ALLIANCE FINANCIAL GROUP BERHAD (6627-X)

Banking Made Personal

ANALYST BRIEFING

9M FY2015

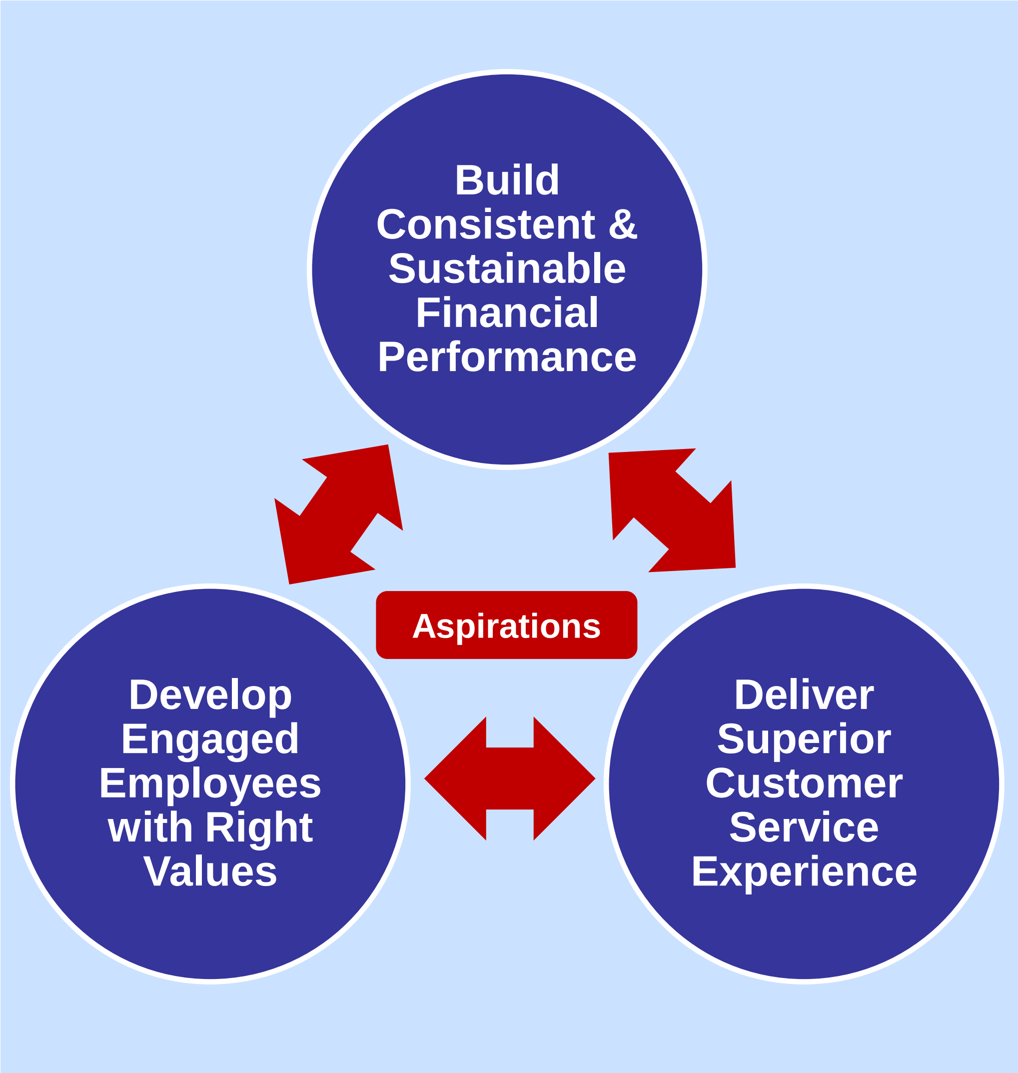
16 February 2015

FINANCIAL INSIGHTS INNOVATION AWARDS 2014

ASIA'S BEST ONLINE BANKING

Contents

We have Built a Strong Franchise in Consumer & SME Banking



- ❑ Clear niche in Consumer & SME banking:
  - ✓ Increasing market share in target segments with year-on-year net loan growth of 16.7%, which is faster than industry
  - ✓ Winning market recognition
- ❑ Focused on building sustainable long-term profitability:
  - ✓ Growing recurring non-interest income
  - ✓ Sustainable CASA ratio at 34.8%
  - ✓ Net impaired loans ratio at 0.7%
- ❑ Strong total capital ratio at 12.91%

Reported Income Statement

7.9% Growth in Net Profit After Tax, Including Impact of One-Off Non-Recurring Income & Expenses

Income Statement	9MFY15 RM mil	9MFY14 RM mil	%	
			RM mil	%
Net Interest Income	**634.5**	**577.6**	**56.9**	**9.8%**
Islamic Banking Income	**165.9**	**158.4**	**7.5**	**4.8%**
Non-Interest Income	**273.7**	**271.6**	**2.1**	**0.8%**
Net Income	**1,074.1**	**1,007.6**	**66.5**	**6.6%**
Operating Expenses	**478.6**	**462.9**	**15.7**	**3.4%**
Pre-Provision Operating Profit	**595.5**	**544.7**	**50.8**	**9.3%**
Allowance for losses on loans & financing and other losses	**16.9**	**3.1**	**13.8**	**>100%**
Pre-tax profit	**578.6**	**541.6**	**37.0**	**6.8%**
Net Profit After Taxation	**437.5**	**405.5**	**32.0**	**7.9%**

Non-Recurring One-Offs:

RM mil	9MFY15	9MFY14
Non-Interest Income	+31.6 mil [(1)]	+30.0 mil [(3)]
Operating Expenses	10.6 mil [(2)]	22.3 mil [(4)]
NPAT Impact	+ 19.0 mil	+ 5.8 mil
Recurring NPAT	418.5 mil	399.7 mil

Notes:

(1) Gain on disposal of land of RM21.6 million and RM10.0 million of Bancassurance Fee

(2) Implementation of Mutual Separation Scheme (MSS) to right-size the Group

(3) Sign on fee for Bancassurance Agreement with Manulife Insurance Berhad

(4) Implementation of Voluntary Separation Scheme (VSS) to right-size the Group

Ratios Excluding Non-Recurring One-Offs:

RM mil	9MFY15	9MFY14
Non-Interest Income Ratio	24.1%	25.8%
Cost-to-Income Ratio	44.9%	45.1%

Excluding One-Off: Income Statement

4.7% Growth in Net Profit After Tax, Excluding One-Off Non-Recurring Income & Expenses

Income Statement	9MFY15 RM mil	9MFY14 RM mil	%	
			RM mil	%
Net Interest Income	634.5	577.6	56.9	9.8%
Islamic Banking Income	165.9	158.4	7.5	4.8%
Non-Interest Income	242.1	241.6	0.5	0.2%
Net Income	1,042.5	977.6	64.9	6.6%
Operating Expenses	468.0	440.6	27.4	6.2%
Pre-Provision Operating Profit	574.5	537.0	37.5	7.0%
Allowance for losses on loans & financing and other losses^	16.9	3.1	13.8	>100%
Pre-tax profit	557.6	533.9	23.7	4.4%
Net Profit After Taxation	418.5	399.7	18.8	4.7%

- +9.8% rise in ***net interest income*** *and 4.8%* in ***Islamic banking*** from 16.7% net loan growth as interest margins remain under pressure.
- Recurring ***non-interest income***, continued to be driven by transaction banking, wealth management and brokerage and treasury activities
- +6.2% increase in ***operating expenses*** due to expansion in business operations as well as marketing cum brand building initiatives.
- Provision charge^ of RM16.9 million, compared to RM3.1 million last year due to higher collective provision for loan growth and migration of credit ratings.

Note: ^Includes write-back of impairment for investment securities and CLO recoveries of RM5.2 million (9MFY14: RM0.9 million)

Net Loan Growth at 16.7% y-o-y, Driven by Consumer and SME Segments

Balance Sheet	9MFY15 RM bil	9MFY14 RM bil	Change	
			RM bil	%
Total Assets	**51.2**	**46.3**	**4.9**	**10.6%**
Treasury Assets^	**11.8**	**12.6**	**-0.8**	**-6.7%**
Net Loans	**35.3**	**30.3**	**5.0**	**16.7%**
Customer Deposits	**41.5**	**36.7**	**4.8**	**13.0%**
CASA Deposits	**14.4**	**12.9**	**1.5**	**11.8%**
Shareholders' Funds	**4.3**	**4.0**	**0.3**	**7.6%**
Net Loan Growth (y-o-y)	**16.7%**	**13.2%**	**-**	**3.5%**
Customer Deposit Growth (y-o-y)	**13.0%**	**17.1%**	**-**	**-4.1%**

- +16.7% y-o-y ***net loan*** *growth* – driven by strong loan growth in Consumer and Business segments by:
  - Group Consumer Banking (+14.7% y-o-y)
  - Group Business Banking (+18.5% y-o-y)
- +13.0% y-o-y ***customer deposit*** growth is above industry growth rate of 7.7%*. Keeping pace with loan expansion to maintain healthy loan-to-deposit ratio at 86.0%.
- +11.8% y-o-y growth in ***CASA deposits*** despite intensified competition in industry for CASA deposits.

Notes:

^ Treasury assets comprise financial assets (HFT, AFS & HTM), derivative financial assets & placements with Financial Institutions

** Industry data sourced from BNM Monthly Statistical Bulletin as of December 2014*

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Key Financial Ratios

	Financial Ratios	9MFY15	9MFY14	Change
Share-holder Value	Return on Equity	13.4%	13.4%	-
	Return on Assets	1.2%	1.2%	-
	Earnings per Share	28.8 sen	26.7 sen	7.9%
	Interim Dividends per Share	9.0 sen	19.0 sen	-52.6%
	Net Assets per Share	RM2.80	RM2.60	7.7%
Efficiency	Non-Interest Income Ratio^	26.3%	28.0%	-1.7%
	Cost-to-Income Ratio	44.6%	45.9%	-1.3%
Asset Quality	Gross Impaired Loans Ratio	1.1%	1.5%	-0.4%
	Net Impaired Loans Ratio	0.7%	0.8%	-0.1%
	Loan Loss Coverage Ratio	94.2%	91.2%	3.0%
Liquidity	Loan-to-Deposit Ratio	86.0%	83.6%	2.4%
	CASA Ratio	34.8%	35.2%	-0.4%
Capital	Common Equity Tier 1 Capital Ratio	10.87%	10.44%	0.43%
	Tier 1 Capital Ratio	10.87%	11.81%	-0.94%
	Total Capital Ratio	12.91%	14.38%	-1.47%

Note: ^ Includes the non-interest income portion of Islamic banking business

- ***Return on Equity:*** Sustained at 13.4%
- ***Dividends per share: First interim dividend*** of 9.0 sen paid in December 2014. FY2014 included first interim and second interim dividends.
- ***Non-interest income ratio:*** Lower y-o-y as FY2014 includes RM30 million one-off upfront fee for bancassurance agreement.
- ***Net impaired loans ratio:*** Improved further to 0.7% with absolute reduction in impaired loans.
- ***CASA ratio:*** Sustained at 34.8% on the back of CASA growth y-o-y of 11.8%.
- ***Capital adequacy ratios:*** Strong Core Equity Tier 1 Capita ratio at 10.87%, and overall ratio at 12.91%, well above regulatory requirements.

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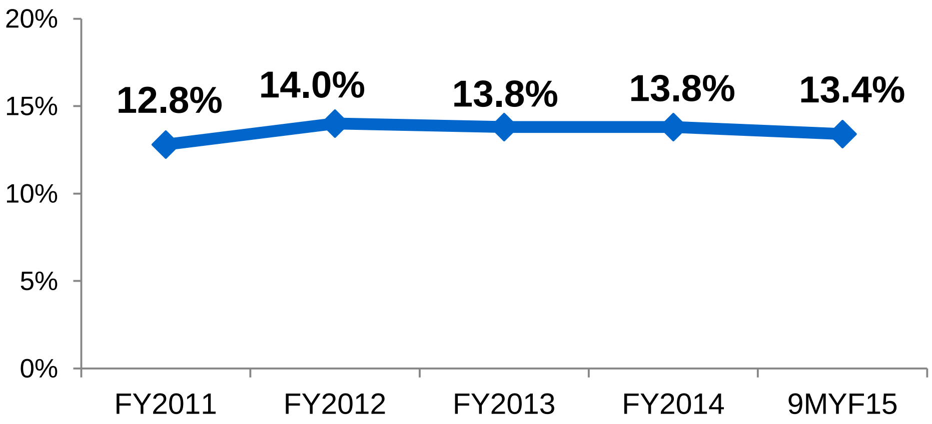
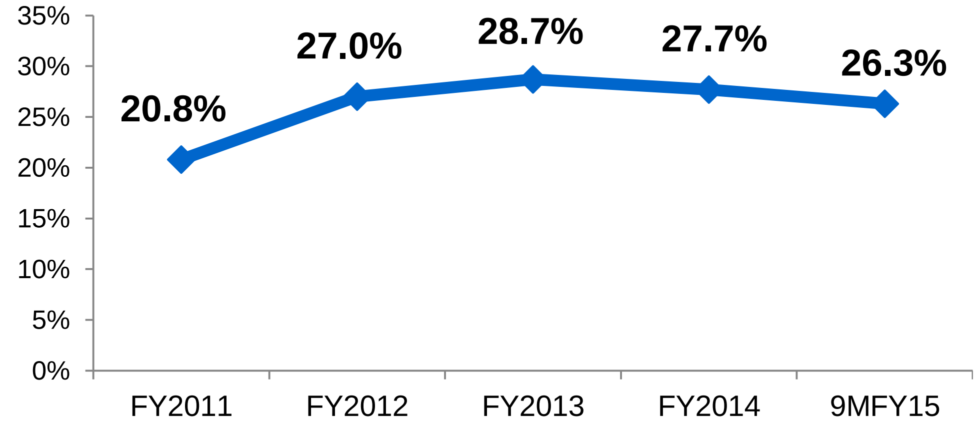
Trend: Key Financial Ratios

