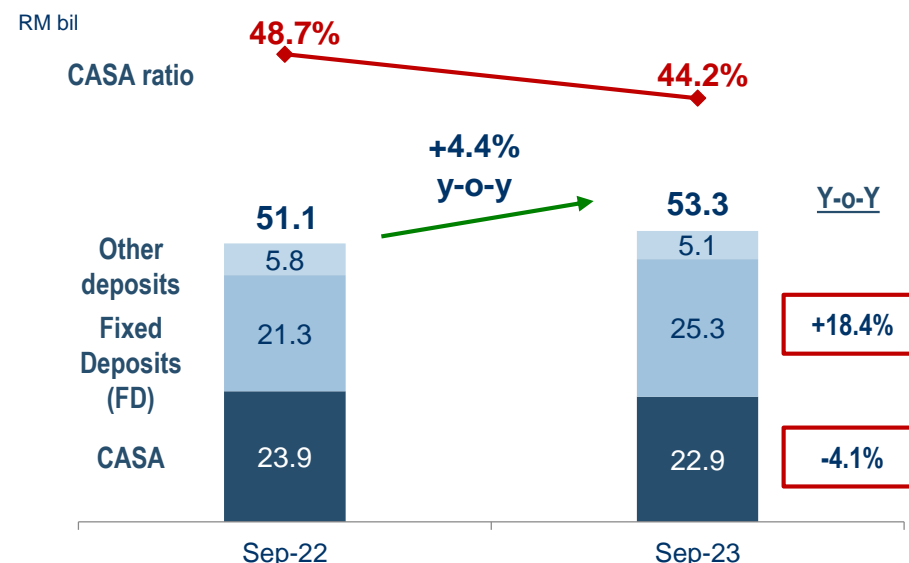
Gross Loans



a) Loans growth: **+10.0% y-o-y**

- SME: +15.0% y-o-y (mainly Term Loans)
- Commercial: +12.2% y-o-y
- Corporate: +2.5% y-o-y
- Consumer Banking: +8.8% or +RM2.1 bil y-o-y
 - Personal Financing: +21.3% y-o-y
 - Mortgage: +5.3% y-o-y

Customer Based Funding

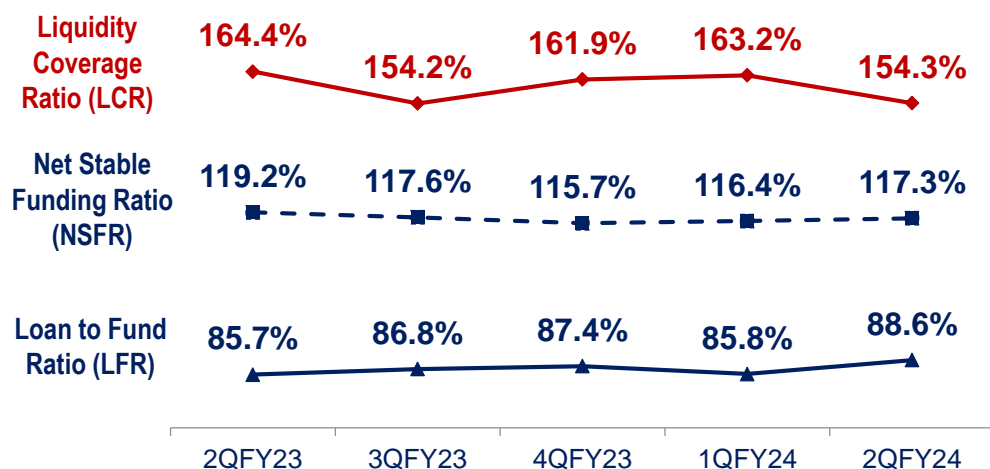


a) Customer based funding: **+4.4% y-o-y**

- b) CASA declined 4.1% (or RM1.0 bil) y-o-y mainly due to shift to FD:
 - Alliance SavePlus: -14.1% y-o-y
- c) CASA ratio at 44.2% (remaining one of the highest in the industry)

Liquidity and capital position remain strong

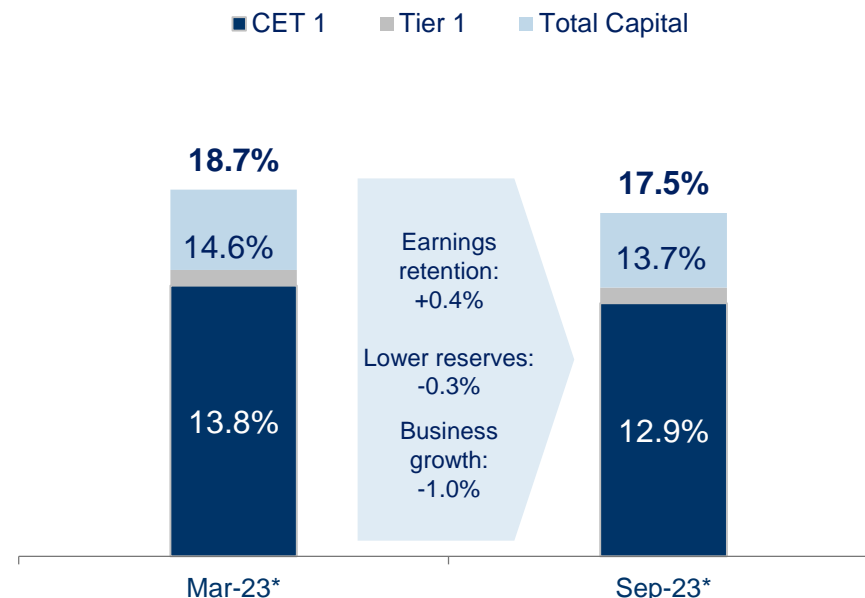
Liquidity: LCR, LFR



- a) Liquidity ratios remaining strong
 - LCR: 154.3% (vs industry*: 151.5%)
 - LFR: 88.6% (vs industry*: 82.5%)
- b) Net stable funding ratio (NSFR): 117.3%

