



ALLIANCE BANK

Building Alliances To Improve Lives



**Analyst Briefing
9M FY2020**

28 February 2020



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- Revenue & Franchise Development
- Effective Risk Management
- Key Results

2 Going Forward

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- 9MFY20
- Credit Management

9MFY20 Performance Highlights

1 Revenue & Franchise Development

- Revenue grew **3.4% y-o-y** to **RM1.26 billion**
- **Net interest income** remained steady y-o-y despite OPR cut impact
 - ✓ **Net interest margin** at **2.38%**
 - ✓ **Gross loans** up **5.5% y-o-y**, outpacing industry* (+3.9% y-o-y) while tightening credit
- **Non-interest income** grew **18.9% y-o-y**
- **Cost to Income Ratio** at **48.2%**

2 Effective Risk Management

- **Customer based funding** grew **8.9% y-o-y**
- **Liquidity coverage ratio** at **162.5%**
- **3QFY20 net credit cost (including bond impairment recovery)** moderated to **7.7 bps** (vs 2QFY20: 17.5 bps)
- **Impaired loans inflow** has reduced q-o-q (3QFY20: +RM91 million vs 2QFY20: +RM164 million)

3 Key Results

- **3QFY20 NPAT** improved to **RM134.0 million** (vs 2QFY20: RM115.5 million)
- **3QFY20 ROE** improved to **9.3%**

4 Transformation Progress

- **Alliance ONE Account**: +71% y-o-y to RM 4.7 billion
- **Personal Financing**: +14% y-o-y to RM2.1 billion
- **SME Expansion**: +11% y-o-y to RM9.3 billion mark (industry: -12.1% y-o-y#)
- **Alliance@Work**: Acquired >1,200 company payroll accounts & >23,000 employee CASA
- **Ecosystem partnerships**: **Signed** Memorandum of Understanding with **Celcom on 15 Jan 2020**

* BNM Monthly Statistical Bulletin December 2019

BNM Financial Institution Network December 2019 statistics



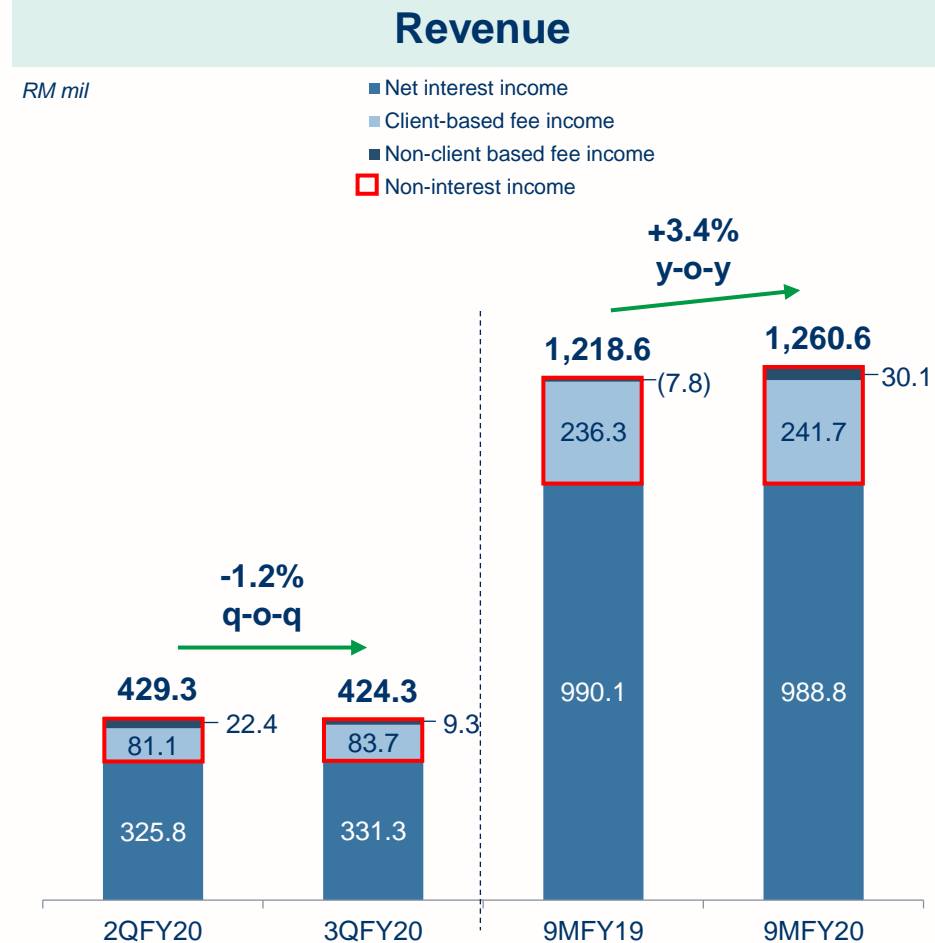
Revenue grew 3.4% y-o-y to RM1.26 billion

a) Revenue grew 3.4% y-o-y to RM1.26 bil:

- Non-interest income: +18.9% or RM43.3 mil y-o-y
 - Client-based fee income: +2.3% or RM5.4 mil y-o-y
 - Non-client based fee income: +RM37.9 mil y-o-y
- Net interest income remained steady y-o-y

b) Q-o-q: Revenue was lower by 1.2% or RM5.0 mil:

- Net interest income: +1.7% or +RM5.5 mil
- Non-interest income: -10.2% or -RM10.5 mil
 - Client-based fee income: +3.1% or +RM2.6 mil
 - Non-client based fee income: -RM13.1 mil
 (due to RM14.7 mil revaluation gain of socio-economic investments in 2QFY20)

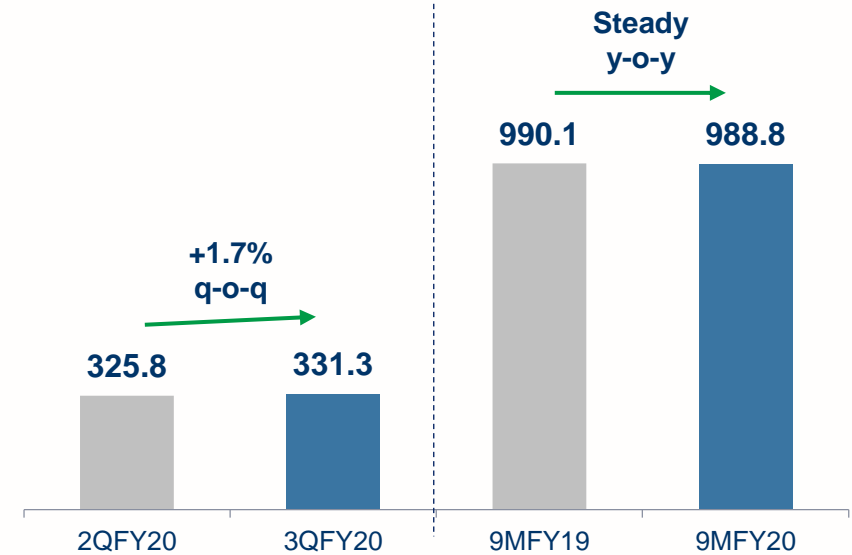
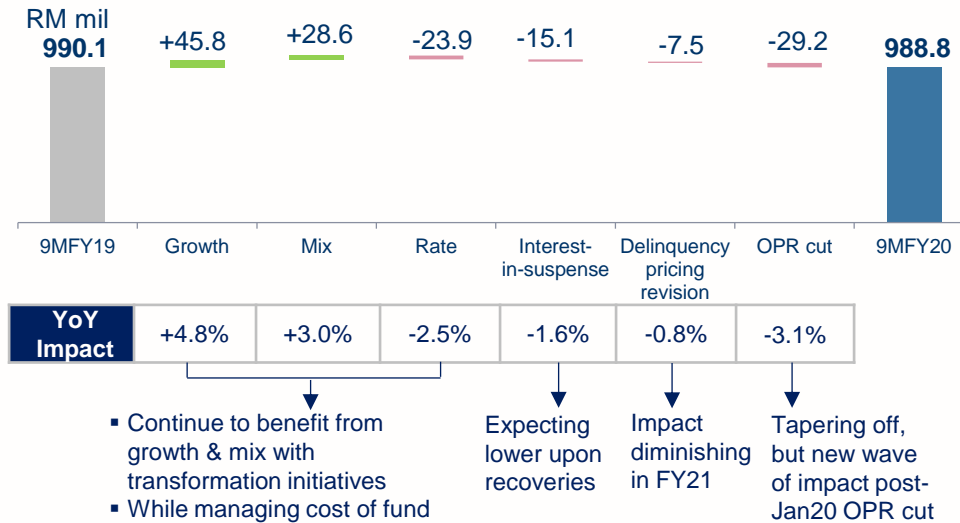