Sustained Financial Performance, with Key Metrics in the Right Direction

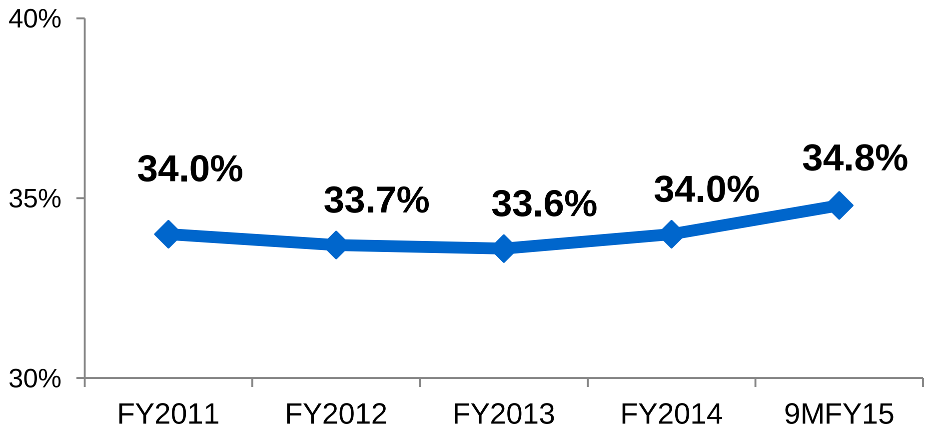
Return on Equity



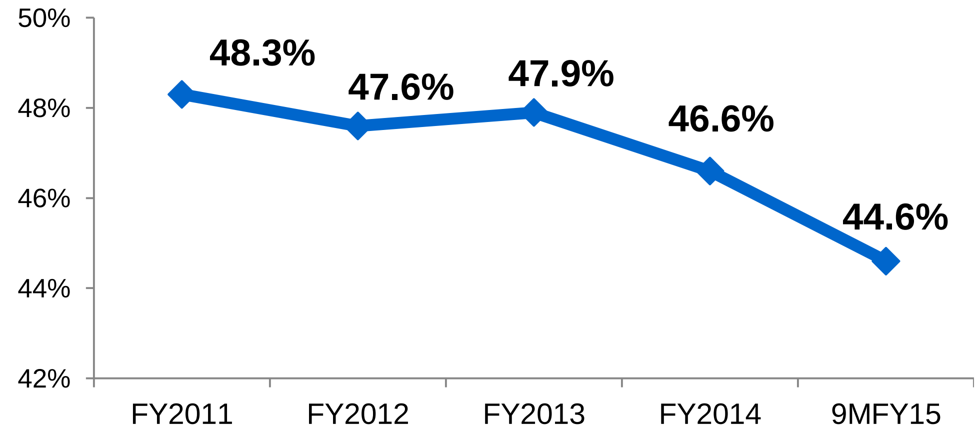
Non-Interest Income Ratio



CASA Ratio



Cost-to-Income Ratio



Success of Franchise Building Initiatives Reflected in Awards Won

FINANCIAL INSIGHTS INNOVATION AWARDS 2014 – Asia's Most Customer Friendly Bank

FINANCIAL INSIGHTS INNOVATION AWARDS 2014 – Asia's Best Online Banking

advertising+marketing MAGAZINE'S MARKETING EXCELLENCE AWARDS 2014 – THE WESTIN KUALA LUMPUR | 17 OCTOBER 2014 – GOLD WINNER

Excellence in Brand Strategy
Alliance BizSmart Academy

CARDS & ELECTRONIC PAYMENTS INTERNATIONAL – Asia Trailblazer Awards 2014 – Best Business Card Programme

CARDS & ELECTRONIC PAYMENTS INTERNATIONAL – Asia Trailblazer Awards 2014 – Credit Card Product of the Year - Malaysia

ASIAN BANKING & FINANCE RETAIL BANKING AWARDS 2014

THE LOYALTY & ENGAGEMENT AWARDS 2014

Best Use of Integrated Marketing Campaign (Bronze)
Alliance BizSmart Academy

THE ASIAN BANKER TECHNOLOGY IMPLEMENTATION AWARDS 2014 – SELF SERVICE BANKING PROJECT

Online Banking Initiative Of The Year – Malaysia

AUTHENTIC GLOBAL FINANCIAL MARKET REVIEW AWARD

Global Financial Market Review
Best SME Bank Malaysia 2014

RETAIL BANKER INTERNATIONAL – Asia Trailblazer Awards 2014 – Service Excellence in SME Banking

Architecture Excellence Awards 2014
Growing Business in New Territory or New Service Offering

THE HIGHEST CUSTOMER SATISFACTION INDEX SCORE IN MALAYSIA – ABM and MPC 2013

ABM & MPC Highest CSI* Index Score in Malaysia 2013

THE ASIAN BANKER EXCELLENCE IN RETAIL FINANCIAL SERVICES INTERNATIONAL AWARDS 2013 – BEST SME BANK

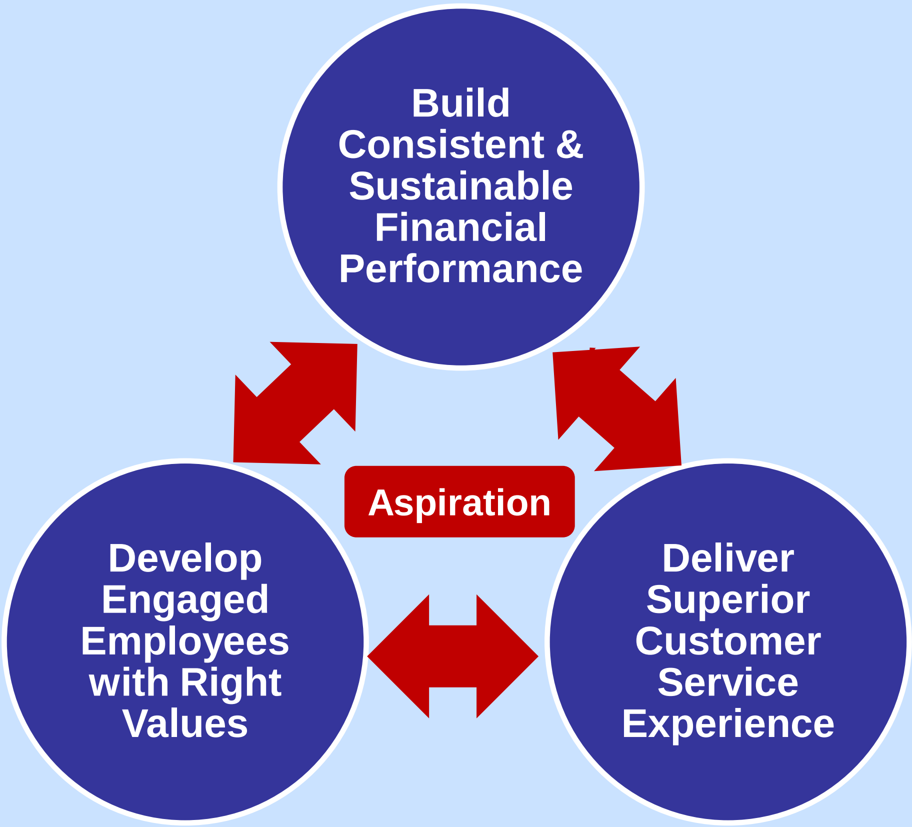
in Asia Pacific, Gulf region & Africa

Malaysia's 100 Leading Graduate Employers 2012, 2013 & 2014

*Note: *Customer Satisfaction Index*

FY2015: Strategic Priorities

Continue To "Deliver Consistent and Sustainable Financial Performance"



Our FY2015 Priorities

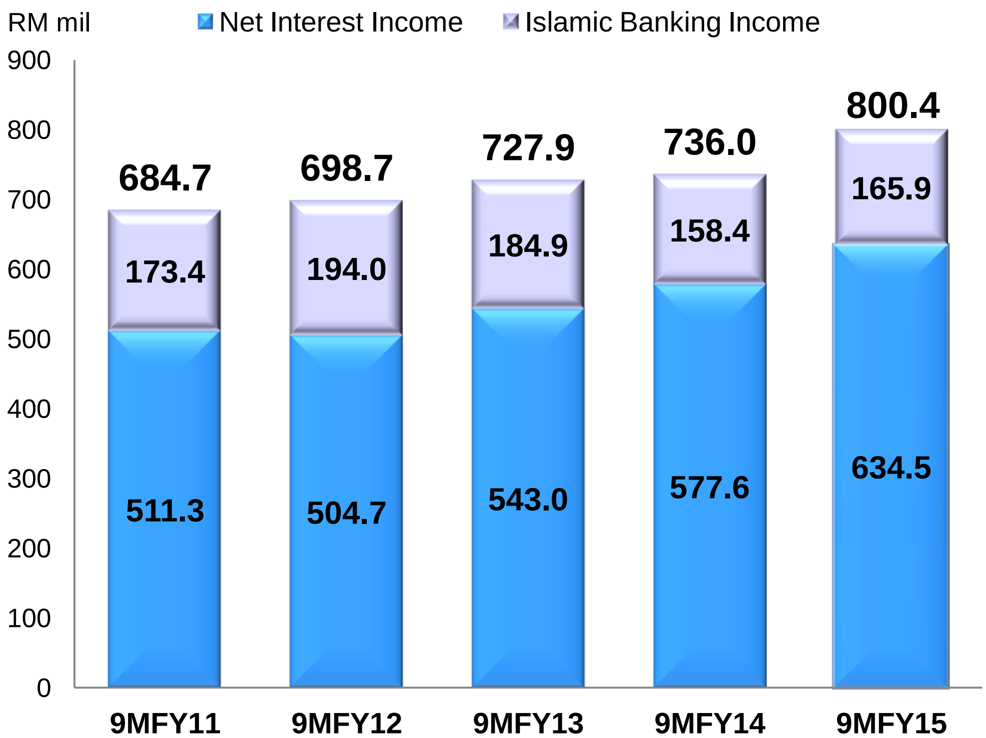
- Build on strengths and niche in Consumer and Business banking
- Enhance existing branch network and leverage on alternative channels
- Enhance customer experience through streamlining of processes and raising staff productivity
- Improve efficiency in resource utilisation, ensure impactful investments in technology and infrastructure
- Strengthen investment banking and Islamic banking capabilities

… We will continue to exercise caution & implement vigilant risk management to deliver consistent & sustainable results…

Contents

8.4% y-o-y Steady Growth Interest Net Income Driven by Higher Loan Growth

Net Interest Income & Islamic Banking Income



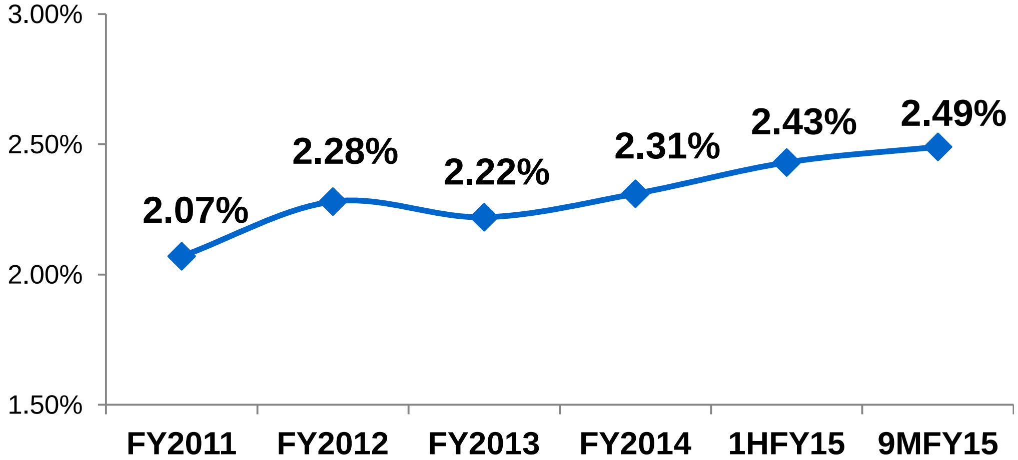
9MFY15 vs 9MFY14
+ RM64.4 mil
+ 8.7%

- **Net interest income** growth of RM56.9 million or 9.8% y-o-y:
  - ✓ +RM157.4 million increase in interest income primarily from loan growth;

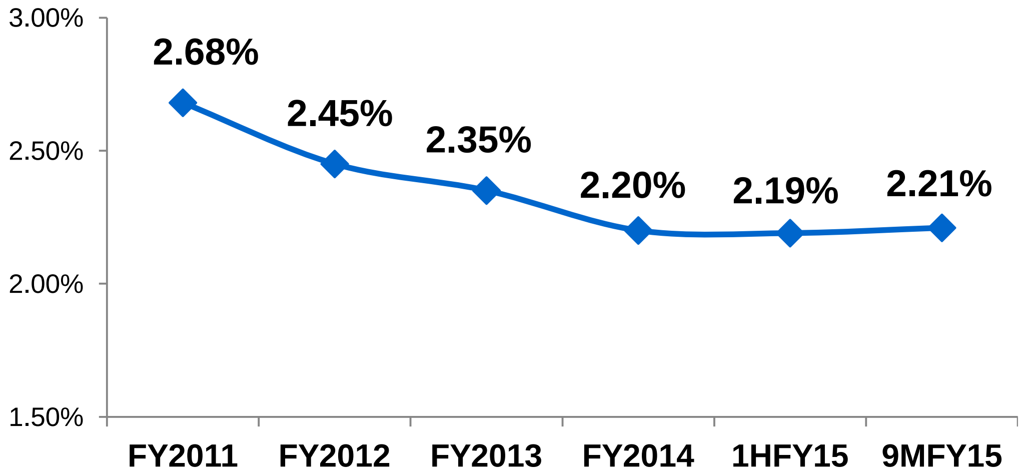
  Offset by:
  - ✓ +RM100.5 million rise in interest expense from 13.0% y-o-y expansion in total deposits
  - ✓ Deposit rates on the rise:
    - Competition for retail deposits ahead of implementation of Basel III Liquidity Coverage Ratio, effective June 2015
    - Rates re-priced ahead of the increase in the Overnight Policy Rate (OPR) in July 2014
- **Net income from Islamic banking**:
  - ✓ On the uptrend in 9MFY15, with the growth in hire purchase lending offsetting the run-off of the high-yielding co-op personal financing.