* BNM Monthly Statistical Bulletin Sep 2023

Capital Position

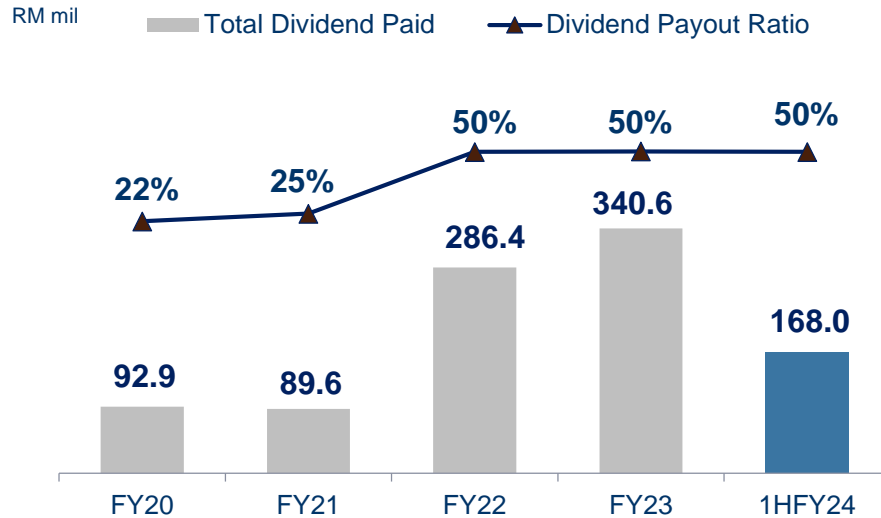


- a) Strong capital position (without transitional arrangement)
- b) Stable capital levels will continue to support future business expansion

* Capital ratios without transitional arrangement
[with transitional arrangement: CET 1 ratio: 13.3%, Tier 1 ratio: 14.1% & Total Capital ratio: 17.9%].

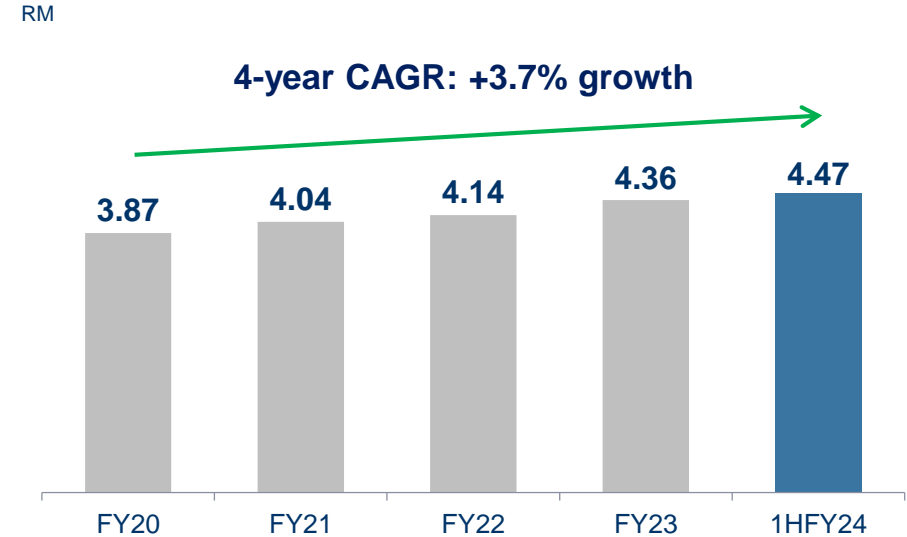
1HFY24 dividend payout at 50%

Dividend and Payout Ratio



- a) Declared 1st interim dividend: 10.85 sen
- b) Dividend payout ratio at 50%

Net Assets per Share



- a) Net asset per share grew steadily to RM4.47 (4-year CAGR: +3.7%)

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

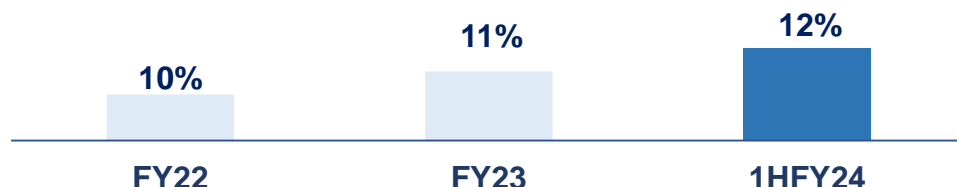
Group Strategy:
Acceler8 2027

1 Continue velocity on SME expansion strategy

SME* YoY Loan Growth

*Based on BNM SME Definition

Target: Maintain double digit growth

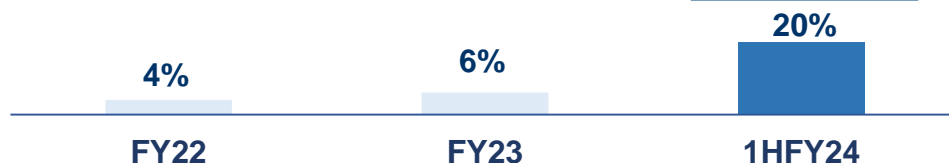


- **Sales productivity** increased >20% yoy even as new hires are on-boarded; **continue to gain loan market share**
- **Continuous uptrend momentum** for new-to-bank (NTB) acquisition, acquired **6.2k NTB** representing >30% yoy growth

2 Support our business customers through their life cycle

Business Banking Client Fee Income YoY Growth

Target: Surpass previous year's growth



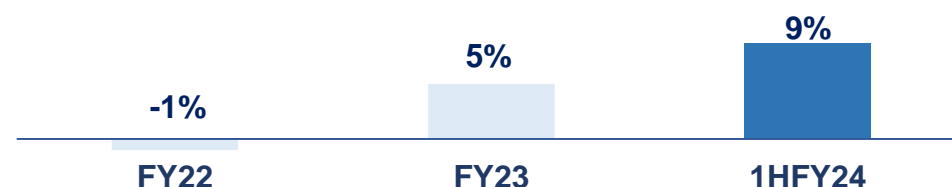
- **FX revenue** continued to grow (>25% yoy) with improved TAT
- Vendor financing utilization **increased to RM30mil**