Net interest income remained steady y-o-y

- a) Net interest income remained steady y-o-y, thanks to:
- Loan growth (+5.5% y-o-y), outpacing industry* (+3.9% y-o-y)

Net Interest Income

RM mil



- b) Q-o-q: Net interest income grew by 1.7%



*Based on BNM Monthly Statistical Bulletin Dec 2019

Initiatives to mitigate OPR cut impact

a) OPR cut impact diminishing:

	Full year impact	Permanent impact
May19 OPR cut	-RM40.3 mil/-7.3 bps	-RM18.8 mil/-3.1 bps
Jan20 OPR cut	-RM34.7 mil/-6.1 bps	-RM19.4 mil/-3.2 bps

b) Initiatives implemented as follows:

- Repricing conventional CASA for all businesses
- Repricing Saveplus and revising its higher tier threshold to RM200k

will cushion OPR cut impact by RM17.5 mil (3.0 bps):

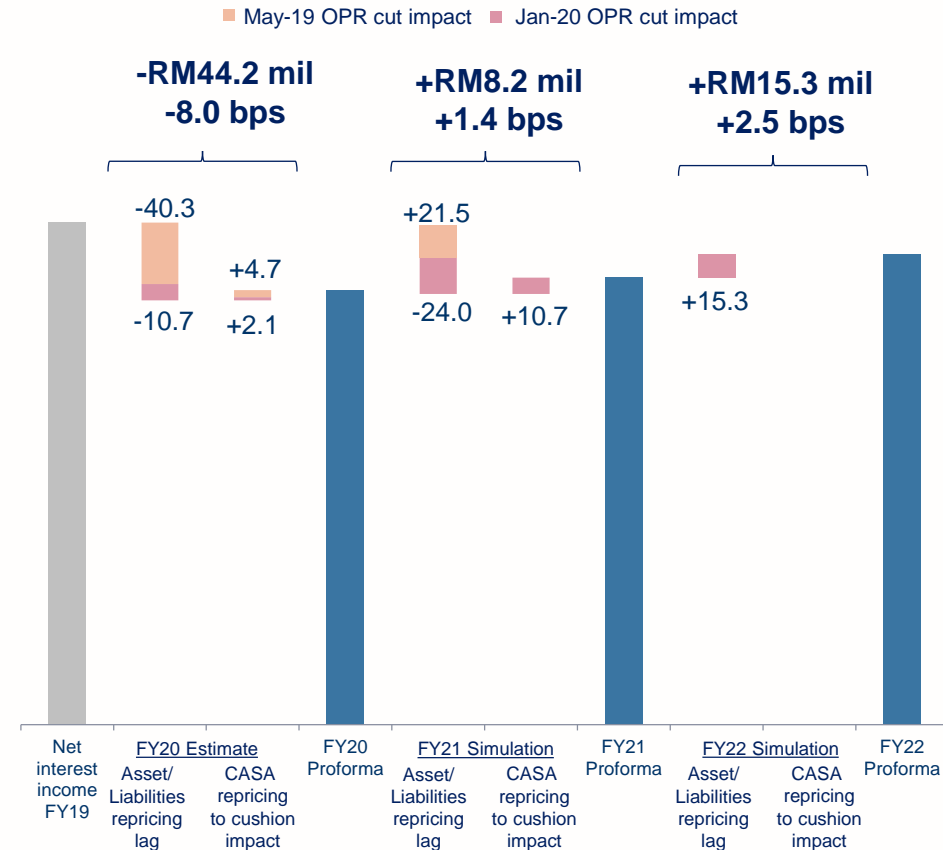
	Full year impact/ Permanent impact
May19 OPR cut	+RM4.7 mil/+0.8 bps
Jan20 OPR cut	+RM12.8 mil/+2.2 bps

c) As a result, net OPR cut impact will reduce from -8.0 bps in FY20 to -3.3 bps. NII effect will rebound in FY21

d) Strategically rebalance Available-For-Sale (AFS) investment portfolio to mitigate OPR cut impact further:

- 9MFY20 AFS gain: RM24.2 mil (4.4 bps)
- 9MFY20 AFS investment portfolio of RM10.6 bil with revaluation reserves of RM165 mil

Net interest income ("NII") effect



Gross loans growth outpacing industry while tightening credit

- a) Gross loans grew 5.5% y-o-y (industry*: +3.9% y-o-y)
- Consumer Banking: +5.1% or RM1.1 bil
 - AOA: +RM1.9 bil
 - Personal Financing: +RM268 mil
 - SME Banking: +10.6% or RM0.9 bil
(SME CGC loans: +RM0.4 bil)
- b) Revised gross loan growth guidance to 5.0%
- c) Continued credit tightening in selected growth segments:
- Duo score for Personal Financing (Jan-19) & AOA (Aug-19)
 - SME – New scorecard, tightened CCRIS screening criteria for CGC loans, temporary booking suspension for certain sectors

Gross Loans Growth

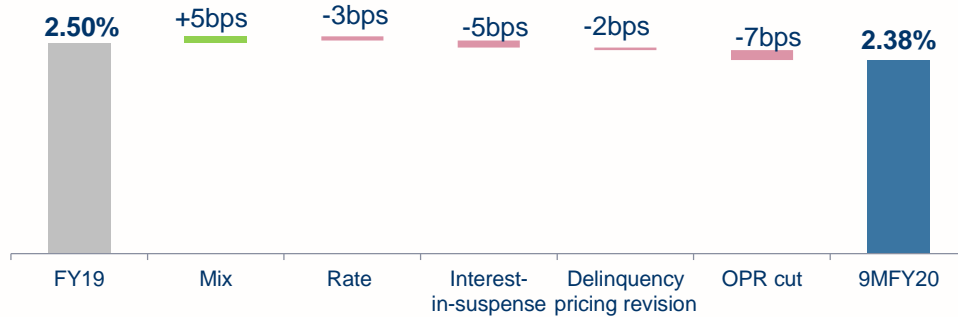
(RM'bil)	<u>Dec-18</u>	<u>Dec-19</u>	<u>Δ YoY</u>	<u>Δ YoY%</u>
Consumer Banking	22.5	23.6	1.1	+5.1%
- AOA (Post-Jun18)	0.6	2.5	1.9	
- AOA (Pre-Jun18)	2.2	2.2	-	
- Conventional Mortgage	15.9	14.8	(1.1)	
- Personal Financing	1.9	2.1	0.3	
- Credit Card	0.6	0.6	-	
- Share Margin	0.9	1.1	0.2	
- Hire Purchase	0.4	0.2	(0.2)	
SME Banking	8.4	9.3	0.9	+10.6%
Commercial Banking	5.1	5.2	0.1	+2.0%
Corporate Banking	5.2	5.4	0.2	+2.9%
Total Gross Loans	41.3	43.5	2.3	+5.5%