Net Interest Margin Continues To Be Under Pressure

Cost of Funds Trend



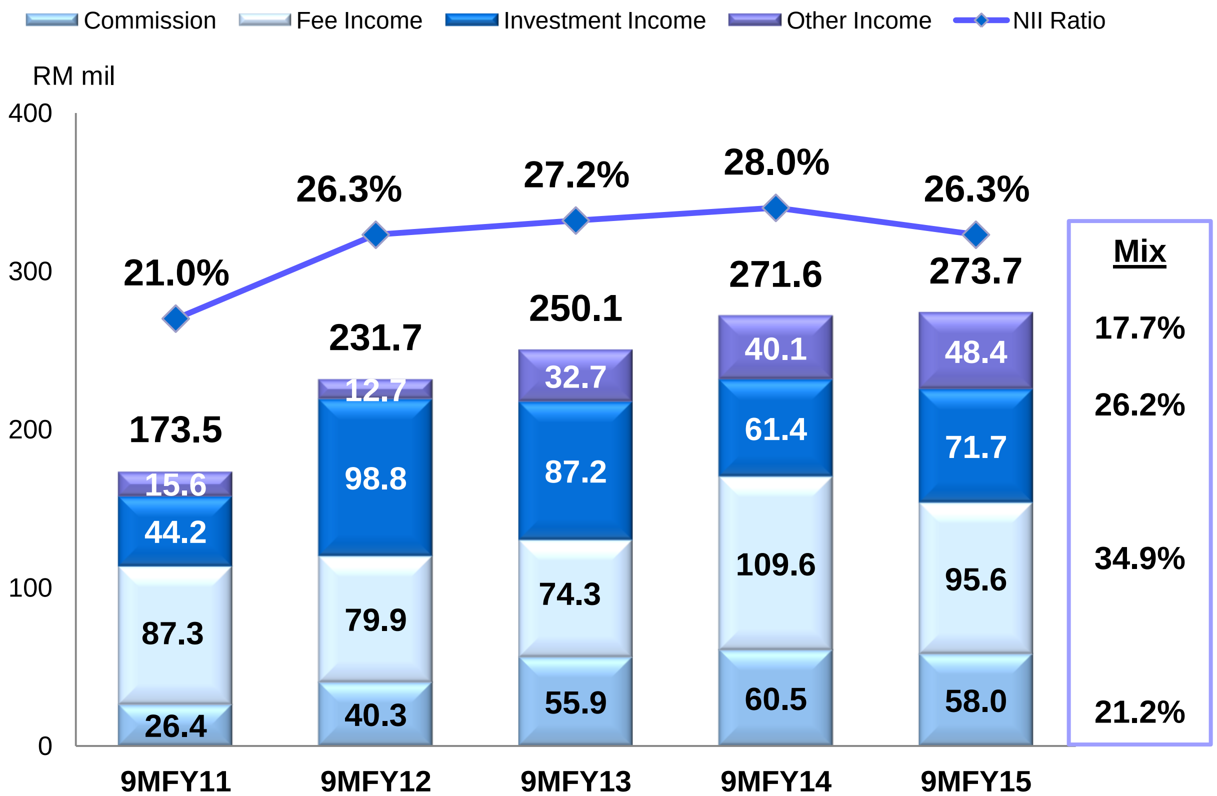
Net Interest Margin Trend



- Increase in cost of funds is due to:
  - ✓ Deposit rates re-pricing ahead of the OPR increase
  - ✓ Intensified competition for retail deposits ahead of the implementation of the Liquidity Coverage Ratio (LCR) requirements at 60% in June 2015, and 70% in January 2016
  - ✓ Banking industry deposit growth y-o-y at 7.7%, had marginally lagged the 8.8% loan growth.
- Net Interest Margin (NIM) was maintained due to the positive impact OPR hike in July 2014. However, margin compression is expected to continue due to:
  - ✓ The positive impact of the OPR hike has been eroded by the rising deposit rates
  - ✓ Run-off from repayments of higher yielding co-op loans:
    - RM391.0 million as at December 2014
    - RM434.0 million as at December 2013
    - RM1,023.1 million as at March 2011
  - ✓ 41.4% of overall loan portfolio in mortgage loans, which are lower yield

Non-Interest Income Supported by Continuing Focus on Building Recurring Income

Non-Interest Income Trend



9MFY15 vs 9MFY14
+ RM2.1 mil
+ 0.8%

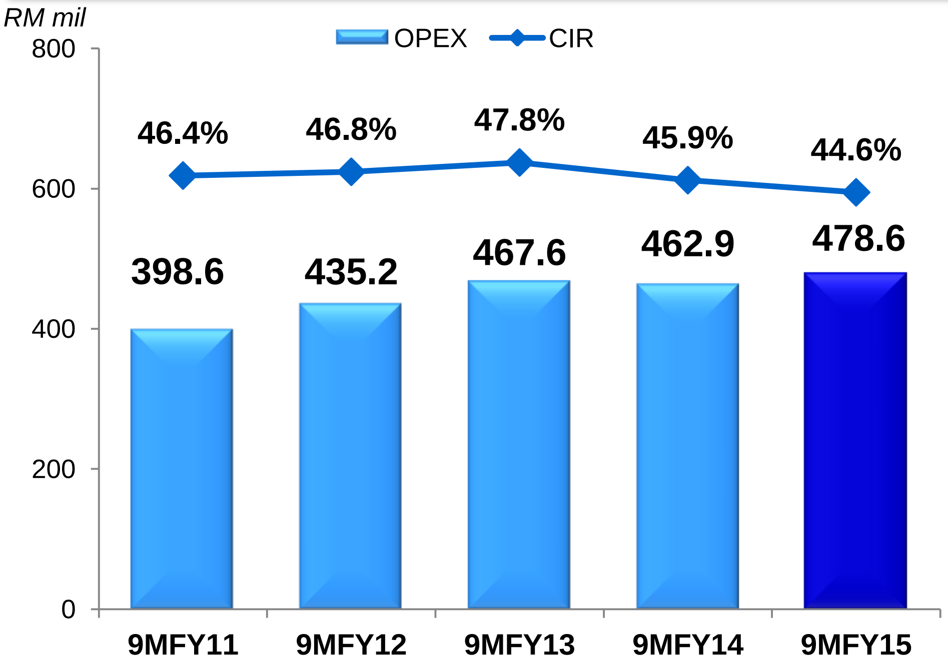
- ***Non-interest income (NII)*** includes the following one-off non-recurring income:
  - ✓ 9MFY15 – RM21.6 million gain on disposal of land; and RM10 million bancassurance fee
  - ✓ 9MFY14 – RM30 million upfront fee on signing of bancassurance agreement.
- Excluding the impact of one-off income above, non-interest income ratio at 24.8% in 9MFY15 versus 25.8% in 9MFY2014

<u>Note</u>: *Non-interest income ratio includes the non-interest income portion of Islamic banking business*

Operating Expenses

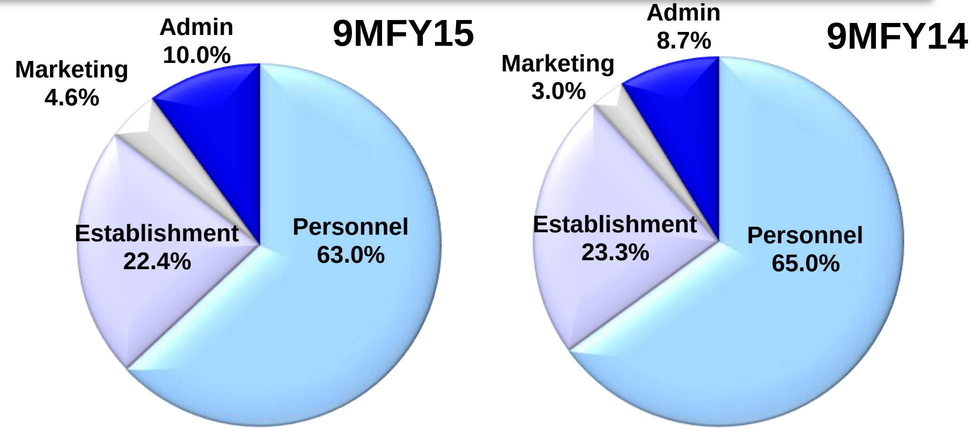
Cost-to-income Ratio Improved to 44.6%, from Effective Cost Management

Operating Expenses Trend



9MFY15 vs 9MFY14
+ RM15.7 mil
+ 3.4%

Composition of Operating Expenses



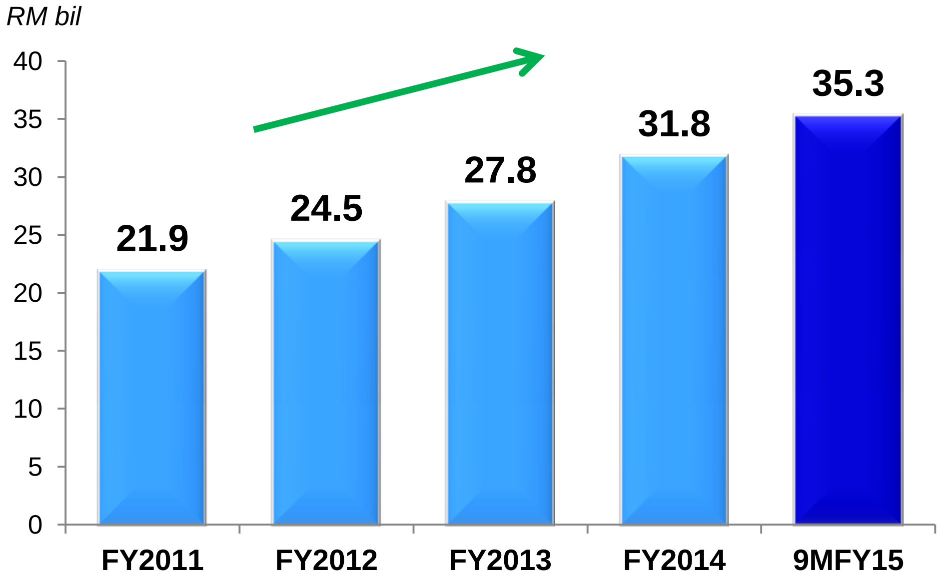
OPEX Contribution	9M FY15 RM mil	9M FY14 RM mil	Change	
			RM	%
Personnel	301.6	300.7	0.9	0.3%
Establishment	107.0	107.9	-0.9	-0.8%
Marketing	22.1	14.0	8.1	57.8%
Administration	47.9	40.3	7.6	18.9%
Total OPEX	478.6	462.9	15.7	3.4%

- Administration expenses up by RM7.6 million or 18.9% y-o-y, mainly due to higher communication expenses.
- Personnel cost up marginally by 0.3% in 9M FY15. There was a one-off MSS cost of RM10.6 million in June 2014.
- The Group continues to enhance productivity and efficiency through effective cost management and also investment in branch channels, IT infrastructure and marketing.

Gross Loans

Net Loan Growth Momentum at 16.7% y-o-y, SME Composition Increased to 20.3% of Total Loans

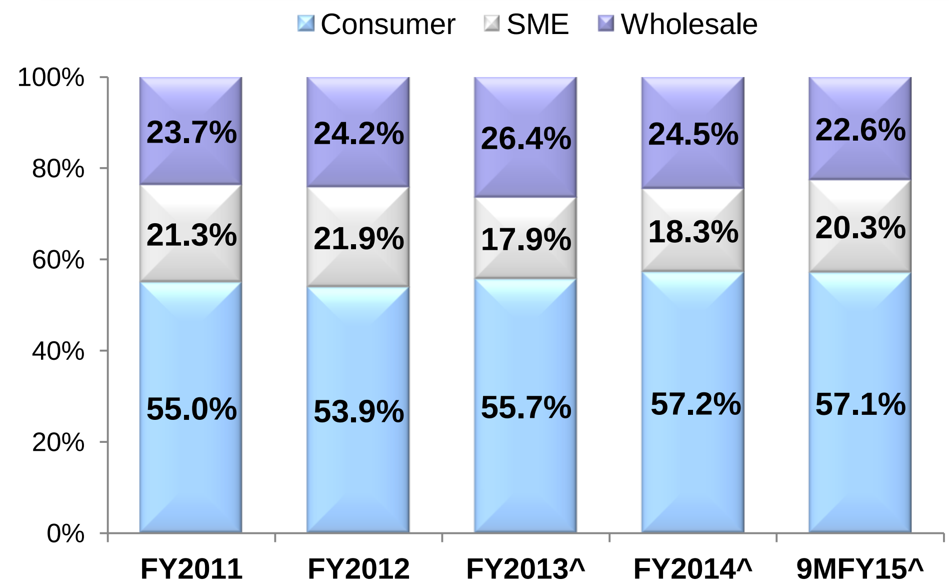
Net Loans, Advances and Financing Trend



9MFY15 vs 9MFY14
+ RM5 bil
+ 16.7%

9MFY15 YTD
Annualised
+ 14.5%

Loan Composition by Business Segments



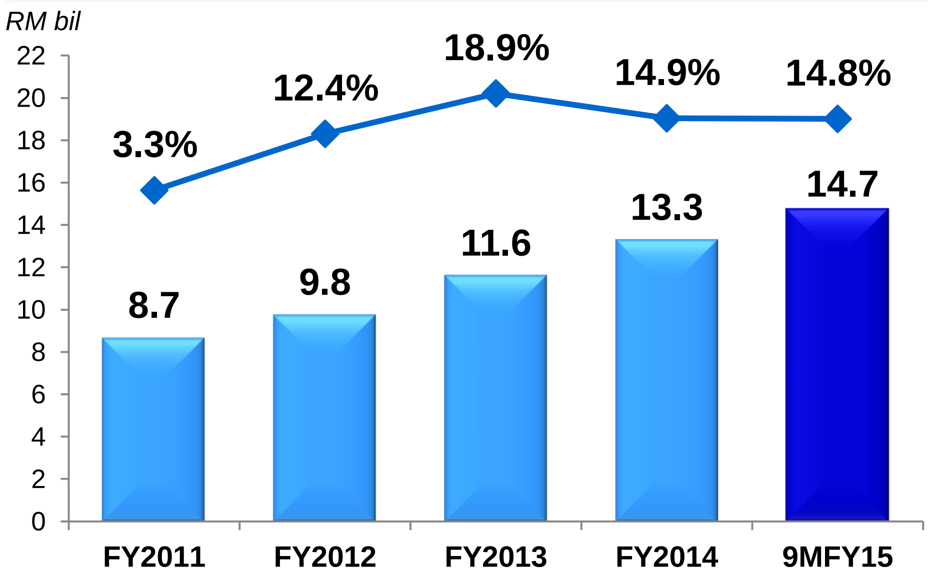
- ***Net loan growth*** of 16.7%, higher than industry loan growth of 8.7%*
- Balanced loan composition with 57.1% Consumer, 20.3% SME and 22.6% for Wholesale Lending
- Effective management of interest rate risk: 89.6% of loan book is floating rate (9MFY14: 89.3%)