Note: 1HFY24 YoY growth was based on 1HFY24 vs 1HFY23

3 Broaden consumer business, targeting attractive segments

Consumer YoY Loan Growth

Target: Surpass previous year's growth



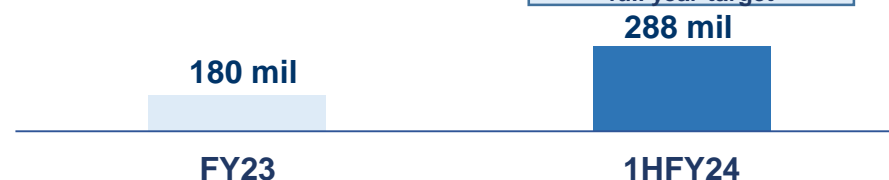
- **Faster than industry loans growth (ABMB: 9% vs industry 5.6% in Sep23, first time since FY15)**
- **Acquired highest ever NTB in 1H (>40% yoy) to 55k** driven by **digital & strong growth in HENRY segment**

4 Target resilient ecosystems across their value chain

Sustainability Assistance Program (SAP) (Loan approved)

Target: Achieve RM300mil

Achieved 96% of FY24 full year target



- **Strong uplift** in Sustainability Assistance Program (SAP) loans growth
- **Approved RM288mil** cumulative loans, **representing ~96% of FY24 full year target**



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

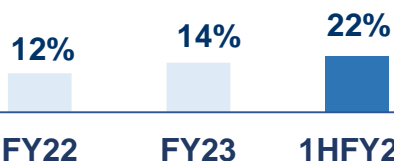
Group Strategy:
Acceler8 2027

5 Become regional champion for selected economic corridors

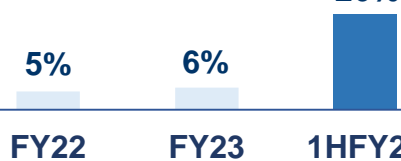
Regional YoY Growth
(Sarawak and Penang)

Target: Surpass FY22
and FY23 growth

Total Regional Loan



Total Regional Deposit



- **Expanded** both **loans growth (+22% yoy)** and **deposit (+26% yoy)** across Penang & Sarawak
- **On-track to open new branches** (Jalan Kelawai, Penang and Saradise, Sarawak); **Adding Johor as new growth corridor**

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

Corporate and Capital Market
YoY Revenue Growth

Target: Surpass FY22
and FY23 growth

8%

7%

6%

FY22

FY23

1HFY24

- **Corporate:** Improved account planning & NTB hit-list initiatives were successful with strong NTB conversion; Loan acceptance per sales staff **grew 3x yoy**
- **Capital Market:** Focus on **converting pipeline to drive revenue**

7 Accelerate Islamic business, leveraging unique propositions

AIS YoY Financing Growth

Target: Surpass FY22
and FY23 growth

7%

7%

7%

FY22

FY23

1HFY24

- Continue to **scale up Halal in One acceptance** & work with various partners to widen reach

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

Enhanced
propositions

Access to
new
customer
base

- **Formed ESG partnerships** (e.g. UNGCMYB, SME Corp, Monash Uni., INCEIF Uni.) to deepen ESG thought leadership & provide diagnostic tools to help SMEs to develop their ESG roadmap
- **Provide incentives** in the form of **better pricing for SMEs** who improve their ESG profiles
- Collaborate with **anchor Corporates through supply chain programme** (e.g. Mah Sing, Sarawak Energy) to assist them in Scope 3 emission targets:
 - Helping their SME suppliers in ESG adoption & decarbonisation



Developed ESG partnerships to enhance our propositions

Conducted ESG Roundtable & Signed MOU with SMECorp Malaysia (September 2023)



- Alliance Bank and SME Corporation Malaysia have signed a MoU as a **joint effort in assisting MSMEs to adopt ESG practices** through a combination of relevant financing and non-financing solutions.
- The deal marks the commitment by both parties to continue **working together to develop and provide sectoral-focused ESG guides, practical tools**, as well as **corresponding green financing** to assist MSMEs in ESG adoption.
- Both organizations will advocate for sustainable practices **through market surveys, industry focus groups and panel discussions** in order to garner grassroots input and feedback from MSMEs themselves.

Organized SME ESG Symposium & Signed MOUs with Monash & INCEIF University (October 2023)



- Alliance Bank is collaborating with **Monash University** Malaysia and the International Centre for Education in Islamic Finance (**INCEIF University**) to help **SMEs fast-track** their adoption of **ESG best practices**.
- The collaboration aims to **use industry-based insights from the research to develop pragmatic solutions** to help Malaysian businesses adopt ESG, whether they are operating in a conventional or Islamic marketplace.
- These new partnerships **bring together complementary expertise and resources** that will help **drive the development of the tools and programmes for businesses** to speed up their learning curve and adoption of sustainable practices.

Launched our refreshed branding: The Bank for Life (1/2)

Our Brand Purpose



- We believe that **banking should be more than just a transactional experience.**
- **Beyond just a bank, we strive to be a true partner** that supports our customers through every stage of their financial journey.
- We offer a **wide range of solutions for any of life's events**, and **aspire to be the bank for the entire lifetime of our customers.**

Unveiling "The Bank for Life"



https://www.youtube.com/watch?v=ZwvMwG_8Uus

For Consumer



Young Adult

The first step is the most important one of all. Get the right start now.

- Alliance SavePlus Account
- Alliance Credit Card
- Alliance e-Fixed Deposit
- allianceonline services

Starting a Family

Building a family is a significant milestone. Let us help you put a firm foundation in place.

- Alliance SavePlus Account
- allianceonline services
- Alliance Credit Card
- Alliance e-Fixed Deposit
- Mortgage Loan/Financing
- Alliance Personal Loan

Expanding the Family

When it comes to growing a family, it's good to know you have experienced support on your side.

- Alliance SavePlus Account
- Alliance Credit Card
- allianceonline services
- Alliance e-Fixed Deposit
- Mortgage Loan/Financing
- Alliance Personal Loan
- Wealth/Banca
- Alliance Personal Banking

Planning for Retirement

Look forward to your golden years with personalised solutions catered to your every need.

- Alliance SavePlus Account
- allianceonline services
- Alliance e-Fixed Deposit
- Elite Legacy Builder
- Alliance Privilege Banking

For Business Owner



Early Phase

Jump start your business and make your day-to-day processes seamless with our solutions.