*Based on BNM Monthly Statistical Bulletin Dec 2019



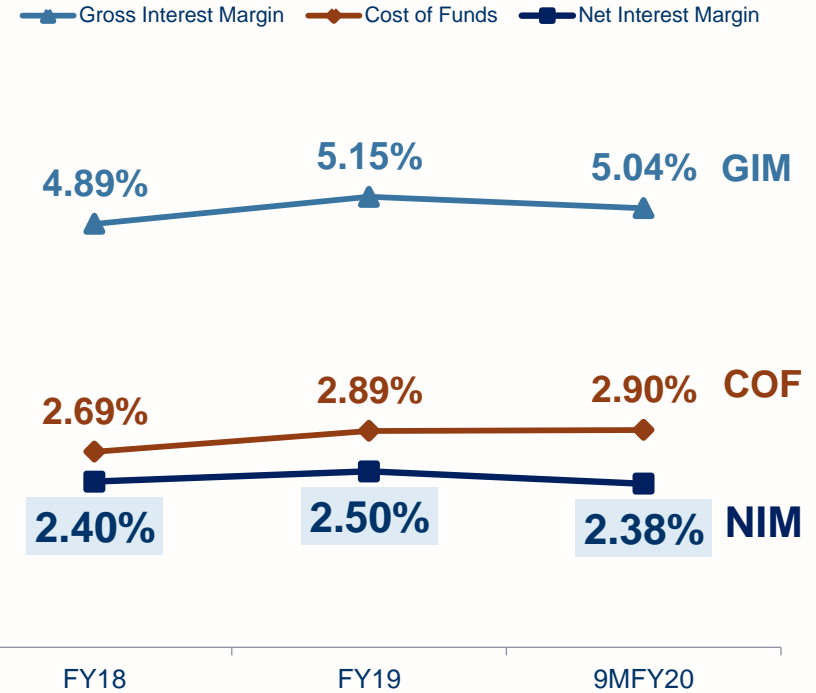
NIM at 2.38%, impacted by OPR cut

a) YTD NIM: 2.38%, due to impact of regulatory changes



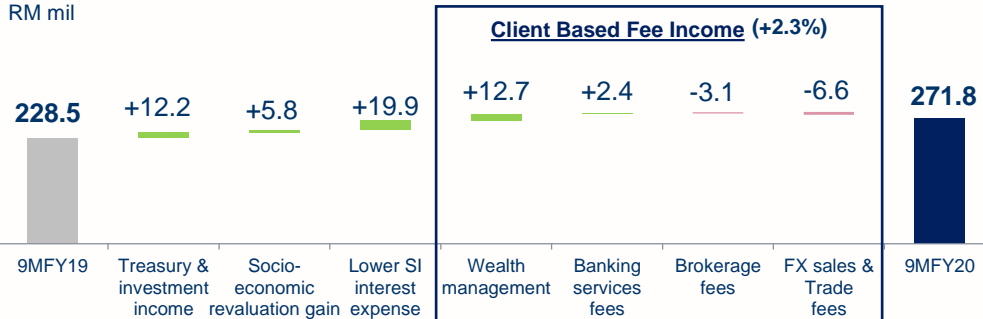
b) Revised FY20 NIM guidance: 2.37%

Interest Margin Trend



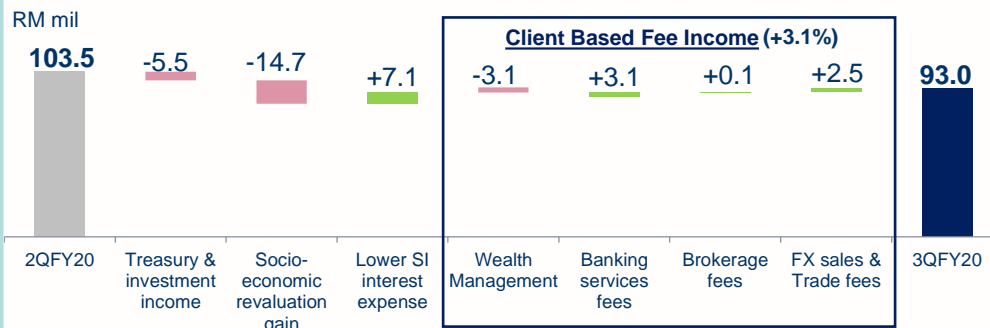
Non-interest income grew 18.9% y-o-y

a) Non-interest income grew 18.9% or +RM43.3 mil y-o-y:

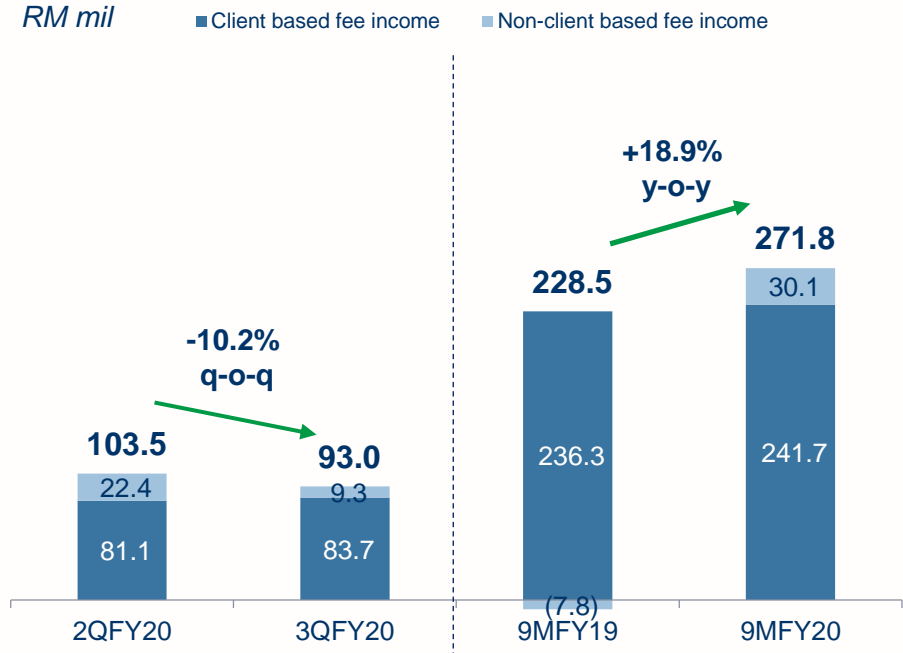


- Higher realised gain from sale of government bonds: +RM12.2 mil
- Despite the lower economic activities, client-based income: +RM5.4 mil (+2.3%):
 - Higher wealth management: +RM12.7 mil
 - partly offset by lower brokerage, FX sales & trade fee: -RM9.7 mil

b) Q-o-q: Client-based fee income growth of 3.1%, helped cushion impact of lower trading gain



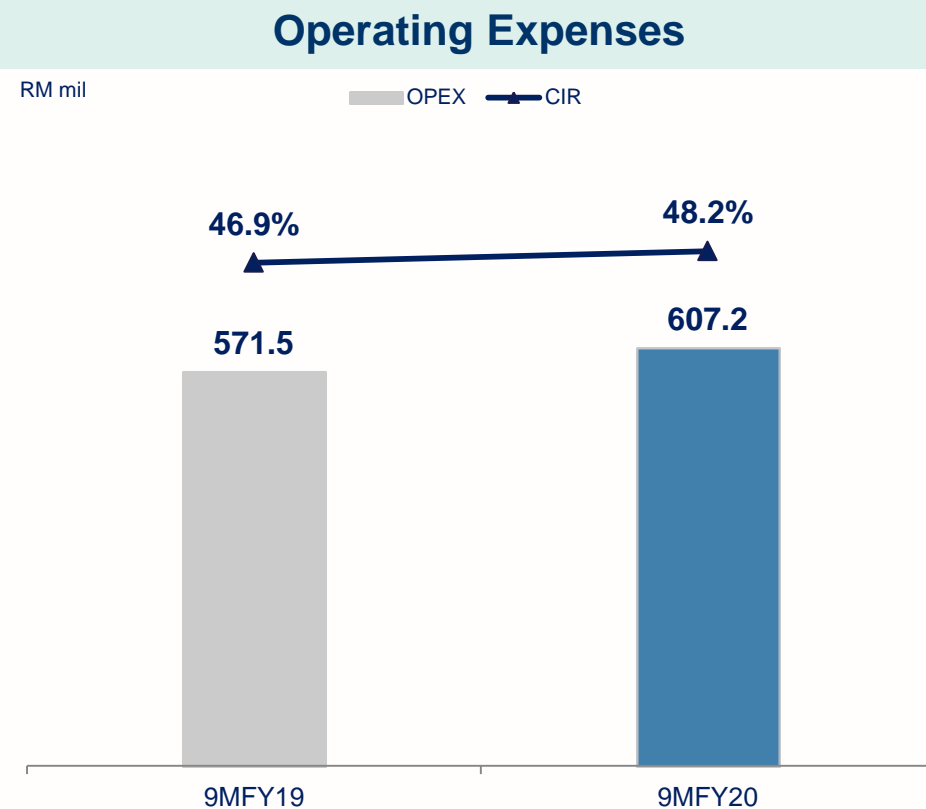
Non-interest income





9MFY20 Cost to Income Ratio at 48.2%

- a) 9MFY20 cost to income ratio at 48.2%, in line with guidance
- b) 9MFY20 operating expenses: +RM35.8 mil y-o-y:
 - Personnel for SME expansion/ transformation & collection (+RM7.4 mil)
 - Investment in IT infrastructure (+RM15.2 mil)
- c) Maintain cost to income ratio guidance at ~48% with cost savings initiatives