Note: ^ BNM's revised SME definition effective from 1 January 2014. FY2013 SME loans have been restated based on BNM's revised SME definition.
** Industry data sourced from BNM Monthly Statistical Bulletin as of December 2014*

Loan Growth: Residential & Commercial

Maintained Double-digit Growth for Residential & Commercial Properties

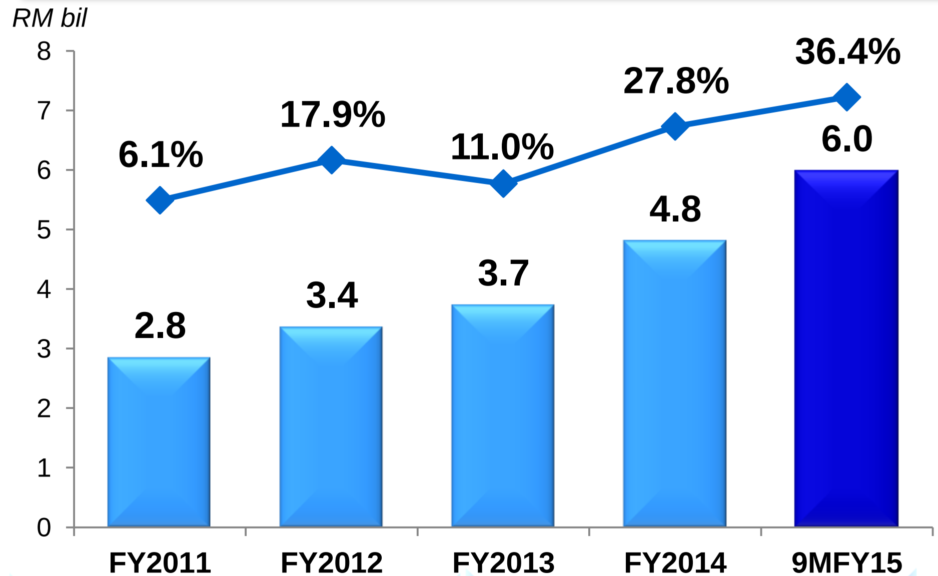
Loan Growth for Residential Property



9MFY15 vs 9MFY14
+ RM1.9 bil
+ 14.8%

9MFY15 YTD
Annualised
+ 14.1%

Loan Growth for Commercial Property



9MFY15 vs 9MFY14
+ RM1.6 bil
+ 36.4%

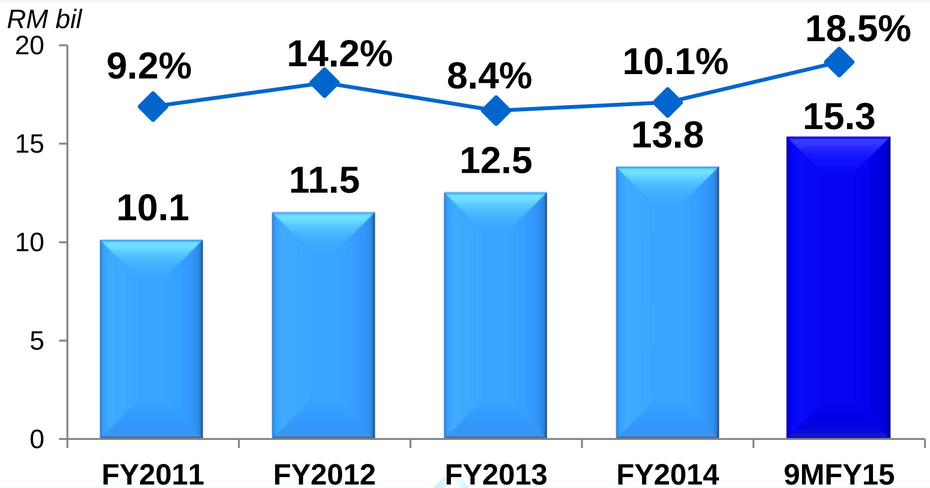
9MFY15 YTD
Annualised
+ 34.2%

- Residential properties: +RM1.9 billion or 14.8% y-o-y growth. Going forward, lending for residential mortgages is showing signs of growth slowdown in tandem with property market.
- Commercial properties: +RM1.6 billion or 36.4% y-o-y growth
- Focus on high growth areas i.e. Klang Valley, Penang and Johor, with attractive housing loan packages for the right customer segments, and business premises financing for SMEs

Loan Growth: Business Banking & SME

Business Banking Loan Growth Accelerated to 18.5% Driven by SME Lending

Loan Growth for Business Banking



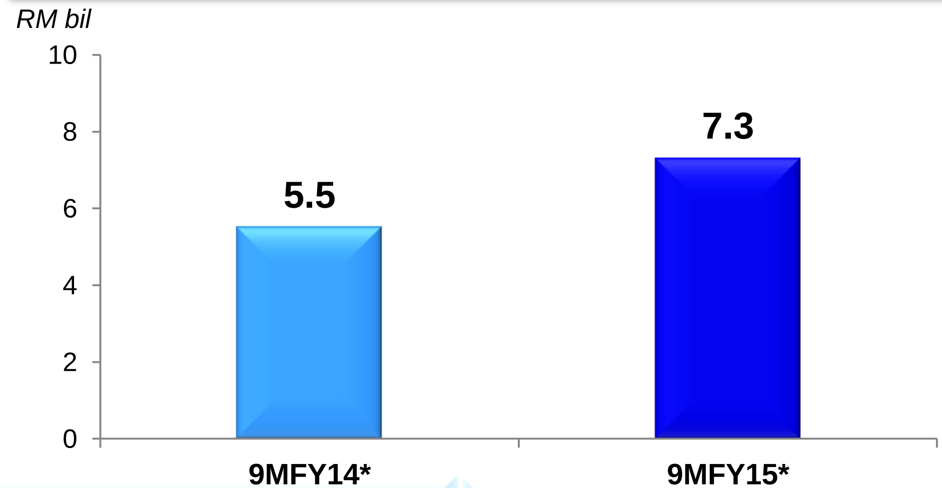
9MFY15 vs 9MFY14
+ RM2.4 bil
+ 18.5%

9MFY15 YTD
Annualised
+ 14.8%

RM Mil	9MFY15	9MFY14	Y-o-Y Growth
SME	7,252	5,508	31.7%
Corporate & Commercial	8,054	7,411	8.7%

- Overall business loans: +RM2.4 billion or 18.5% y-o-y
- Corporate & commercial loans: + RM0.6 billion or 8.7% y-o-y, mainly attributed by growth in commercial loans.

Loan Growth for SME



9MFY15 vs 9MFY14
+ RM1.7 bil
+ 31.7%

9MFY15 YTD
Annualised
+ 30.6%

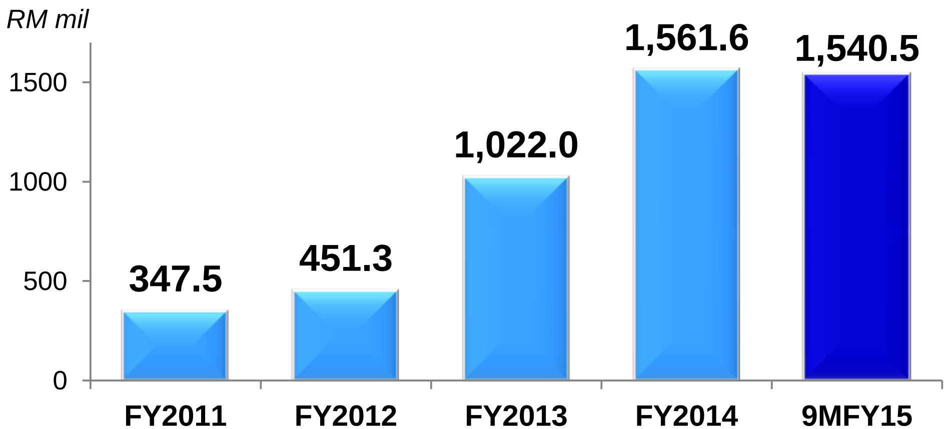
Note:
** BNM's revised SME definition effective from 1 January 2014. FY2013 SME loans have been restated based on BNM's revised SME definition.*

- SME Lending: up RM1.7 billion or 31.7% y-o-y (based on BNM's revised SME definition), driven by improvements in processing time following streamlining of processes.

Loan Growth: Share Margin & Transport Vehicles

Rebalancing of Share Margin Financing and Hire Purchase Portfolio

Share Margin Financing Growth



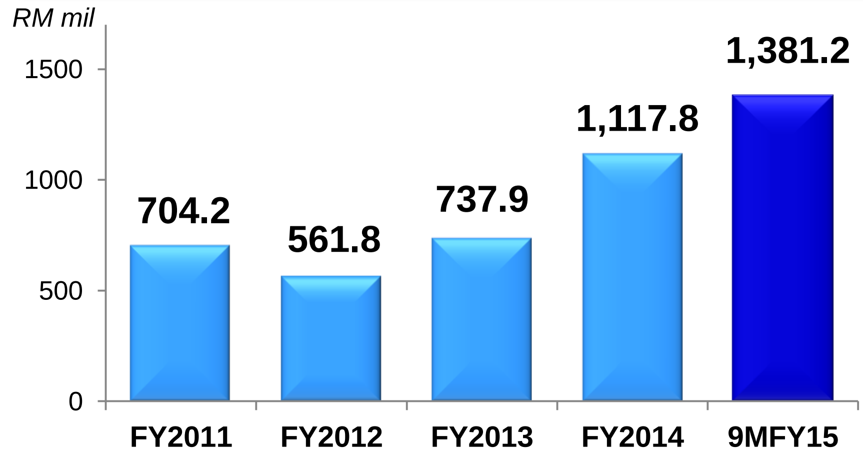
KLCI	1545.13	1596.33	1671.63	1849.21	1761.25

9MFY15 vs 9MFY14
+ RM84.4 mil
+ 5.8%

9MFY15 YTD
Annualised
- 1.8%

- 5.8% y-o-y growth in share margin financing in line with greater focus on wealth management and re-organisation of retail broking business.
- Share margin financing growth affected by the recent lacklustre performance of the Malaysian equity market, particularly in the last quarter of 2014*.

Loan Growth for Transport Vehicles



9MFY15 vs 9MFY14
+ RM0.3 bil
+ 33.0%

9MFY15 YTD
Annualised
+ 31.4%

- Re-commenced hire purchase financing in April 2012, focusing on new cars and non-national marquees.
- +RM342.5 million y-o-y growth with continued expansion of panel of car dealers and distributors. Loan growth for transport vehicles is expected to slow down, given the external uncertainties.