- Business Current Account
- Alliance BizSmart® Online Banking/Mobile
- Digital SME Express Financing/Loans
- Business Credit Cards

Growth Phase

Get the right financing and support to grow your business to its fullest potential.

- Working capital financing / CAPEX loans
- Supply chain financing, Green Financing
- Alliance Bank SME Solutions / BizSmart® Solution

Expanding Phase

Risk-proof your business and capitalise on opportunities with strategic financial products.

- Portfolio Financing
- Trade Financing / BizSmart® eTrade
- Foreign Exchange Solutions
- Halal in One
- Commercial Business Insurance

Non-financial solution for Business Owner

Increase your brand exposure and reach new audiences through smart collaborations.

- #SupportLokal
- BizSmart® Solution



Launched our refreshed branding: The Bank for Life (2/2)

Outdoor advertising

- Communicating “The Bank For Life” through billboard advertising on major highways for awareness and brand recall
- Estimated monthly traffic: ~28mil



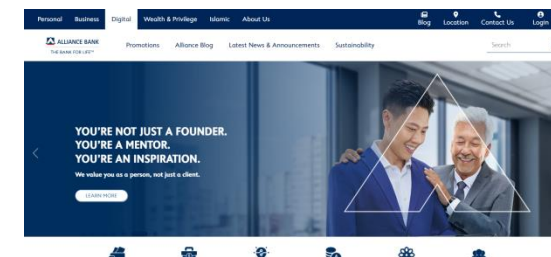
Heritage Run @ Penang



- Successful run event with over 3,500 participants on 29 Oct'23 for 7KM and 3KM run along Penang heritage zone

Revamped corporate website

- Launched newly revamped corporate website with enhanced user experience.



Our Awards for September to November 2023

Trade Finance

- ❖ The Banker Transaction Banking Awards – Trade Finance
- ❖ Global Transaction Banking Innovation Awards – Outstanding Use of Technology in Trade Finance

Digital Innovation

- ❖ The Asian Banker Excellence in Retail Financial Services and Technology Innovation Malaysia Awards – Best Credit Card
- ❖ Red Hat Innovation Awards – Continuous Innovation Awards
- ❖ WITSA Global Innovation and Tech Excellence Awards Retail Banker International Asia Trailblazer Awards – Digital Transformation of the Year Award (Private Sector)
- ❖ The Digital Banker Global Retail Banking Awards – Best eKYC – Frictionless & Omni Channel Awards

Marketing

- ❖ Marketing Excellence Awards Malaysia – (a) Excellence in Marketing Transformation: Gold, (b) Excellence in B2B Marketing: Gold, (c) Excellence in B2B Marketing: Bronze, (d) Excellence in Mobile Marketing: Bronze, (e) Excellence in Digital Marketing: Silver, (f) Excellence in CSR/Cause Marketing: Bronze

ESG

- ❖ ESGBusiness Awards – Initiative Awards

Human Resource

- ❖ HR Excellence Awards – Gold, HR Innovation



We have early achieved Topline Goal 1, and made significant progress towards realizing Topline Goals

1 Grow our new sustainable banking business

2 Help customers adopt sustainable lifestyles and business practices

3 Reduce the Bank's greenhouse gas (GHG) emissions footprint

Target

Cumulative RM15.0 billion in new sustainable banking business by FY2027

Reduce **customers under C5 category** to **<20.0%** by FY2025

Reduce **Scope 1 and Scope 2 GHG emissions** by **20%** by FY2027 against FY2020 baseline

Achievement as of 1HFY24

Cumulative RM12.0 billion in new sustainable banking business

Reduced business and investment portfolio of C5 to **36.2%**

14.4% reduction in Scope 1 and Scope 2 GHG emissions against FY2020 baseline

Key Updates



Partnership with Sarawak Energy Berhad to support their suppliers in their Sustainability Adoption Journey and become ESG ready.



Piloted the SME climate action program with Mah Sing's SME suppliers via the Bursa Centralised Sustainability Intelligence Platform (CSI) to help in their ESG adoption journey and transition plan.



Developed a dedicated **Climate Risk Management Framework** to highlight management of the Bank's specific climate-related risks

Key Takeaways for 1HFY24

- **Business growth:**
 - **Loans growth** momentum robust (10.0% y-o-y) mainly driven by SME, Commercial and Consumer.
 - **NTB customer acquisition:** 1k SMEs per month & close to 10k Consumers per month (on average).
- **Profitability:**
 - **NIM** improved q-o-q from **2.43%** to **2.53%** (YTD: 2.48%).
 - **NPAT** improved 23.1% q-o-q to **RM185.3 million** (1HFY24: **RM335.9 million**, **ROE** of **10.1%**).
 - We continue to reward our shareholders with a **first interim dividend** for FY24 of **10.85 sen per share**.
- **Balance sheet items:**
 - **Gross impaired loans** (GILs) levels within expectation.
 - **Credit cost** within guidance.
- **ACCELER8 2027 Strategy:**
 - Execution **on track**, early indicators **positive**.
- **Management guidance:**
 - **Currently on track** on all indicators, but
 - **Cautiously optimistic** outlook:
 - opportunities following Budget 2024 and NETR.
 - macro headwinds, and deposits & treasury markets.

	FY24 Guidance (Revised)	1HFY24 Actual
Gross Loans	8% - 10%	10.0% year-on-year (9.8% YTD*)
Net Interest Margin	between 2.45 - 2.50%	2.48%
Cost to Income	< 48%	48.0%
Net Credit Cost	30 - 35bps	29.6bps*
ROE	> 10.0%	10.1%*

* Annualised

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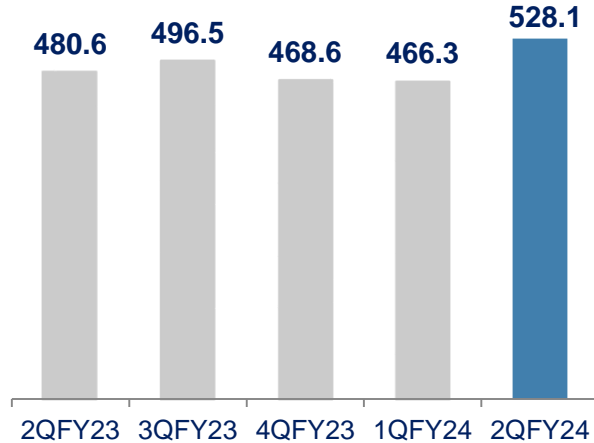
- 2QFY24 & 1HFY24 results
- Financial ratios