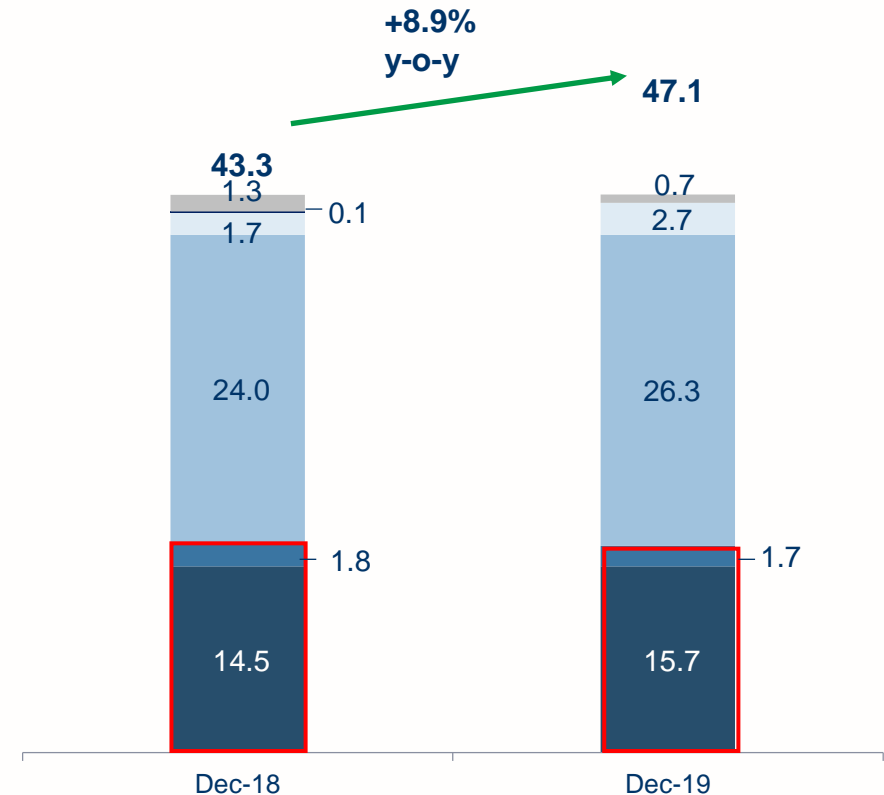


Customer based funding grew 8.9% y-o-y

- a) Customer based funding grew 8.9% y-o-y
- b) CASA grew RM1.2 bil or 7.6% y-o-y mainly from:
 - Alliance SavePlus: +RM1.3 bil y-o-y
 - Alliance@Work payroll/ CASA: +RM206 mil y-o-y
- c) CASA ratio remained high at 37.5%
- d) Funding growth was utilised mainly to fund SME, AOA and Personal Financing
- e) Focus on effective funding mix with key deposits initiatives:
 - SavePlus: revised higher-tier threshold to RM200k
 - have longer behavioural life & still cheaper than FD
 - Alliance@Work payroll/ CASA

Customer Based Funding

RM bil



Note: Customer based funding = CASA + Fixed Deposits (FD) + Money Market Deposits (MMD) + Retail Negotiable Instrument of Deposits (NID) + Structured Investments



Liquidity coverage ratio at 162.5%

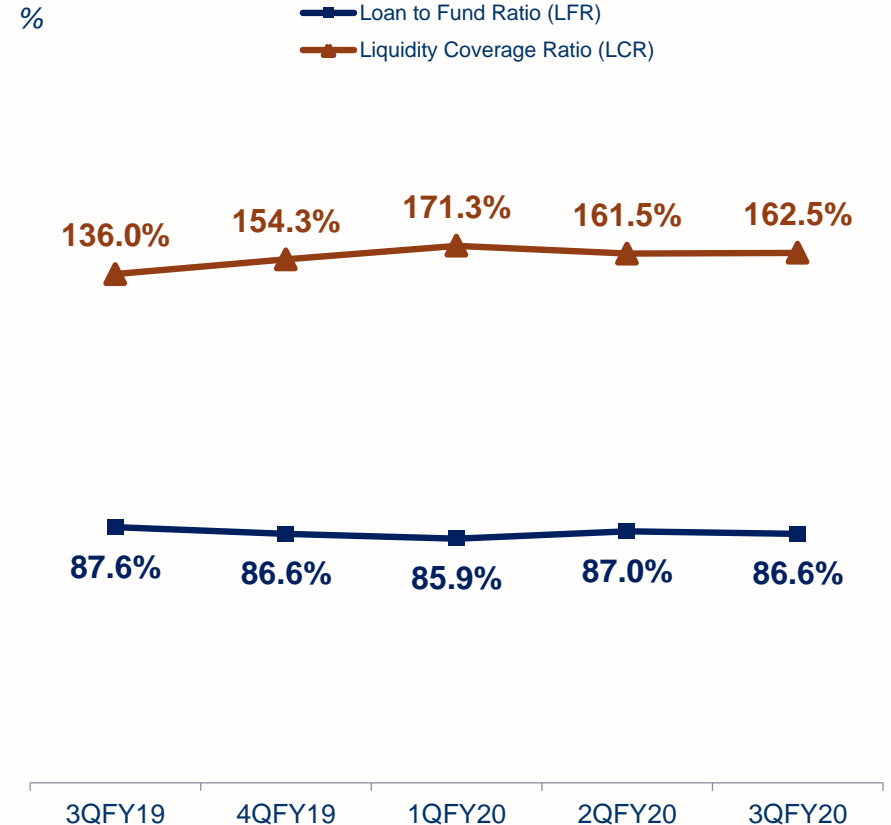
a) Healthy liquidity position:

- Liquidity coverage ratio at 162.5% (industry*: 149.1%)
- Loan to fund ratio at 86.6% (industry^: 85.7%)

b) Net stable funding ratio (NSFR):

- Proforma NSFR is already above 100%

Liquidity: LCR, LFR



^ Sep'19 local peers' average

* BNM Monthly Statistical Bulletin December 2019



3QFY20 net credit cost* moderated

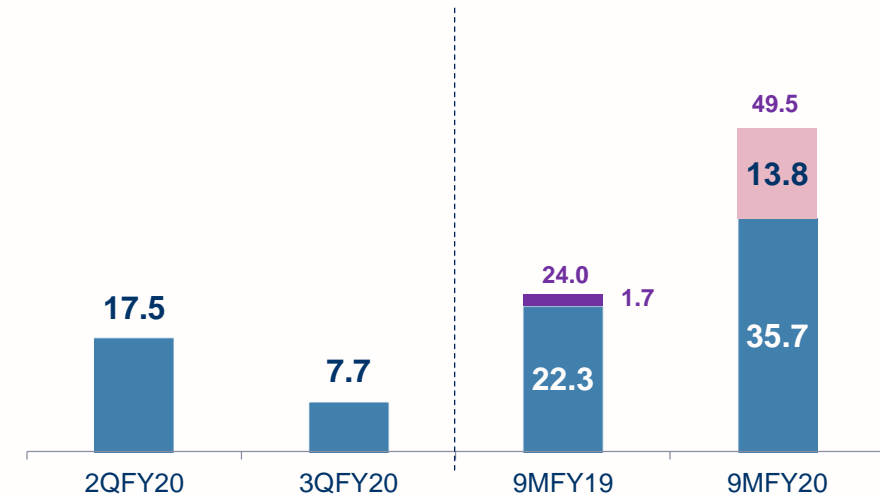
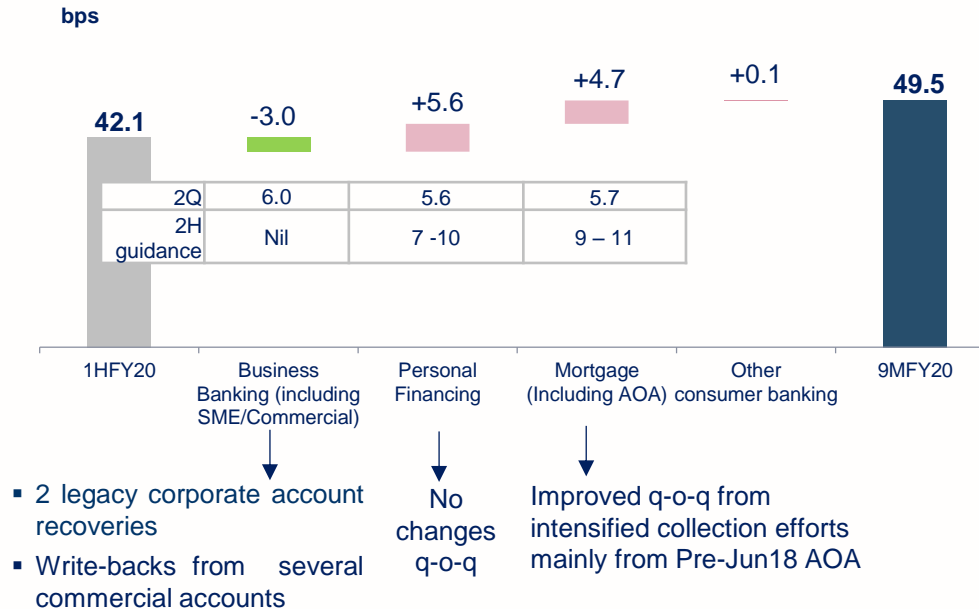
a) 3QFY20 net credit cost* moderated to 7.7 bps (vs 2QFY20: 17.5 bps).