*Note: * KLCI Index has fallen -4.8% on YTD basis (since March 2014)*

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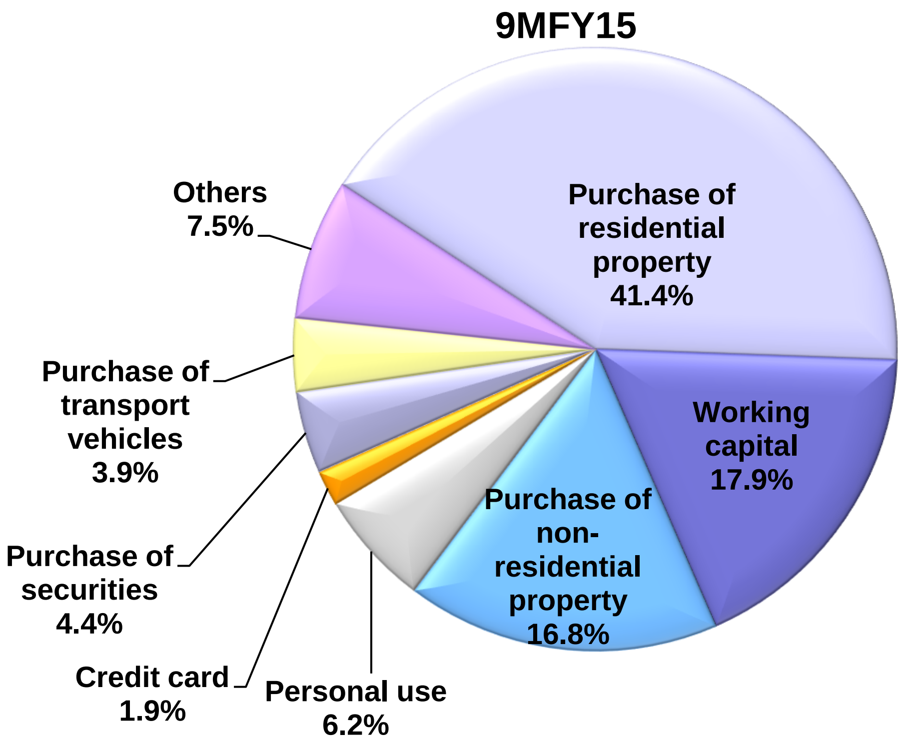
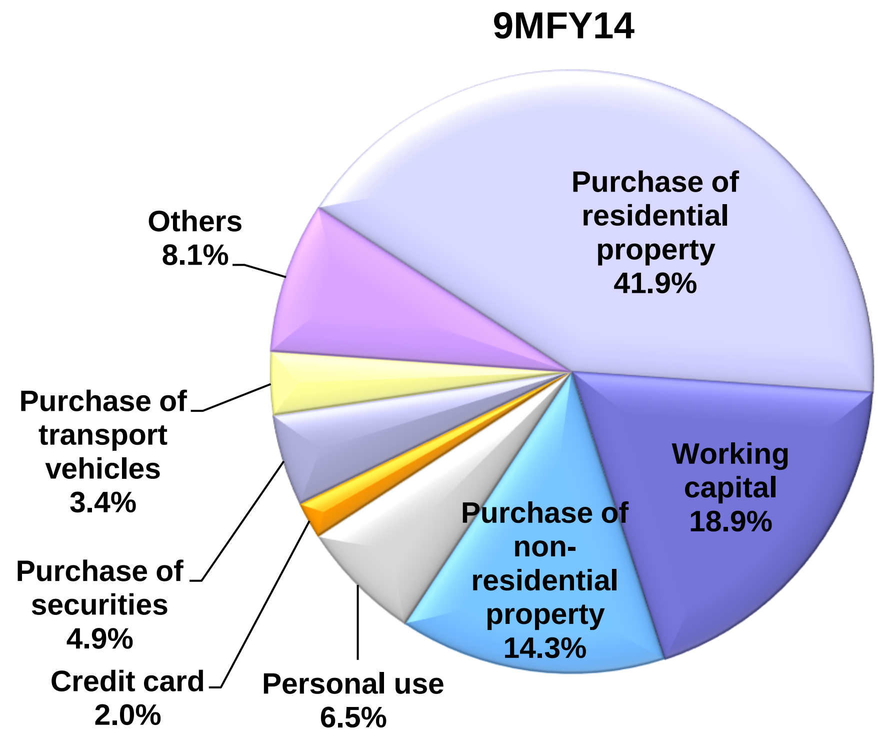
Composition of Loan Portfolio

Well Collateralised Loan Portfolio



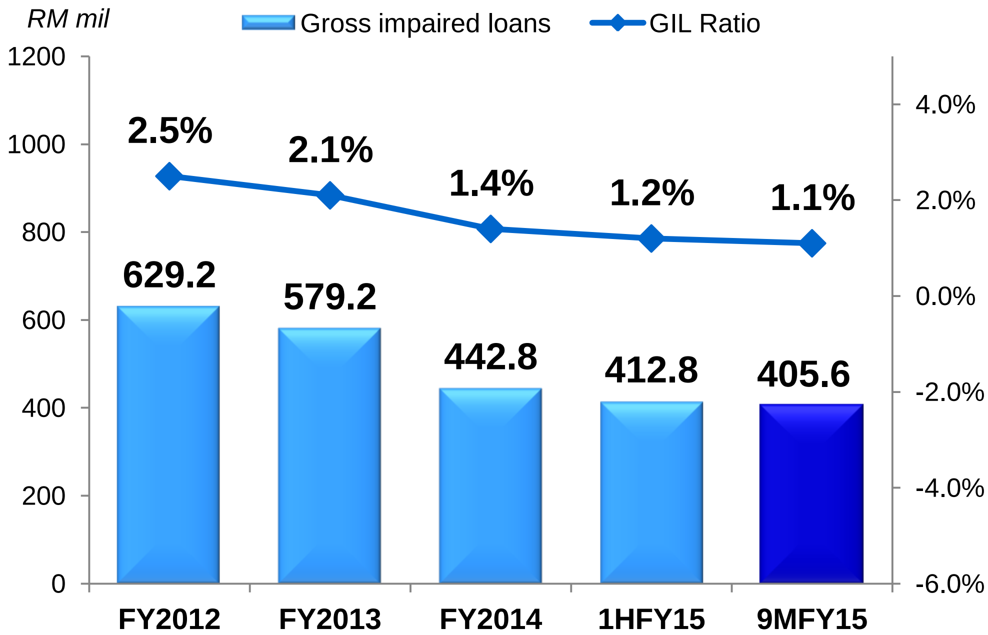


Loan Composition by Economic Purposes

- Risk Management – well diversified and collateralised loan book.
- Residential and non-residential properties accounted for 58.2% of gross loan portfolio:
  - ✓ 41.4% of loan portfolio is for residential properties, reduced from 41.9% as at 9MFY14
  - ✓ 16.8% for non-residential properties, increased from 14.3% as at 9MFY14
- 17.9% of gross loans are for working capital compared to 18.9% in 9MFY14.

Continued Improvement In Asset Quality – Gross Impaired Loans Ratio at 1.1%

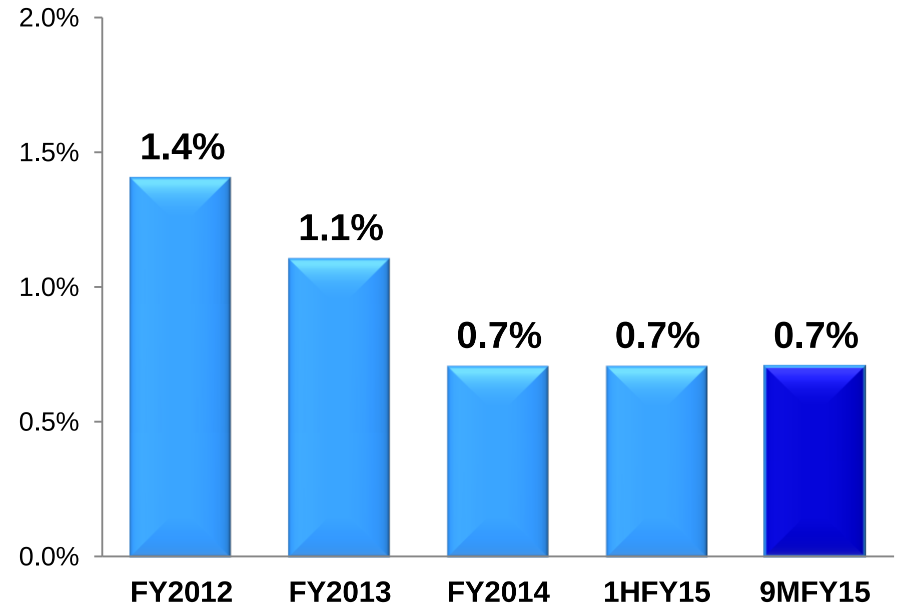
Gross Impaired Loans



9MFY15 vs 9MFY14
GIL: - RM63.5 mil
- 13.5%

9MFY15 vs 9MFY14
GIL Ratio: - 0.4%
(from 1.5% Dec 2013)

Net Impaired Loans Ratio



9MFY15 vs 9MFY14
NIL Ratio: - 0.1%
(from 0.8% Dec 2013)

- Gross impaired loans ratio improved to 1.1%.
- Net reduction in gross impaired loans of RM63.5 million y-o-y, despite a 16.3% y-o-y gross loan growth.
- Continuing efforts to refine credit origination processes, credit scoring models, and intensify collection.

Asset Quality: Mortgages, Hire Purchase, SME

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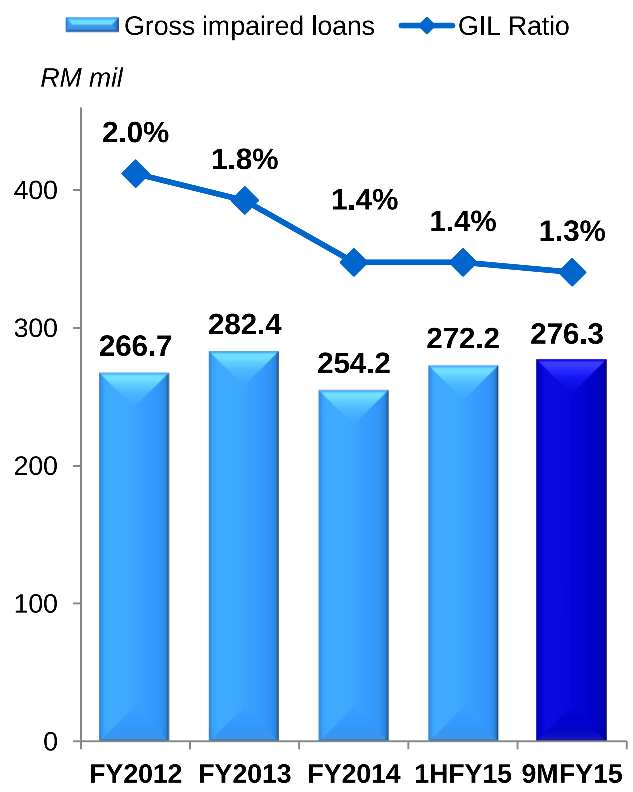
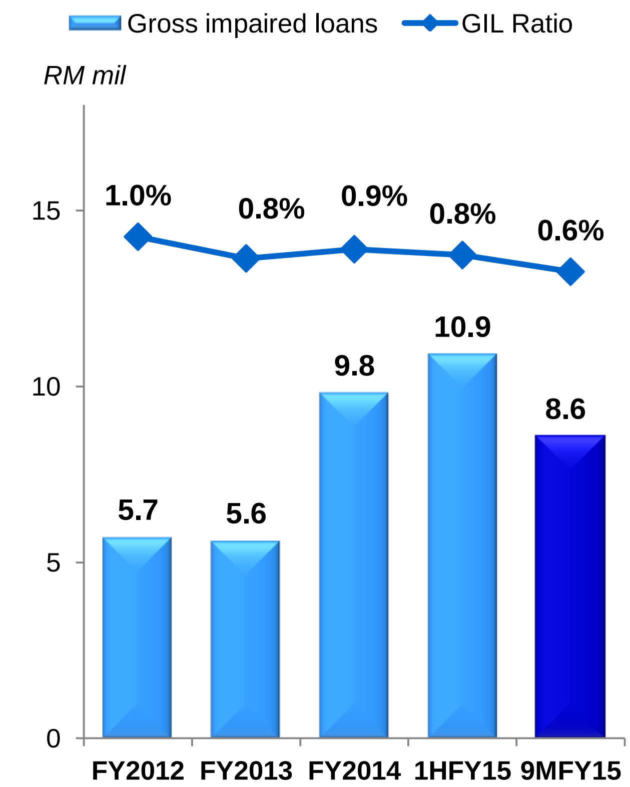
Continued Improvement in Asset Quality for Mortgages, Hire Purchase and SME segment

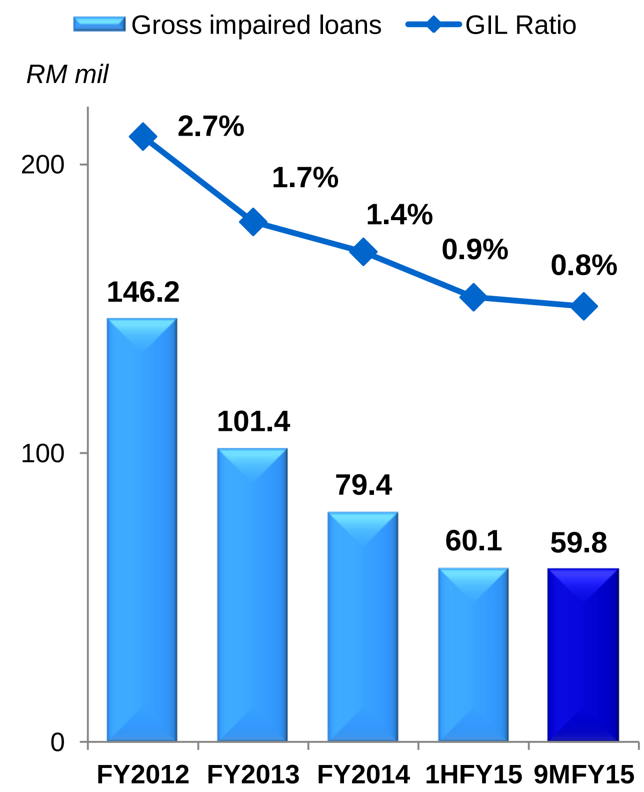
Purchase of Residential and Non-Residential Properties



Purchase of Transport Vehicles



SME

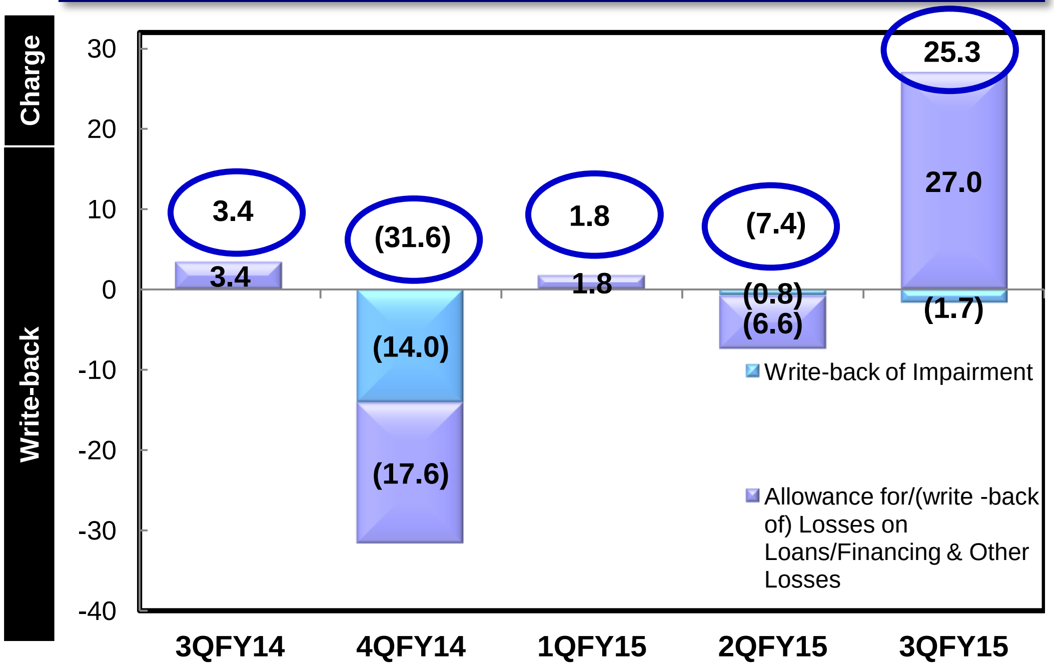


- ❑ The asset quality continued to improve, with the gross impaired loans ratio for the purchase of residential & non-residential property declined to 1.3%. Likewise, transport vehicles improved to 0.6%.
- ❑ Gross impaired loans ratio for SME segment further improved to 0.8%.