2QFY24 NPAT grew 23.1% q-o-q to RM185.3 million

Key Highlights:
Financial Performance

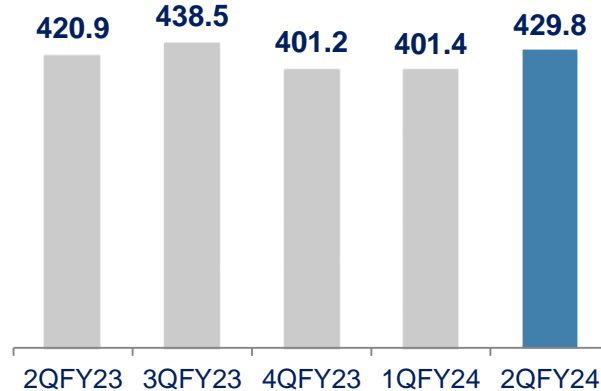
Revenue

RM mil



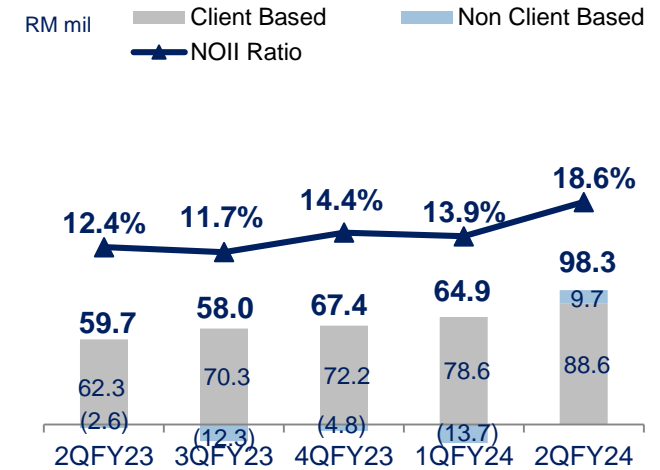
Net Interest Income & Islamic Net Financing Income

RM mil



Non Interest Income & NOII Ratio

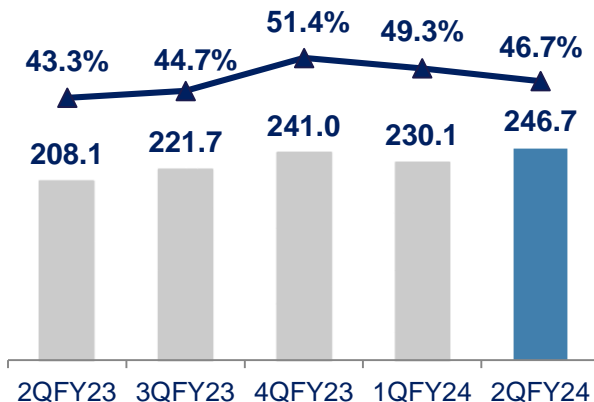
RM mil



Operating Expenses & CIR Ratio

RM mil

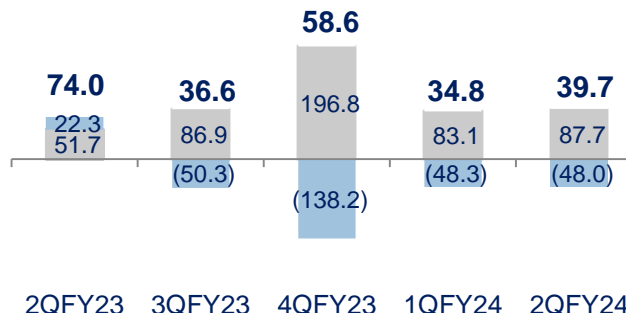
OPEX CIR



Expected Credit Losses ("ECL")

RM mil

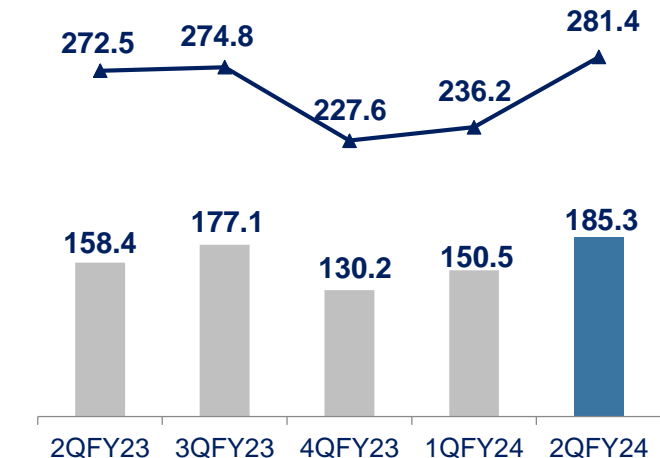
ECL BAU ECL Overlays



Pre-Provision Operating Profit & Net Profit

RM mil

NPAT PPOP



Note: Revenue and non interest income includes Islamic banking income

Income Statement	1QFY24 RM mil	2QFY24 RM mil	Q-o-Q Change Better / (Worse)	
			RM mil	%
Net Interest Income	305.0	327.9	28.5	7.1%
Islamic Net Financing Income	96.3	101.9		
Islamic Non-Financing Income	4.0	7.9	33.4	51.4%
Non-Interest Income	60.9	90.4		
Net Income*	466.3	528.1	61.8	13.3%
OPEX	230.1	246.7	(16.7)	(7.2%)
Pre-Provision Operating Profit (PPOP)	236.2	281.4	45.2	19.1%
Net Credit Cost	34.7	39.7	(5.0)	(14.4%)
- BAU	83.0	87.7	(4.7)	(5.7%)
- Management Overlays	(48.3)	(48.0)	(0.3)	(0.6%)
Expected Credit Losses on Financial Investments	0.2	0.0	0.1	87.0%
Pre-tax Profit	201.3	241.7	40.3	20.0%
Net Profit After Tax	150.5	185.3	34.8	23.1%