Net Credit Cost* (bps)

bps

One large account

Debt-sale



b) Maintained FY20 net credit cost* guidance: 55 - 60 bps

* Net credit cost (including bond impairment)



Impaired loans net inflow from residential properties lower q-o-q

a) Conventional mortgage gross impaired loans (GIL) net inflow slowed down to +RM45 mil q-o-q (vs 2Q: +RM54 mil), thanks to intensified collection efforts:

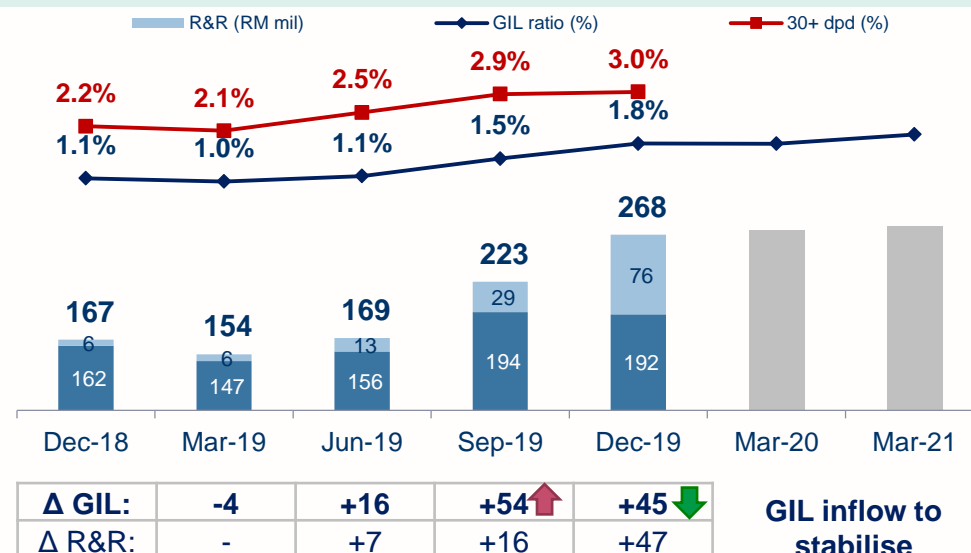
- Rehabilitate GIL through rescheduling & restructuring (R&R)
- Conventional mortgage R&R: increased by +RM47 mil q-o-q

b) Likewise, AOA GIL net inflow also slowed down to +RM71 mil q-o-q (vs 2Q: +RM78 mil) also due to intensified collection efforts:

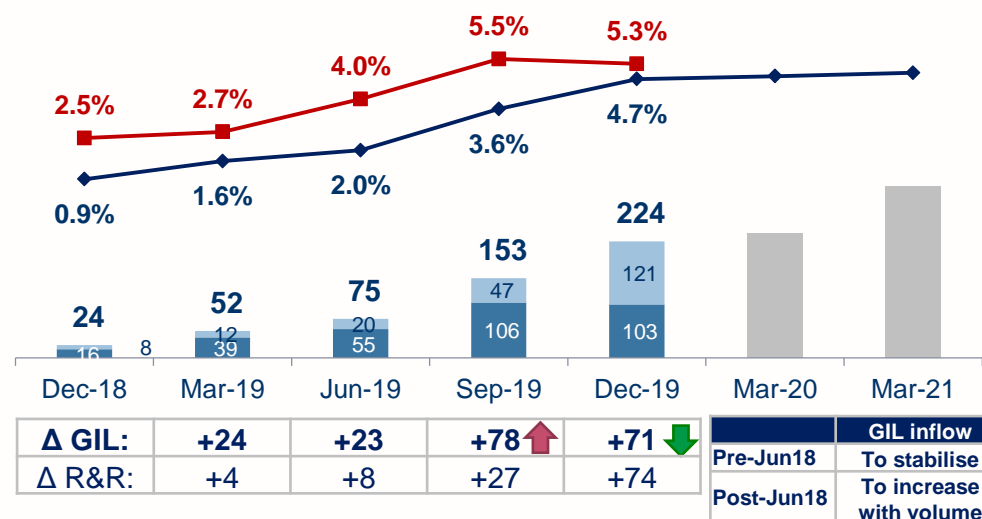
- AOA R&R: increased by RM74 mil q-o-q

c) Delinquency 30+dpd for AOA has slowed down to 5.3% from 5.5% in 2Q

Conventional Mortgage GIL



Alliance ONE Account GIL



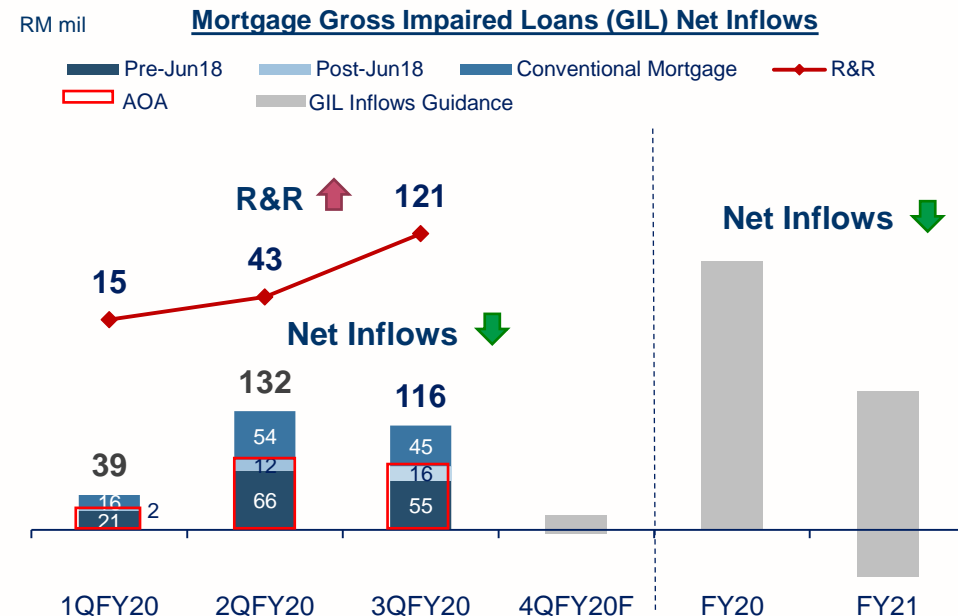
Intensified proactive credit management

On-going refinement in AOA credit policy

- Continued on the implemented credit policy:

#	Date	Origination
1	Jun18	<ul style="list-style-type: none"> Revised overdraft amortization policy Revised Debt-Service-Ratio (DSR) computation for refinancing
2	Apr19	<ul style="list-style-type: none"> Lower OD limit for new applications More differentiated risk-based pricing
3	Aug19	<ul style="list-style-type: none"> Implemented duo score strategy (internal + CTOS score)

Intensified proactive credit management



- 3QFY20 GIL net inflow started to stabilise thanks to intensified collection efforts:
 - Offer R&R to delinquent and impaired customers
 - Increase call intensity with more collectors
 - Pre-delinquency calling
- Continue on intensified collection efforts to contain GIL net inflow & credit cost
- Keep a close watch on sectors that are vulnerable to impact from COVID-19 and grant moratorium to affected businesses

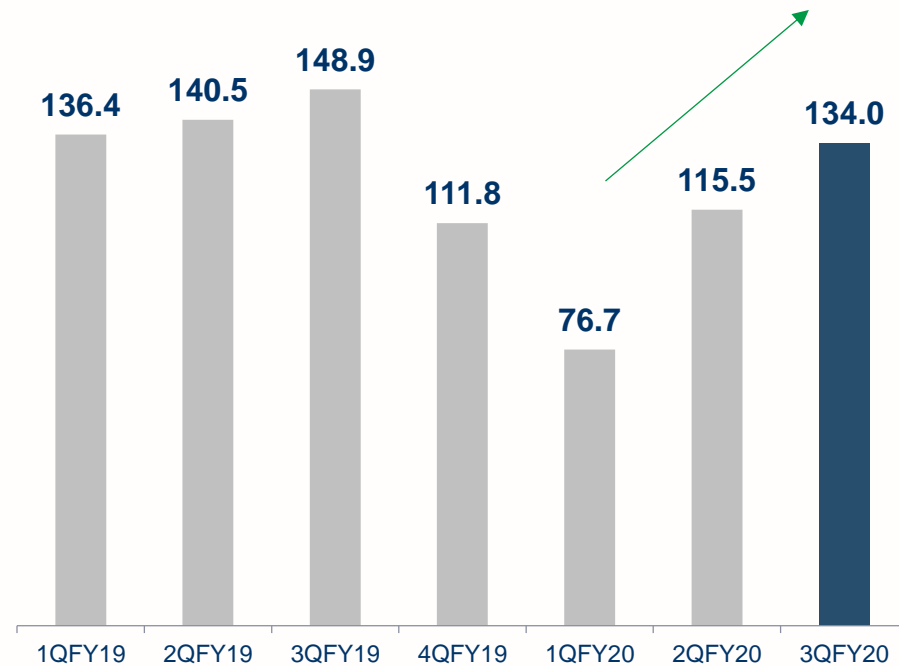


3QFY20 NPAT improved to RM134.0 mil

- a) 3QFY20 NPAT improved to RM134.0 mil
(vs 2QFY20: RM115.5 mil)
- b) 9MFY20 NPAT at RM326.2 mil
- c) 3QFY20 ROE improved to 9.3%
(vs 2QFY20: 8.1%)
- d) FY20 ROE guidance: ~8%