Impairment Provisions

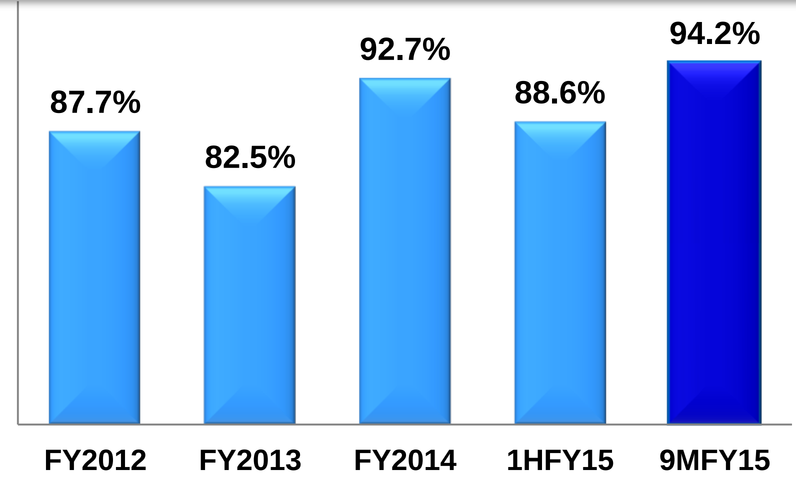
Collective Assessment in Line with Loan Growth, Credit Cost at ~ 20.8 bps excluding recoveries

Allowance for /(Write-back of) Losses on Loans/Financing and Impairment



- Allowance in 9MFY15 is mainly due to higher collective assessment from loan growth.
- For 9MFY15, credit cost for loans/ financing was RM70.7 million or ~20.8 bps. (9MFY14: RM41.7 million or ~14.2 bps) (excluding recoveries).

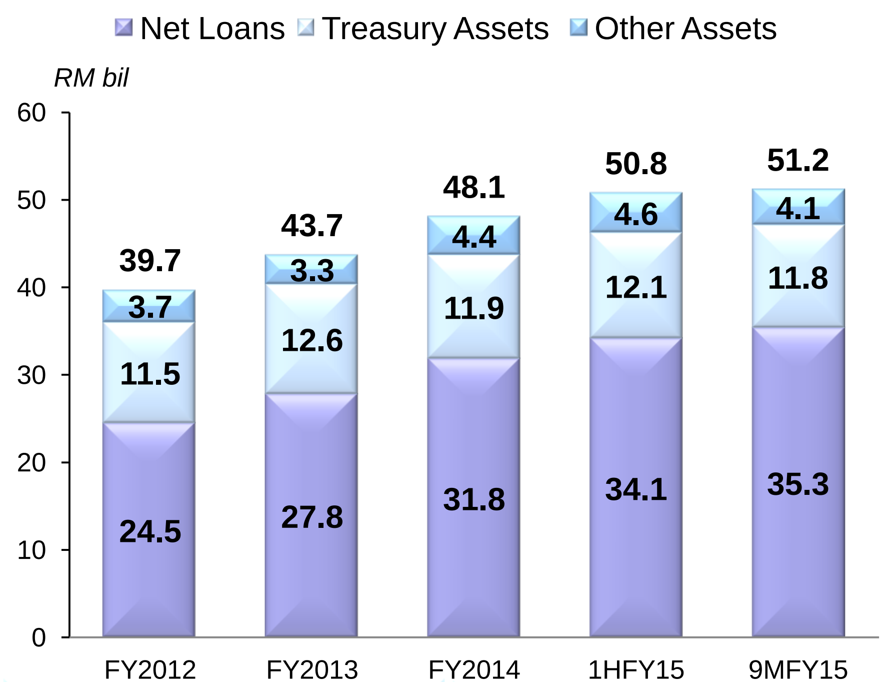
Loan Loss Coverage



RM'000	9MFY15	9MFY14
Individual assessment	638	5,140
Collective assessment	55,906	15,132
Bad debts recovered	(48,575)	(37,769)
Bad debts written off	12.983	19,201
Allowance for other assets	1,162	2,248
Allowance for losses on loans, financing and other losses	**22,114**	**3,952**
Write-back of impairment (CLO)	**(5,189)**	**(902)**
Total allowance	**16,925**	**3,050**

Effective Utilisation of Balance Sheet: Net Loans Constitute 68.9% of Total Assets

Total Assets Trend

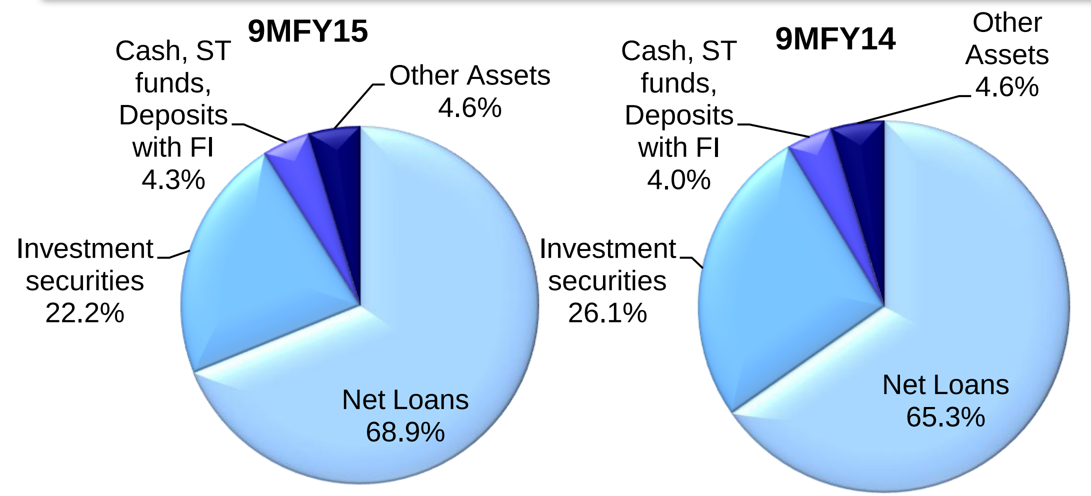


9MFY15 vs 9MFY14
+ RM4.9bil
+ 10.6%

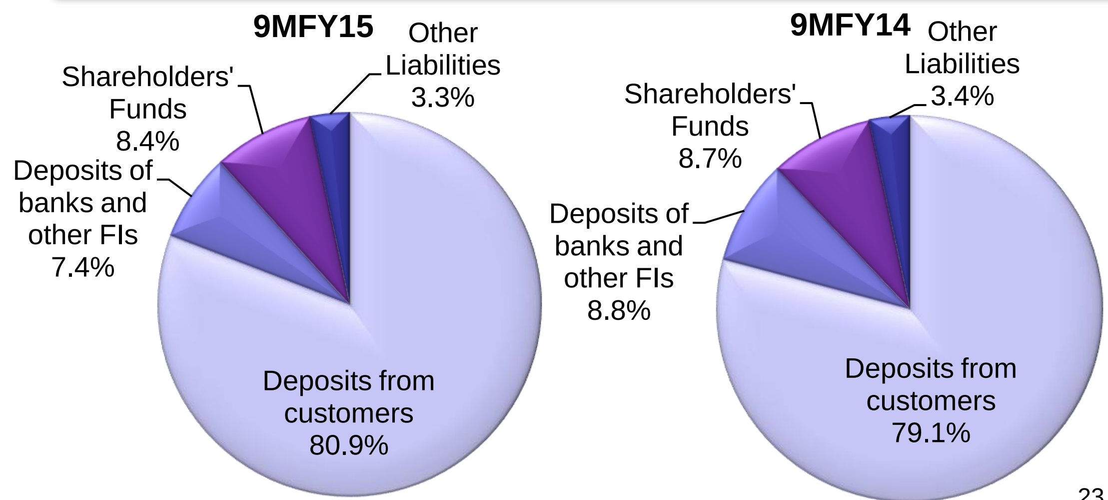
9MFY15 YTD
Annualised
+ 8.8%

- Total assets expanded by RM4.9 billion or 10.6% y-o-y to RM51.2 billion.

Composition of Total Assets



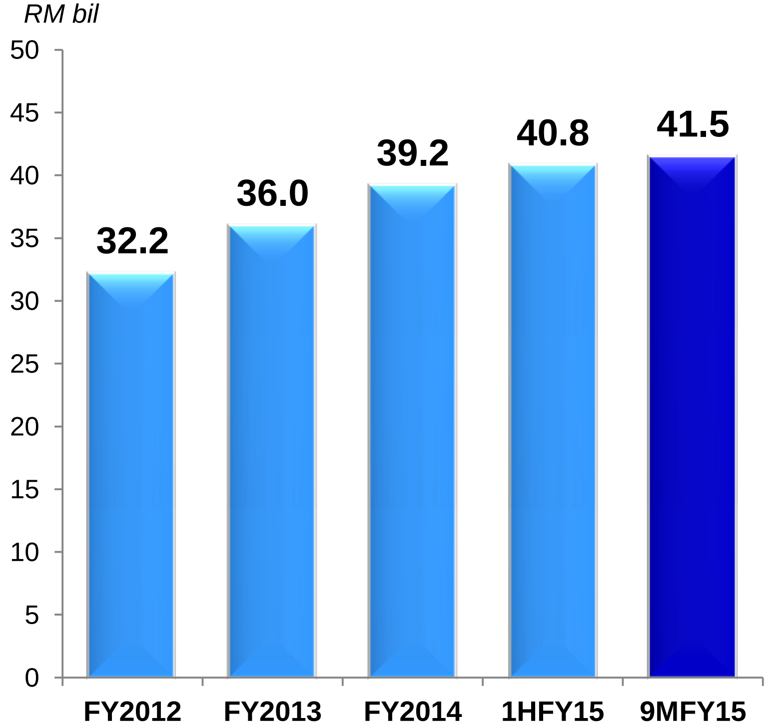
Composition of Total Liabilities/ Equity



Note: Investment securities comprise financial assets (HFT, AFS & HTM) & derivative financial assets

Robust y-o-y Deposit Growth of 13.0%, with CASA Deposits Up 11.8% to RM14.4 billion