Notes:

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

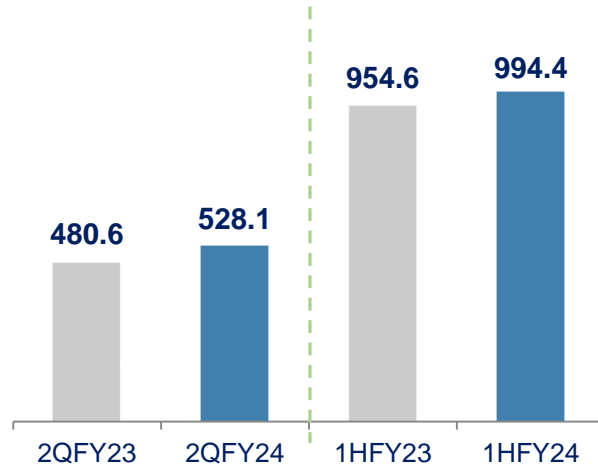
- **Revenue** grew by RM61.8 mil or 13.3% q-o-q due to:
 - Net interest income: +RM28.5mil or 7.1% q-o-q driven by better loans rate and volume.
 - Non-interest income: +RM33.4mil q-o-q:
 - ✓ Higher client based fee income (+RM10.0mil)
 - ✓ Higher treasury & investment income (+RM23.2mil)
- Higher **operating expenses** by RM16.7mil mainly due to higher personnel expenses, professional fees and IT expenses.
- **Pre-provision Operating Profit (PPOP)** increased by 19.1% q-o-q to RM281.4mil.
- **Net credit cost** recorded a net charge of RM39.7mil (or 7.8 bps) mainly due to the normalisation of ECL BAU, offset by reversal of ECL overlays.
- **Net profit after tax** increased by 23.1% q-o-q mainly due to higher net income generated in 2QFY24.

1HFY24 NPAT at RM335.9 million

Key Highlights Y-o-Y:
Financial Performance

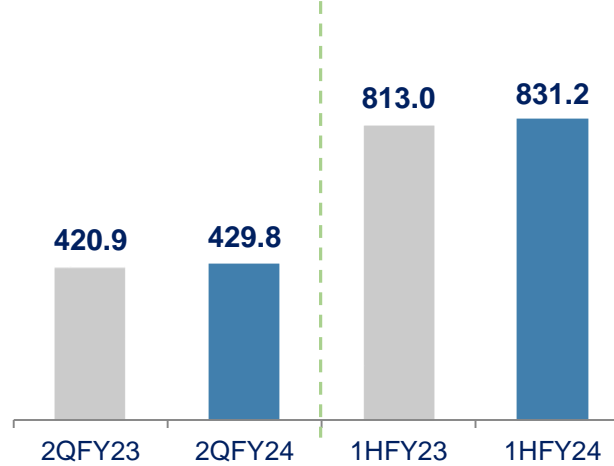
Revenue

RM mil



Net Interest Income & Islamic Net Financing Income

RM mil

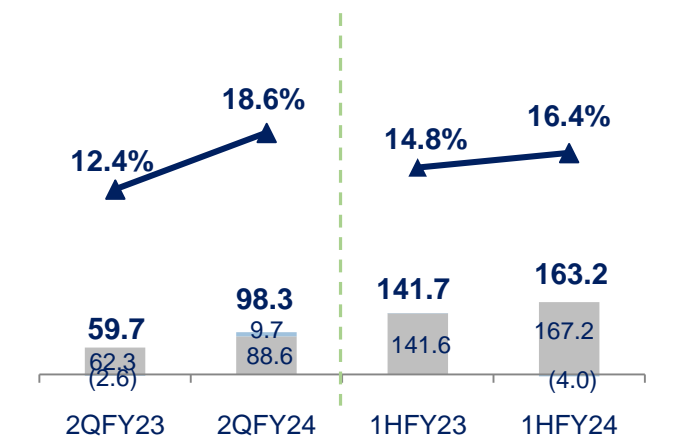


Non Interest Income & NOII Ratio

RM mil

Client Based Non Client Based

NOII Ratio

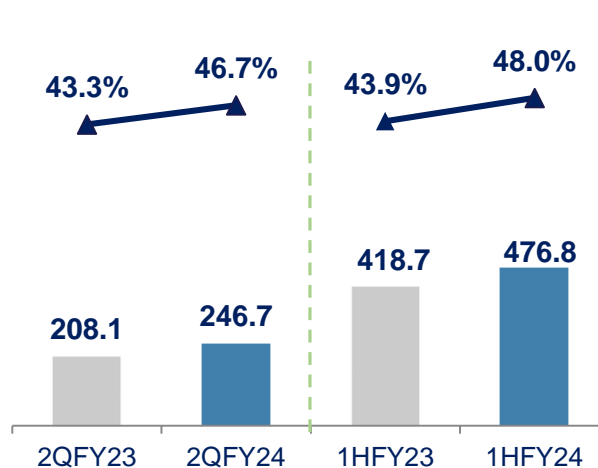


Operating Expenses & CIR Ratio

RM mil

OPEX

CIR

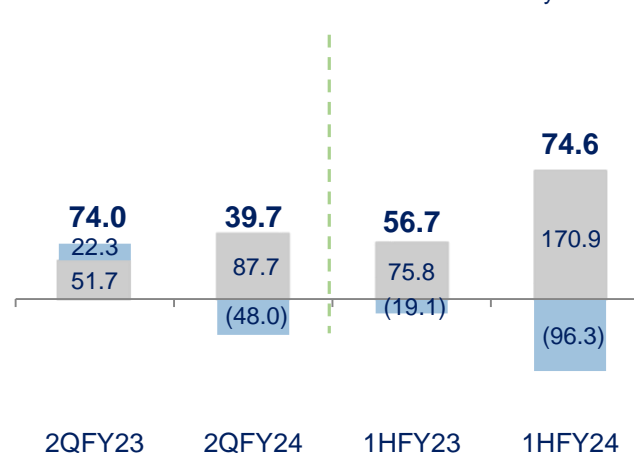


Expected Credit Losses ("ECL")