Net Profit After Tax (NPAT)

RM mil





Continue to sustain capital position

a) Capital position remains strong:

- CET-1 ratio: 13.2%
- Tier 1 ratio: 14.0%
- Total capital ratio: 18.3%

b) Stable capital levels will continue to support future business expansion:

- Capital programmes to manage Additional Tier 1 and Total Capital



Capital Ratios (after proposed dividends)	Alliance Bank Group (ABG)	Alliance Bank (ABMB)	Alliance Islamic Bank (AIS)	Alliance Investment Bank Group (AIB)
CET 1 Capital Ratio	13.2%	12.1%	10.7%	90.9%
Tier 1 Capital Ratio	14.0%	12.9%	11.9%	90.9%
Total Capital Ratio	18.3%	17.7%	14.5%	91.9%



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FY20 Priorities

FY20 Priorities

1

Accelerate core businesses

Consumer

- a. AOA: Loan balances of **>RM5.0 billion**
- b. Personal Loan: Loan balances of **>RM2.3 billion**
- c. CASA: **100k** new consumer CASA

Business

- d. SME loans: Loan balances **>RM9.5 billion**
- e. Alliance@Work: **1,800** new Payroll Companies

2

Partnerships + Digital SME

- a. Ecosystem partnerships

- b. Digital SME

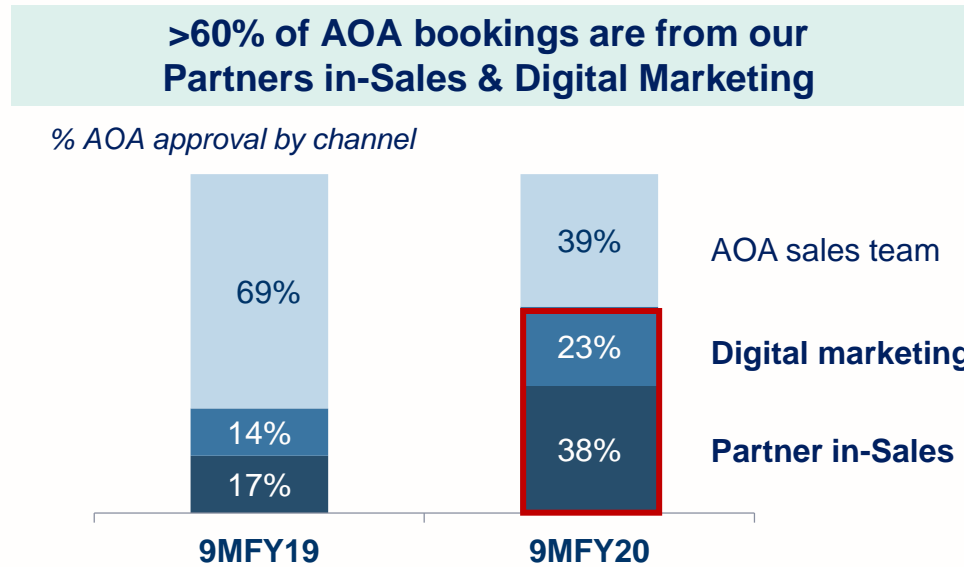
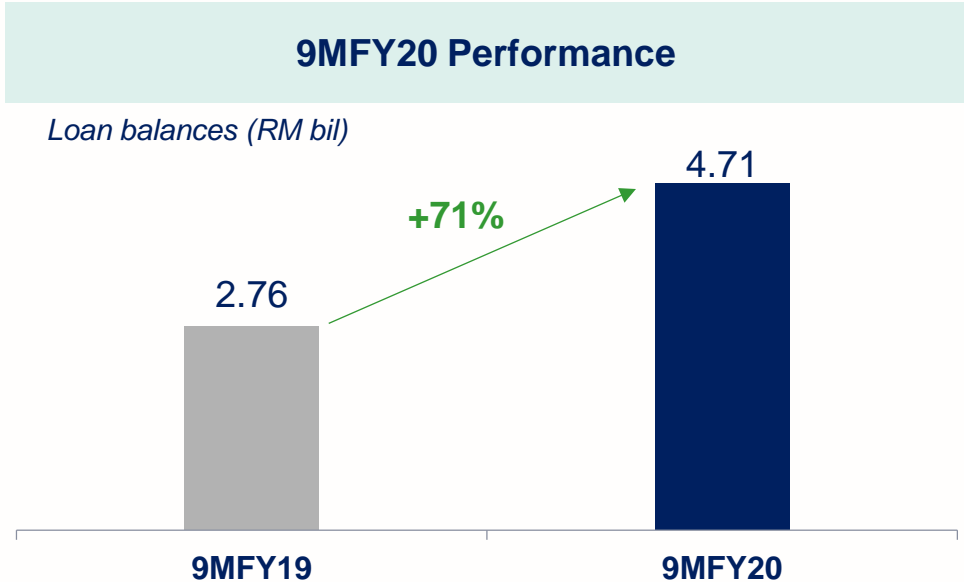
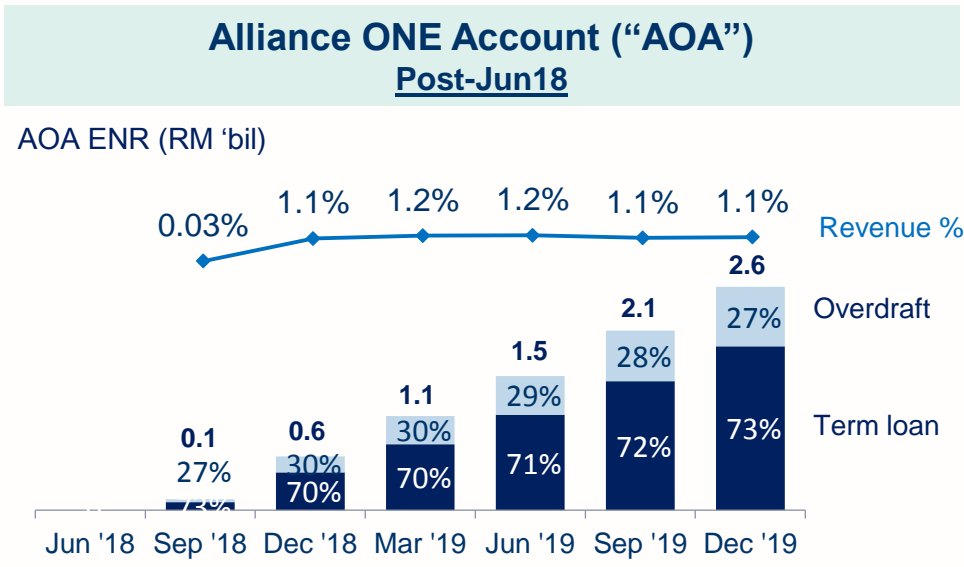
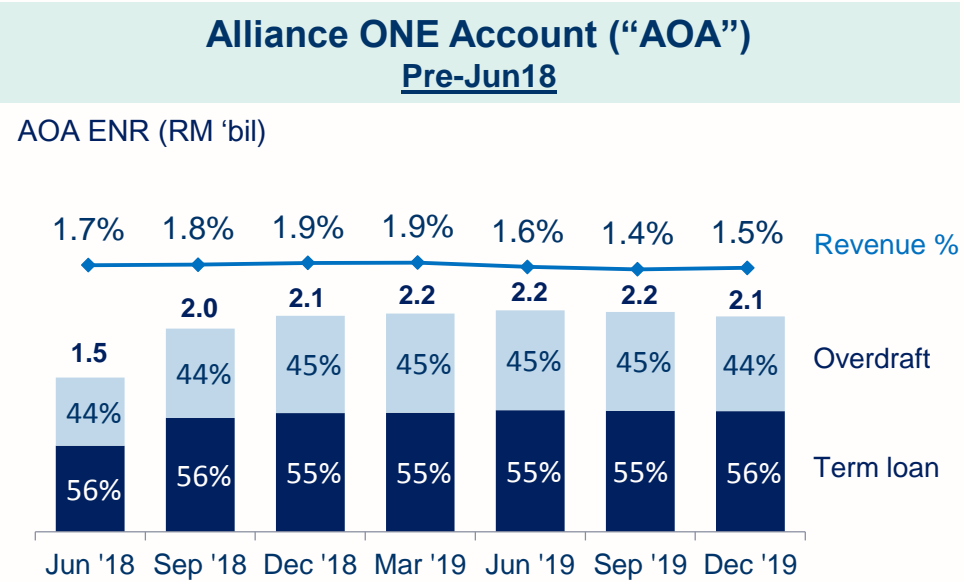
3