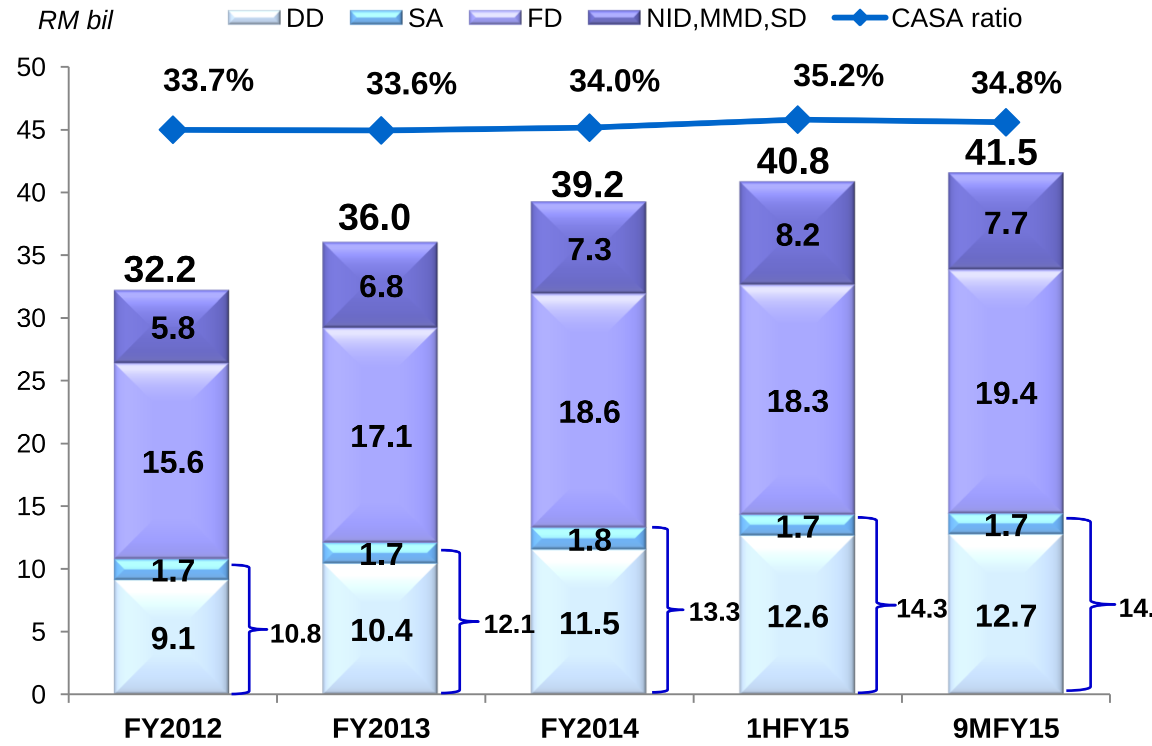
Customer Deposits Trend



9MFY15 vs 9MFY14
+ RM4.8 bil
+ 13.0%

9MFY YTD
Annualised
+ 7.5%

CASA Trend



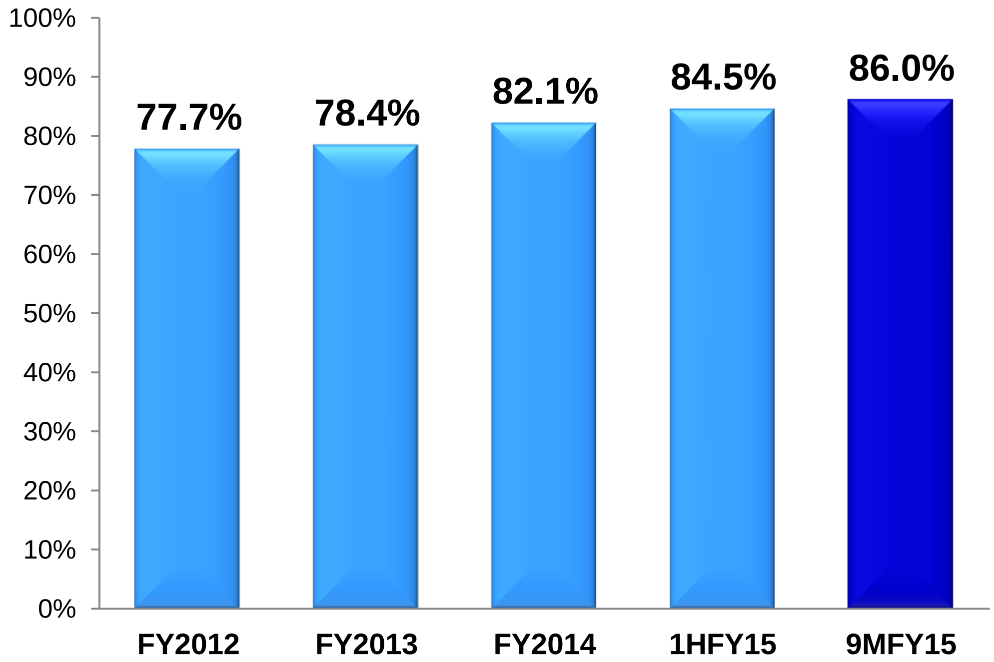
- Total customer deposits of RM41.5 billion as at 9MFY15, up 13.0% from the same period last year, higher than industry growth rate of +7.7%* y-o-y.
- CASA deposits expanded by RM1.5 billion or 11.8% y-o-y to RM14.4 billion in 9MFY15.

Note: *Industry data sourced from BNM Monthly Statistical Bulletin as of December 2014.

Customer Deposits

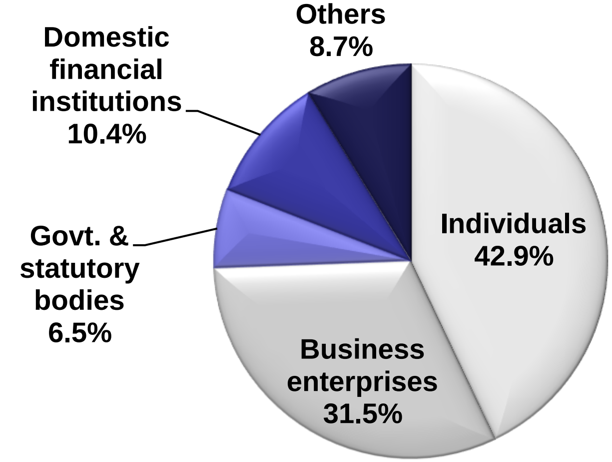
Strong Consumer & SME Franchise Reflected in Deposit Composition

Loan-to-Deposit Ratio Trend

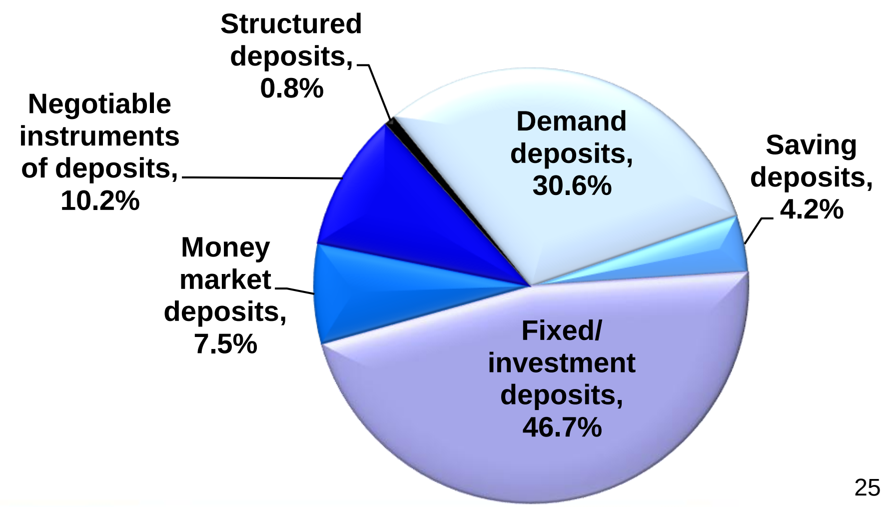


- 42.9% of deposits from Individuals.
- 31.5% of deposits from Business Enterprises.
- 34.8% CASA ratio, driven mainly by deposits from Business Enterprises.

Deposit Composition by Customer Types



Deposit Composition by Product Types

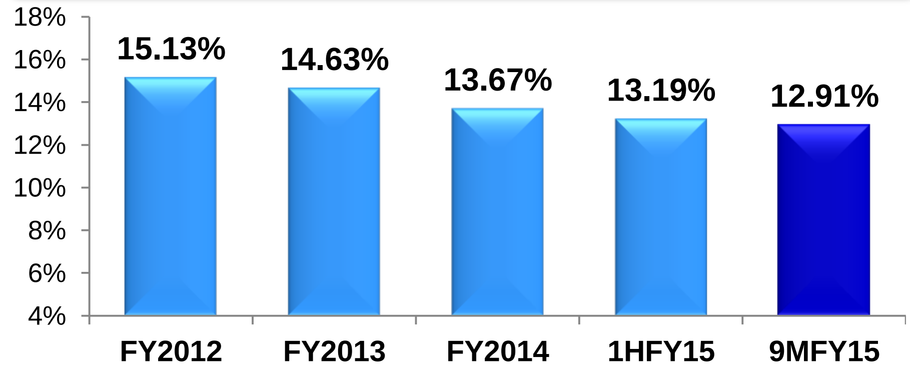


Effective Capital Management

Basel III: Capital Adequacy Ratios by Legal Entities

Legal Entities	CET 1 Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
AFG	**10.87%**	**10.87%**	**12.91%**
ABMB	11.22%	11.22%	11.29%
AIS	11.09%	11.09%	11.86%
AIBB	96.31%	96.31%	96.31%
Basel III Minimum regulatory capital adequacy ratio ^	***4.5%***	***6.0%***	***8.0%***

Total Capital Ratio



RM Mil	FY12	FY13	FY14	1H FY15	9M FY15
Double Leverage Ratio	98.7%	98.5%	99.0%	98.2%	96.3%

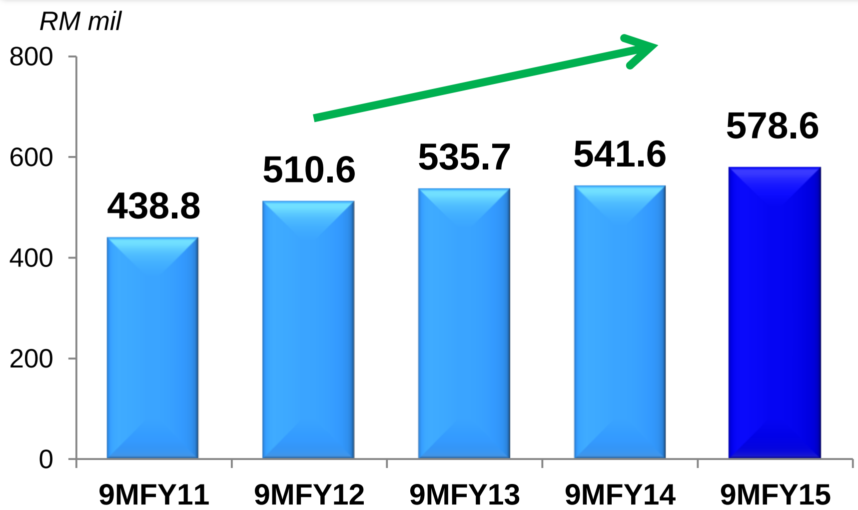
- Strong profit generation capacity to enable balance sheet expansion
- Continuous enhancement of capital usage by focusing on:
  - ✓ Less capital intensive lending activities – Consumer, Mortgage and SME lending
  - ✓ Non-interest income and fee based activities – Wealth Management and Transaction Banking
  - ✓ Improving asset quality
- Capital adequacy ratios are well above Basel III requirements.

Note: ^ Based on the Basel III minimum capital ratios for calendar year 2015

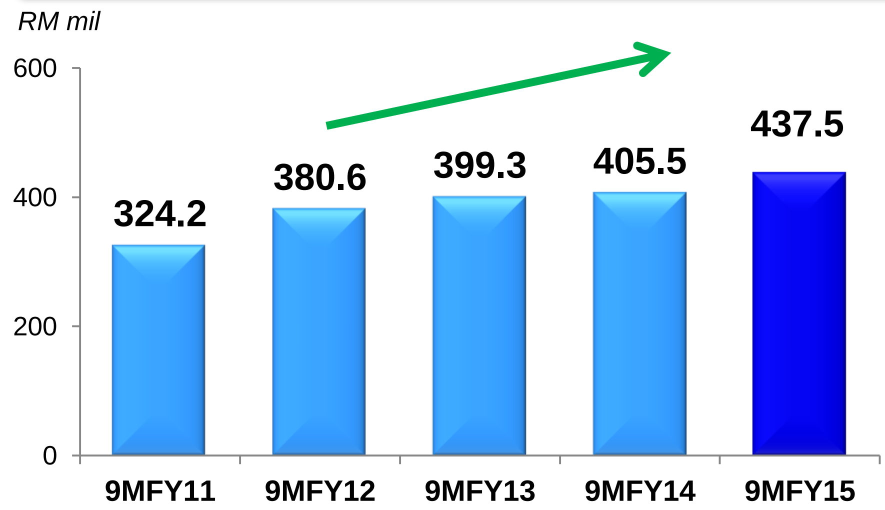
Enhanced Shareholder Value

Return on Equity at 13.4%, with Consistent Growth in Earnings Per Share

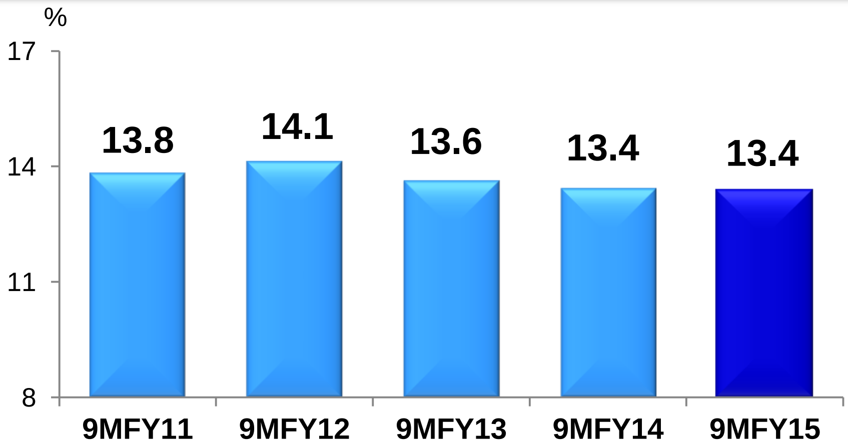
Profit Before Tax



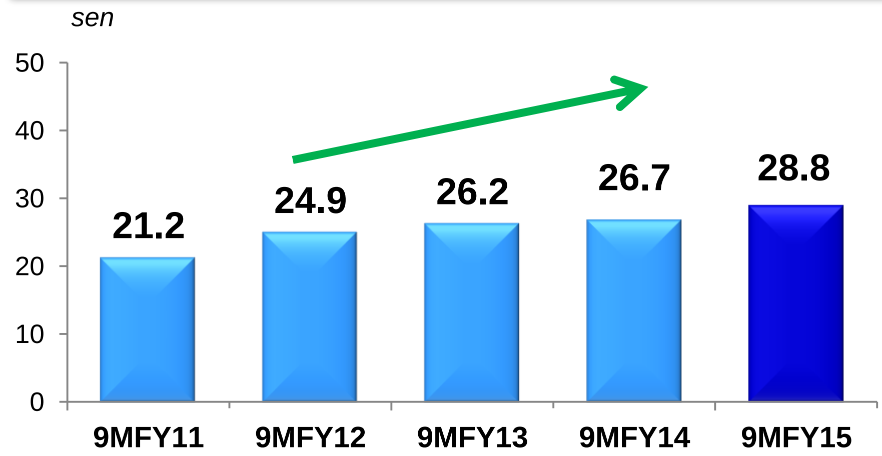
Net Profit After Tax



Return on Equity (After Tax)