RM mil

ECL BAU

ECL Overlays

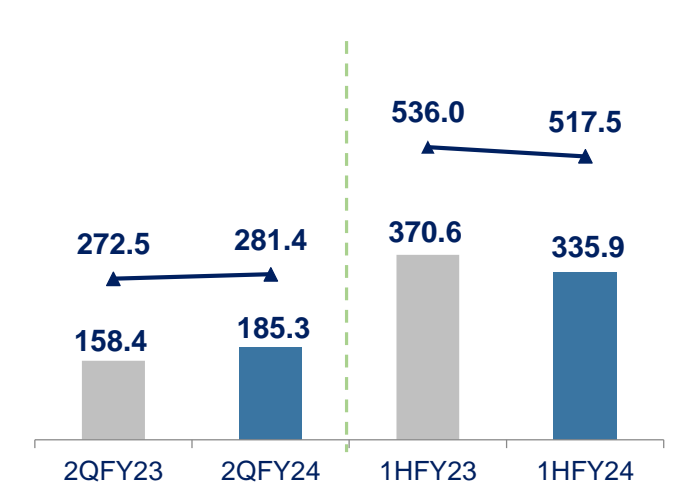


Pre-Provision Operating Profit & Net Profit

RM mil

NPAT

PPOP



Note: Revenue and non interest income includes Islamic banking income

Income Statement	2QFY23 RM mil	2QFY24 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	309.2	327.9	8.9	2.1%
Islamic Net Financing Income	111.7	101.9		
Islamic Non-Financing Income	6.1	7.9	38.6	64.7%
Non-Interest Income	53.6	90.4		
Net Income*	480.6	528.1	47.5	9.9%
OPEX	208.1	246.7	(38.6)	(18.6%)
Pre-Provision Operating Profit (PPOP)	272.5	281.4	8.9	3.3%
Net Credit Cost	74.3	39.7	34.6	46.6%
- BAU	52.0	87.7	(35.8)	(68.8%)
- Management Overlays	22.3	(48.0)	70.4	>100%
Expected Credit Losses on Financial Investments	(0.3)	0.0	(0.3)	(>100%)
Pre-tax Profit	198.5	241.7	43.2	21.8%
Net Profit After Tax	158.4	185.3	26.9	17.0%

Notes:

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

- **Revenue** grew by RM47.5 mil or 9.9% y-o-y due to:
 - Net interest income: +RM8.9mil or 2.1%, driven by higher loans volume and OPR hikes.
 - Non-interest income: +RM38.6mil y-o-y:
 - ✓ Higher client based fee income (+RM26.3mil)
 - ✓ Higher treasury & investment income (+RM15.1mil)
- **Operating expenses** higher by RM38.6mil mainly from higher personnel expenses, administrative expenses and marketing expenses.
- **Pre-provision Operating Profit (PPOP)** increased by 3.3% y-o-y to RM281.4mil.
- **Net credit cost** recorded a net charge of RM39.7mil (or 7.8 bps) mainly due to the normalisation of ECL BAU, offset by reversal of ECL overlays.
- **Net profit after tax** increased by 17.0% y-o-y mainly driven by revenue growth and lower net credit cost.

Income Statement	1HFY23 RM mil	1HFY24 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	599.6	632.9	18.2	2.2%
Islamic Net Financing Income	213.4	198.2		
Islamic Non-Financing Income	10.8	11.9	21.5	15.2%
Non-Interest Income	130.8	151.3		
Net Income*	954.6	994.4	39.7	4.2%
OPEX	418.7	476.8	(58.2)	(13.9%)
Pre-Provision Operating Profit (PPOP)	536.0	517.5	(18.4)	(3.4%)
Net Credit Cost	57.0	74.4	(17.4)	(30.5%)
- BAU	76.1	170.7	(94.6)	(>100%)
- Management Overlays	(19.1)	(96.3)	77.2	>100%
Expected Credit Losses on Financial Investments	(0.3)	0.2	(0.5)	(>100%)
Pre-tax Profit	479.3	443.0	(36.3)	(7.6%)
Net Profit After Tax	370.6	335.9	(34.7)	(9.4%)

Notes:

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

- **Revenue** grew by RM39.7 mil or 4.2% y-o-y due to:
 - Net interest income: +RM18.2mil or 2.2%, driven by higher loans volume and OPR hikes.
 - Non-interest income: +RM21.5mil y-o-y:
 - ✓ Higher client based fee income (+RM25.6mil)
 - ✓ Higher treasury & investment income (+RM1.6mil)
 - ✓ Lower brokerage (-RM5.7mil)
- Higher **operating expenses** by RM58.2mil, an increased from all line of expenses.
- **Pre-provision Operating Profit (PPOP)** declined by 3.4% y-o-y to RM517.5mil.
- **Net credit cost** recorded a net charge of RM74.4mil (or 14.8 bps) mainly due to the normalisation of ECL BAU, offset by reversal of ECL overlays.
- **Net profit after tax** decreased by 9.4% y-o-y mainly driven by higher operating expenses and net credit cost.

Balance Sheet	Jun 23 RM bil	Sep 23 RM bil	Q-o-Q Change	
			RM bil	%
Total Assets	67.9	70.1	2.2	3.3%
Treasury Assets*	14.0	14.3	0.3	1.9%
Net Loans	48.6	50.4	1.8	3.6%
Customer Deposits	51.8	51.8	0.0	0.1%
CASA Deposits	22.8	22.9	0.1	0.6%
Customer Based Funding ⁺	53.7	53.3	(0.4)	(0.8%)
Shareholders' Funds	6.8	6.9	0.2	2.4%
Net Loans Growth (y-o-y)	7.8%	10.1%		
CASA Deposits Growth (y-o-y)	(6.4%)	(4.1%)		
Customer Based Funding ⁺ Growth (y-o-y)	6.5%	4.4%		

- **Net loans** grew by 3.6% q-o-q:
 - **SME loans:** +4.7% q-o-q mainly from Term Loans
 - **Commercial loans:** +5.3% q-o-q mainly due to higher drawdown from several accounts
 - **Consumer loans:** +3.0% q-o-q mainly from Classic Mortgage, Personal Loans/Financing and Share Margin Financing
 - **Corporate loans:** +0.4% q-o-q
- **Customer based funding** reduced by 0.8% q-o-q:
 - Fixed deposits decreased by RM1.1bil or 4.2% q-o-q, offset by
 - Money market deposits increased by RM0.5bil or 19.4% q-o-q, and
 - CASA deposits increased by RM0.1bil or 0.6% q-o-q mainly from SavePlus.
- **Liquidity coverage ratio:** 154.3% (vs 163.2% in Jun 2023; industry: 151.5%^).