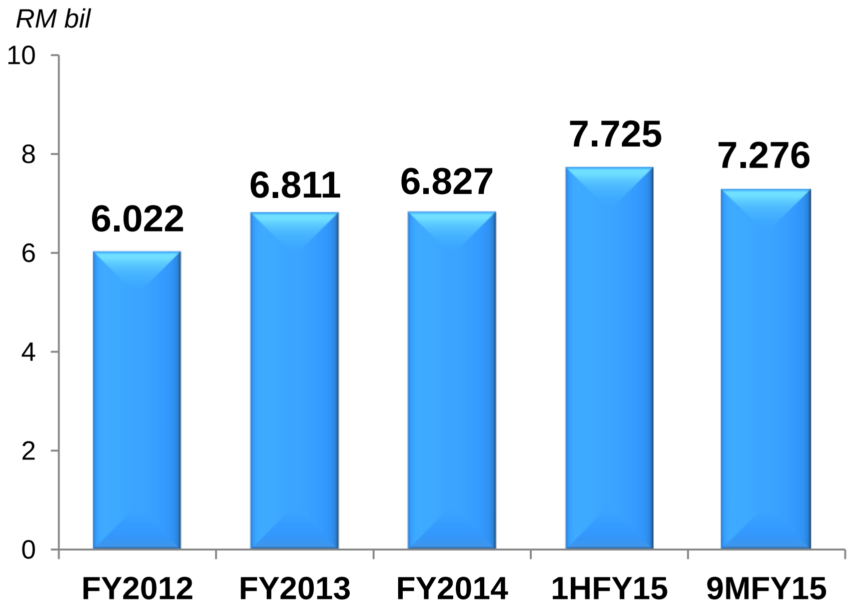


Earnings Per Share



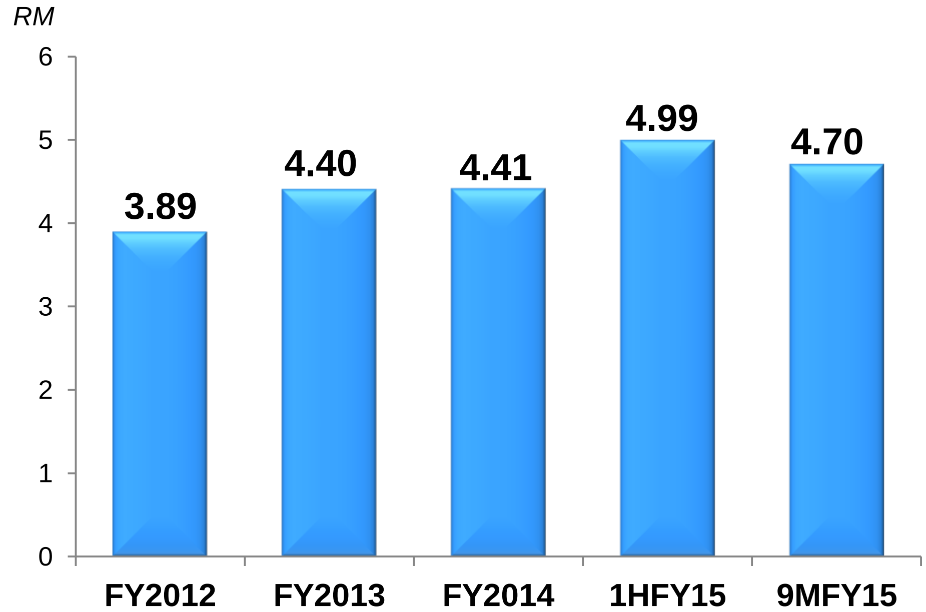
9MFY2015: Market Performance Holding Well Despite a Weak Equity Market

Market Capitalisation



- Market capitalisation and share price performance holding well with CAGR at 11.1% since FY2011.
- In spite of recent lacklustre performance of the Malaysian equity market, attributed by external headwinds.

Share Price Performance



Price-to-Book Multiple (times)

FY12	FY13	FY14	1HFY15	9MFY15
1.6	1.7	1.6	1.8	1.7

Foreign Shareholding

Mar’14	Jun’14	Sep’14	Dec’14
32.5%	32.5%	32.7%	32.0%

Contents

9M FY15: One-Off Items in P&L

Excluding One-Off Items, Non-Interest Income Ratio is 24.1%

RM mil	9MFY15	One-offs	9MFY15 Adjusted	9MFY14	One-offs	9MFY14 Adjusted
Net Interest Income	634.5		634.5	577.6		577.6
Islamic Banking Income	165.9		165.9	158.4		158.4
Non-Interest Income	273.7	(31.6) (1)	242.1	271.6	(30.0) (3)	241.6
Net Income	1,074.1		1,042.5	1,007.6		977.6
Operating Expenses	478.6	10.6 (2)	468.0	462.9	22.3 (4)	440.6
Pre-Provision Operating Profit	595.5		574.5	544.7		537.0
Allowance for losses on loans, financing and other losses	16.9		16.9	3.1		3.1
Pre-tax profit	578.6	(21.0)	557.6	541.6	(7.7)	533.9
Net Profit After Taxation	437.5	(19.0)*	418.5	405.5	(5.8)	399.7
Non-interest income ratio	26.3%		24.1%	28.0%		25.8%
Cost-to-income ratio	44.6%		44.9%	45.9%		45.1%

Notes:

(1): Gain on disposal of land and RM10.0 million of bancasurance fee with Manulife

(2): MSS cost *(3): Sign-on fee from bancassurance agreement with Manulife* *(4): VSS cost*

** Effective Tax Rate lower than the current statutory tax rate @ 25% as capital gain from disposal of land is subject to Real Property Gains Tax (RPGT)*

Trend: Excluding One-Off FY15 Quarterly Results

3rd Quarter: Pre-Provision Profit Down 2.3% Due to Lower Non-Interest Income

Income Statement (RM mil)	Q1 FY15	Q1 FY15 (Adjusted)	Q2 FY15	Q2 FY15 (Adjusted)	Q3 FY15	Q3 vs Q2		Q3 vs Q2 (Adjusted)	
						RM mil	%	RM mil	%
Net interest income	199.8	199.8	221.1	221.1	213.5	-7.6	-3.4	-7.6	-3.4
Islamic Banking Income	53.7	53.7	53.9	53.9	58.3	4.4	8.2	4.4	8.2
Other operating income	83.2	83.2	115.1 (2)	83.5	78.0	-37.1	-32.2	-5.5	-6.6
Net income	336.7	336.7	390.1	358.5	349.8	-40.3	-10.3	-8.7	-2.4
Operating expenses	(161.6) (1)	(151.0)	(160.5)	(160.5)	(156.4)	4.1	2.6	4.1	2.6
Operating profit before allowance	175.1	185.7	229.6	198.0	193.4	-36.2	-15.8	-4.6	-2.3
(Allowance for)/write-back of losses on loans & impairment	(1.8)	(1.8)	7.4 (3)	7.4	(25.2)	-32.6	>100	-32.6	>100
Profit Before Tax	173.3	183.9	237.0	205.4	168.2	-68.8	-29.0	-37.2	-18.1
Net Profit After Tax	130.8	138.7	180.3	153.3	126.4	-53.9	-29.9	-26.9	-17.5

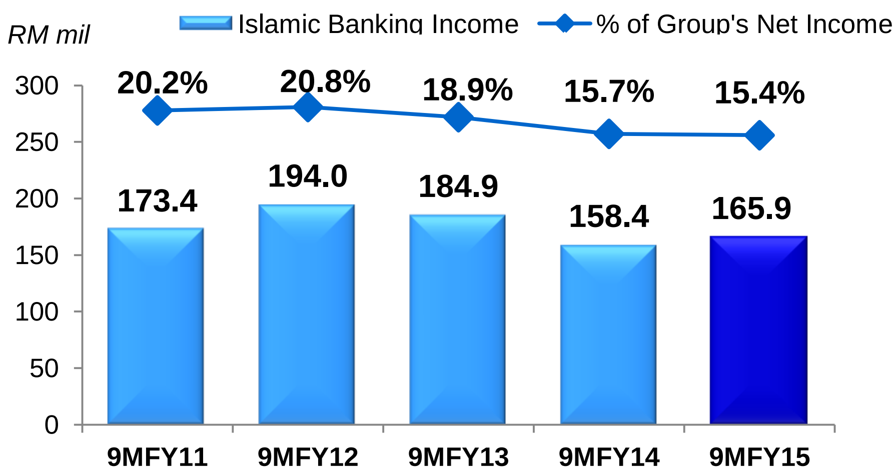
*Notes: **One-Off Income in 1st and 2nd Quarter FY2015***
(1): Includes MSS cost of RM10.6 million
(2): Gain on disposal of land of RM21.6 million and RM10.0 million of bancasurance fee with Manulife
(3): Net write back due to recovery of several large accounts

*Notes: **Bad Debts Recovered***
- *1st Quarter – RM12.6 million*
- *2nd Quarter – RM26.6 million*
- *3rd Quarter - RM9.3 million*

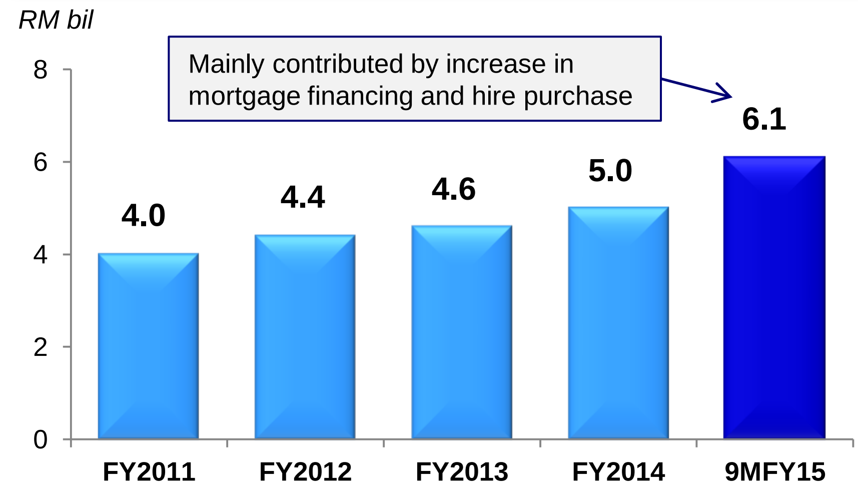
Adjusted Results – Excluding One-Off

Islamic Banking: y-o-y Net Financing Growth of 29.7% and Deposit Growth of 12.1%

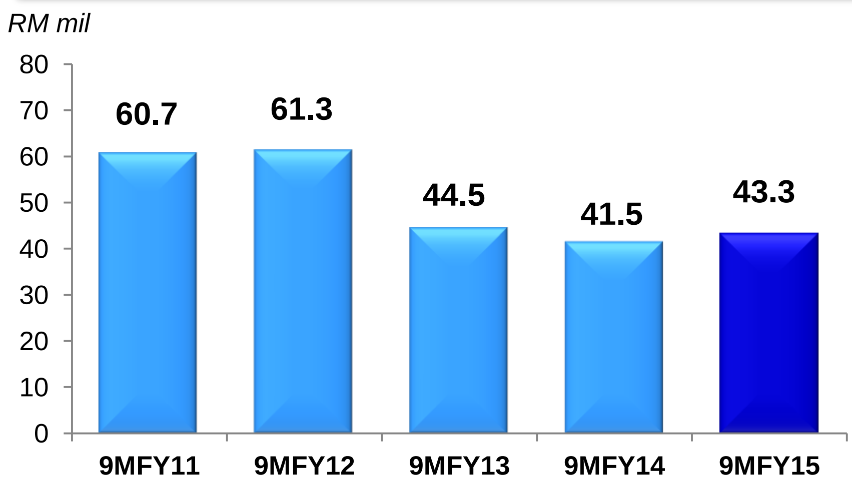
Islamic Banking Income



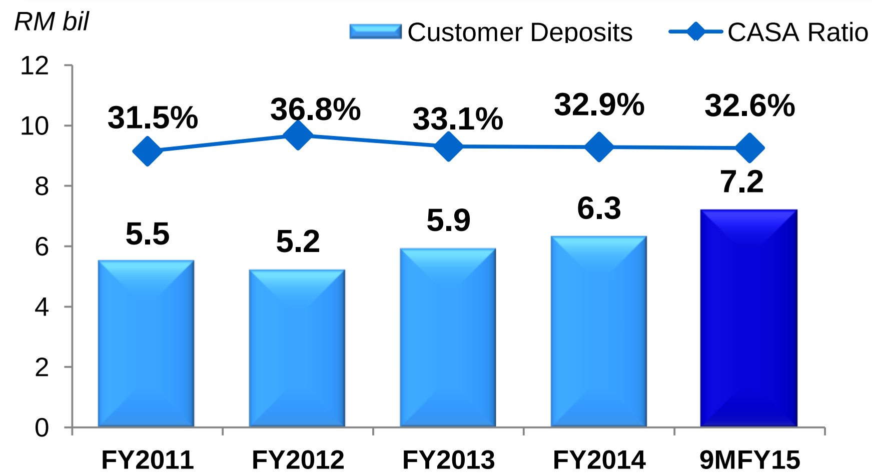
Net Financing & Advances (AIS)



Net Profit After Tax & Zakat (AIS)



Customer Deposits (AIS)



Guideline on Classification and Impairment Provision for Loans/Financing

Requirements

- Banks to ***maintain, in aggregate, Collective Assessment Allowance ("CA") and Regulatory Reserve ratio of 1.2%.***
- The ***CA + Regulatory Reserve*** is stated as a percentage of gross loans (excluding government loans), net of individual allowance ("IA").
- ***CA*** includes both provision for impaired and non-impaired loans, amount as per disclosed in our financial statements.
- The Bank shall comply with this requirement by 31 Dec 2015.

AFG	Dec 2014	Sep 2014
CA %	0.92%	0.90%

Treatments

- In the event the Bank is required to top up the provision to 1.2% (via the ***creation of Regulatory Reserve***), the ***top up portion*** is created by way of transferring the provision from retained profits i.e. merely ***movement within the statement of equity*** without additional charge to profit & loss accounts.
  - It would be a transfer from Retained Earnings to Regulatory Reserve (within Shareholders Funds).
  - Effectively the Regulatory Reserve will be similar to the Statutory Reserve – cannot be used to declare dividends. But no impact on the Net Tangible Assets ("NTA").
- As per Para 14.1, ***Regulatory Reserve***, attributable to non-impaired loan is eligible for inclusion into ***Tier-2 capital computation***.

Impacts

- As at end-Dec 2014, AFG's CA ratio was at 0.92***%***. To top up to 1.2%, this translates to addition ***RM99.6 million***.
- Estimated impact to CET1 ratio is a ***drop of 0.29%*** to 10.57.%. Total Capital Ratio maintained at 12.91%.

THANK YOU

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