Notes:

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

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

[^] BNM Monthly Statistical Bulletin Sep 2023

Balance Sheet	Mar 23 RM bil	Sep 23 RM bil	YTD Change	
			RM bil	%
Total Assets	66.3	70.1	3.8	5.8%
Treasury Assets*	12.4	14.3	1.9	15.7%
Net Loans	47.9	50.4	2.5	5.1%
Customer Deposits	50.8	51.8	1.0	1.9%
CASA Deposits	21.3	22.9	1.6	7.5%
Customer Based Funding ⁺	52.5	53.3	0.8	1.5%
Shareholders' Funds	6.7	6.9	0.2	2.5%
Net Loans Growth (y-o-y)	6.2%	10.1%		
CASA Deposits Growth (y-o-y)	(9.7%)	(4.1%)		
Customer Based Funding ⁺ Growth (y-o-y)	6.8%	4.4%		

- **Net loans** grew by 5.1% YTD:
 - **SME loans:** +5.4% YTD mainly from Term Loans
 - **Commercial loans:** +4.2% YTD mainly due to higher drawdown from several accounts
 - **Consumer loans:** +5.3% YTD mainly from Classic Mortgage and Personal Loans/Financing and Share Margin Financing
 - **Corporate loans:** +2.4% YTD
- **Customer based funding** grew by 1.5% YTD:
 - CASA deposits increased by RM1.6bil or 7.5% YTD, mainly from both SavePlus and conventional CASA, while
 - Money market deposits decreased by RM1.0bil YTD.
- **Liquidity coverage ratio:** 154.3% (vs 161.9% in Mar 2023; industry: 151.5%^).

Notes:

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

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

[^] BNM Monthly Statistical Bulletin Sep 2023

Balance Sheet	Sep 22 RM bil	Sep 23 RM bil	Y-o-Y Change	
			RM bil	%
Total Assets	63.7	70.1	6.4	10.1%
Treasury Assets*	11.9	14.3	2.5	20.7%
Net Loans	45.8	50.4	4.6	10.1%
Customer Deposits	49.1	51.8	2.7	5.6%
CASA Deposits	23.9	22.9	(1.0)	(4.1%)
Customer Based Funding ⁺	51.0	53.3	2.2	4.4%
Shareholders' Funds	6.5	6.9	0.4	6.6%
Net Loans Growth (y-o-y)	6.8%	10.1%		
CASA Deposits Growth (y-o-y)	4.0%	(4.1%)		
Customer Based Funding ⁺ Growth (y-o-y)	8.4%	4.4%		

- **Net loans** grew by 10.1% y-o-y:
 - **SME loans:** +15.0% y-o-y mainly from Term Loans
 - **Commercial loans:** +12.2% y-o-y due to higher drawdown from several accounts
 - **Consumer loans:** +8.8% y-o-y mainly from Classic Mortgage, Personal Loans/Financing and Share Margin Financing
 - **Corporate loans:** +2.5% y-o-y
- **Customer based funding** grew by 4.4% y-o-y:
 - Fixed deposits increased by RM3.9bil or 18.4% y-o-y, while
 - Money market deposits decreased by RM0.9bil or 22.5% y-o-y, and
 - CASA deposits decreased by RM1.0bil or 4.1% y-o-y mainly from both SavePlus and conventional CASA.
- **Liquidity coverage ratio:** 154.3% (vs 164.4% in Sep 2022, industry: 151.5%^).

Notes:

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

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

[^] BNM Monthly Statistical Bulletin Sep 2023

	Financial Ratios	2QFY23	1QFY24	2QFY24	1HFY23	1HFY24
Shareholder Value	Return on Equity	10.0%	9.1%	11.1%	11.8%	10.1%
	Earnings per Share	10.2sen	9.7sen	12.0sen	23.9sen	21.7sen
	Net Assets per Share	RM4.19	RM4.36	RM4.47	RM4.19	RM4.47
Efficiency	Net Interest Margin	2.70%	2.43%	2.53%	2.64%	2.48%
	Non-Interest Income Ratio	12.4%	13.9%	18.6%	14.8%	16.4%
	Cost to Income Ratio	43.3%	49.3%	46.7%	43.9%	48.0%
Balance Sheet Growth	Net Loans (RM bil)	45.8	48.6	50.4	45.8	50.4
	Customer Deposits (RM bil)	49.1	51.8	51.8	49.1	51.8
	Customer Based Funding (RM bil)	51.0	53.7	53.3	51.0	53.3
Asset Quality	Net credit cost (basis points)	16.0	7.1	7.8	12.3	14.8
	Gross Impaired Loans Ratio	1.9%	2.6%	2.5%	1.9%	2.5%
	Net Impaired Loans Ratio	1.2%	1.4%	1.5%	1.2%	1.5%
	Loan Loss Coverage Ratio^	133.8%	120.0%	120.0%	133.8%	120.0%
Liquidity	CASA Ratio	48.7%	43.9%	44.2%	48.7%	44.2%
	Loan to Deposit Ratio	95.3%	96.1%	99.3%	95.3%	99.3%
	Loan to Fund Ratio	85.7%	85.8%	88.6%	85.7%	88.6%
	Liquidity Coverage Ratio	164.4%	163.2%	154.3%	164.4%	154.3%
Capital	Common Equity Tier 1 Capital Ratio	15.1%	13.7%	13.3%	15.1%	13.3%
	Tier 1 Capital Ratio	16.4%	14.6%	14.1%	16.4%	14.1%
	Total Capital Ratio	20.5%	18.5%	17.9%	20.5%	17.9%

Note: ^ Loan Loss Coverage includes Regulatory Reserve provision [excluding Regulatory Reserve: 94.3% at 2QFY24 (vs. 97.2% at 1QFY24)]

THANK YOU

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