Branch in a Tablet / Streamlining

- a. Digital / Straight-Through Processing (STP) account opening (CASA & other products)
- b. Products & electronic service requests in a tablet



Overview of AOA portfolio with sustainable leads generation

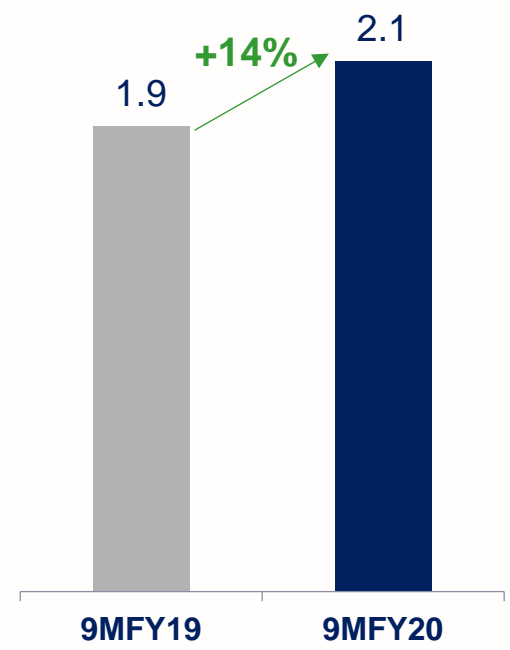




+14% Y-o-Y growth for Personal Loans balances

9MFY20 Performance

Loan balances¹ (RM bil)



	9MFY19	9MFY20	Growth (%)
Loan approval	RM694.3 mil	RM702.8 mil	1.2%
Loan disbursement	RM693.7 mil	RM702.5 mil	1.3%

Note: 1. Net IIS

Simple Personal Loan Application

- 1 **Semi-STP for Personal Loans via web**
 - Submit application and income documents via web
 - TAT: 1-2 working days

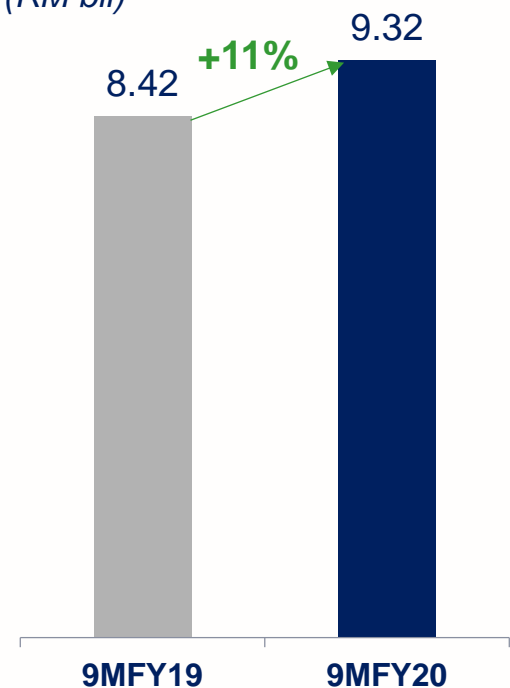
✓ Pilot: Sep '19



+11% Y-o-Y growth for SME loan balances

9MFY20 Performance

Loan balances¹ (RM bil)



	9MFY19	9MFY20	Growth (%)
Loan acceptance	RM2,078 mil	RM2,283 mil	9.9%
Loan disbursement	RM1,720 mil	RM1,899 mil	10.4%

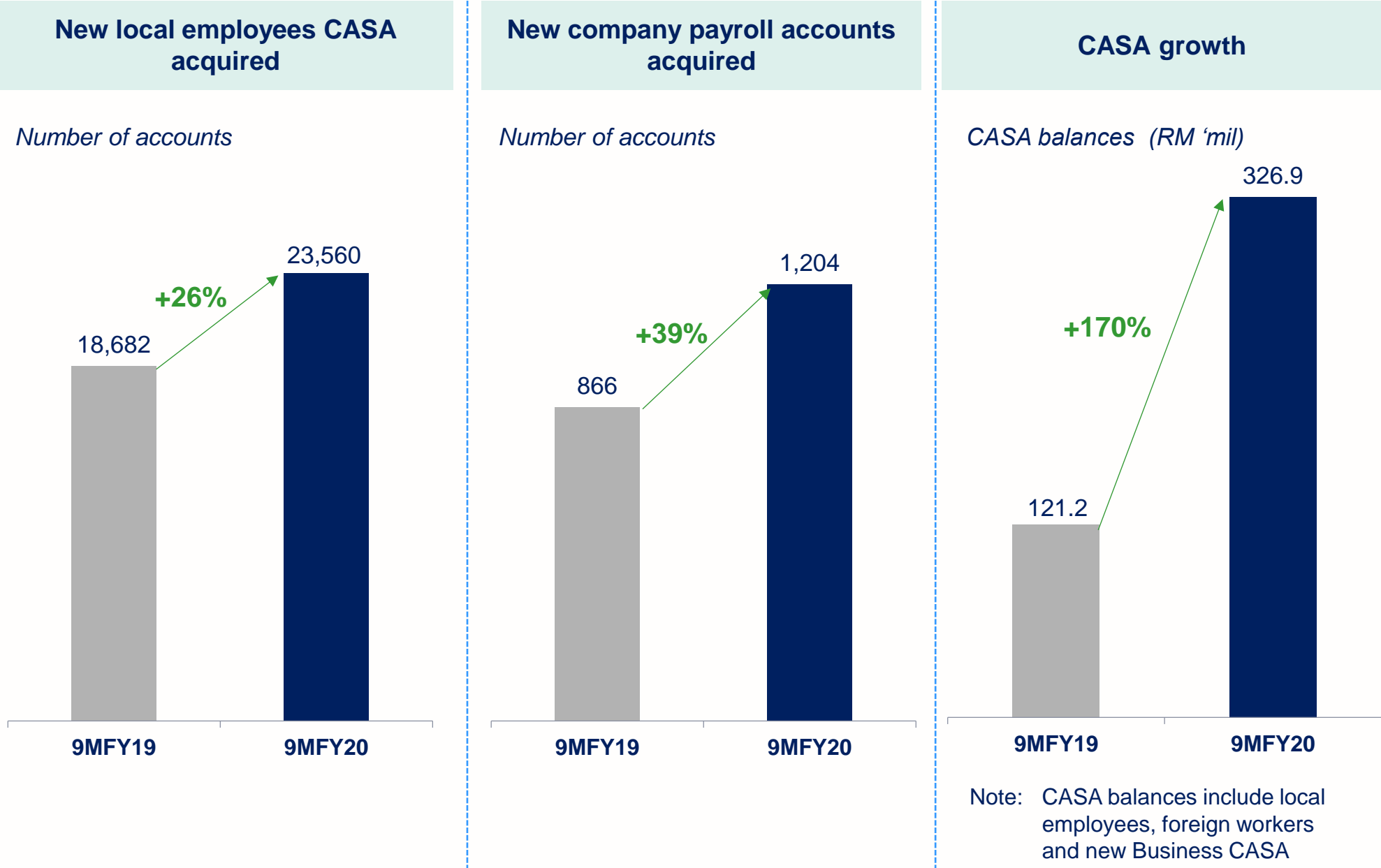
Alliance Way: Fulfilled via Tablet / Smartphone

- “1-day, 1 visit”**
 - Business CASA account opening **✓ Pilot: May ‘19**
 - BizSmart online banking activation **4Q FY20**
- Mobile BizSmart for SMEs and Electronic Banker Acceptance & Trust Receipts** **4Q FY20**
- Financial health calculator for RMs** **4Q FY20**
- Fully digital, small ticket unsecured loans to SMEs** **Pilot: 4Q FY20**

Note: 1. Net IIS

Alliance@Work:

Acquired >23k new local employees & >1.2k new payroll companies





Ecosystem Partnership with Celcom Axiata Berhad

- Signed Memorandum of Understanding (MOU) with Celcom Axiata Berhad on 15th Jan 2020



Collaborate and leverage on each other's strengths to achieve these mutual goals:

- 1 Enhancement of customer value propositions:**
 - Piloted Celcom Business Suite for Retail with Alliance SME express financing package with **minimal documentation** and **faster approval turnaround time**
- 2 Channel integration by leveraging on each other's base and distribution**
 - Combined customer base of 100,000 SMEs
- 3 Branding & marketing collaborations**



Scan to watch the launch video





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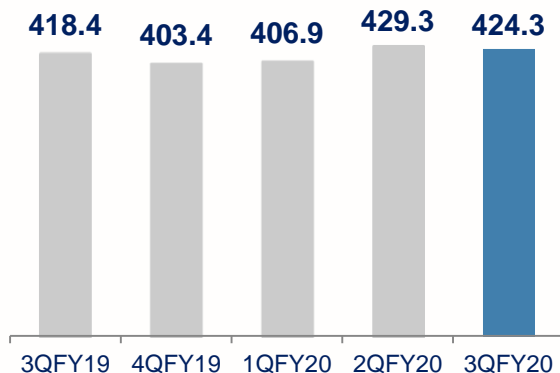
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3QFY20 Profit improved to RM 134.0 million

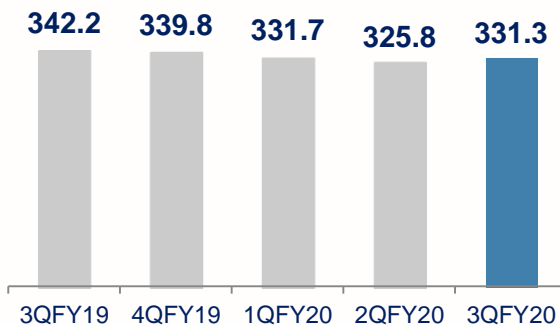
Revenue

RM mil



Net Interest Income & Islamic Net Financing Income

RM mil

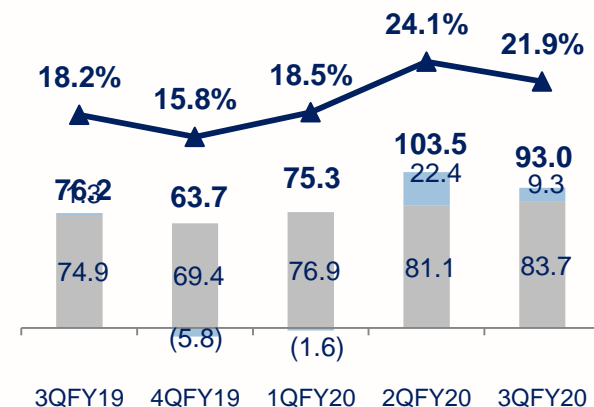


Non Interest Income & NOII Ratio

RM mil

Client Based
NOII Ratio

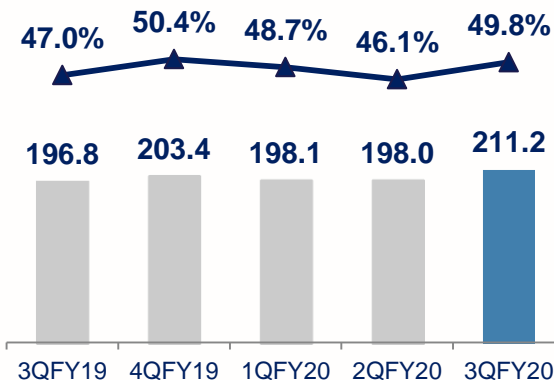
Non Client Based



Operating Expenses & CIR Ratio

RM mil

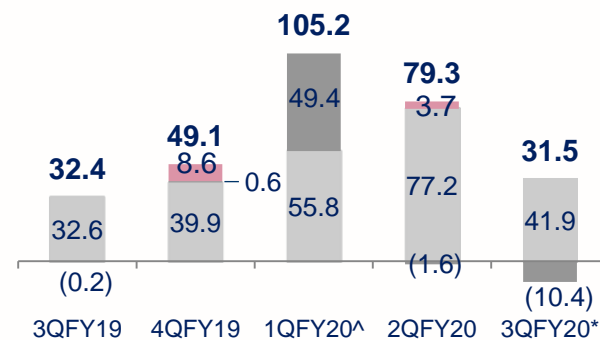
OPEX
CIR



Expected Credit Losses ("ECL") & Goodwill Impairments

RM mil

Goodwill Impairment
ECL on Financial Investments & Impairments

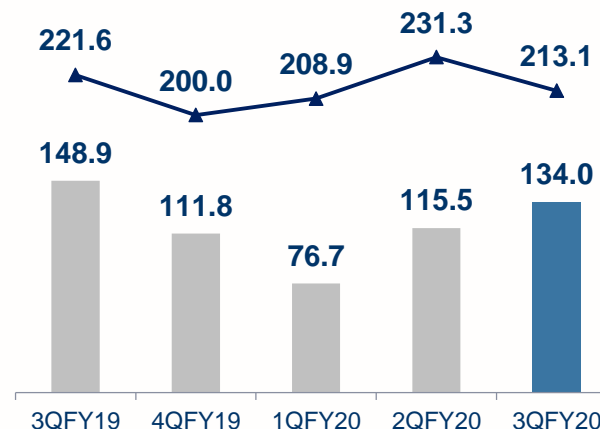


^Full provisioning of RM49.4m from one large account
*Recoveries of RM9.6m from one large legacy account

Pre-Provision Operating Profit & Net Profit

RM mil

NPAT
PPOP



Note: Revenue and non interest income includes Islamic banking income



Income Statement	2QFY20 RM mil	3QFY20 RM mil	Q-o-Q Change Better / (Worse)	
			RM mil	%
Net Interest Income	241.8	242.6	5.6	1.7%
Islamic Net Financing Income	84.0	88.7		
Islamic Non-Financing Income	7.9	11.7	(10.5)	(10.2%)
Non-Interest Income	95.6	81.3		
Net Income*	429.3	424.3	(5.0)	(1.2%)
OPEX	198.0	211.2	(13.2)	(6.7%)
Pre-Provision Operating Profit (PPOP)	231.3	213.1	(18.1)	(7.8%)
Net Credit Cost	77.2	41.9	35.4	45.8%
Expected Credit Losses on Financial Investments	(1.6)	(10.4)	8.7	>100%
Impairment Losses on Non-financial Assets	3.7	-	3.7	>100%
Pre-tax Profit	152.0	181.7	29.6	19.5%
Net Profit After Tax	115.5	134.0	18.5	16.0%

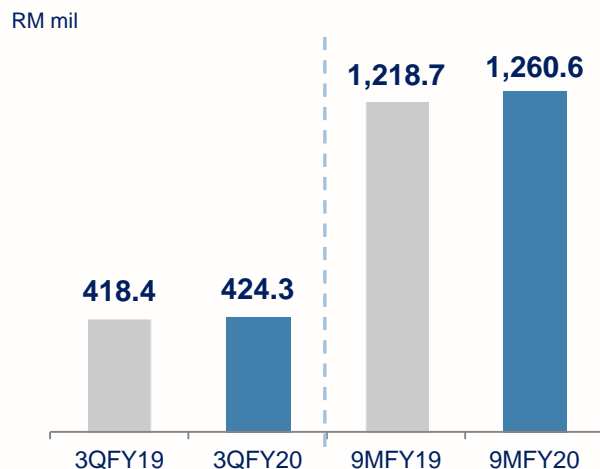
- **Revenue** slightly lower by RM5.0 mil or 1.2% q-o-q:
 - Net interest income continue to grow by RM5.6 mil or 1.7% q-o-q from loan & treasury growth and lower funding cost
 - Lower non-interest income by RM10.5 mil or 10.2% q-o-q:
 - ✓ Higher client based fee income attributable to higher FX sales and trade fees
 - ✓ Offset by lower treasury & investment income mainly from non recurrence of RM14.7 mil revaluation gain of socio-economic investments in 2QFY20
- **Operating expenses** increased by RM13.2 mil mainly from higher marketing expenses and investment in IT infrastructure
- **Net credit cost** lower by RM35.4 mil or 45.8% q-o-q from legacy account recovery and lower credit cost from mortgage including AOA
- Write-back in financial investments from legacy account recovery of RM9.6m
- 3QFY20 NPAT continue to improve to RM134.0 mil (vs 2QFY20: RM115.5 mil; 1QFY20: RM76.7 mil)

Notes:

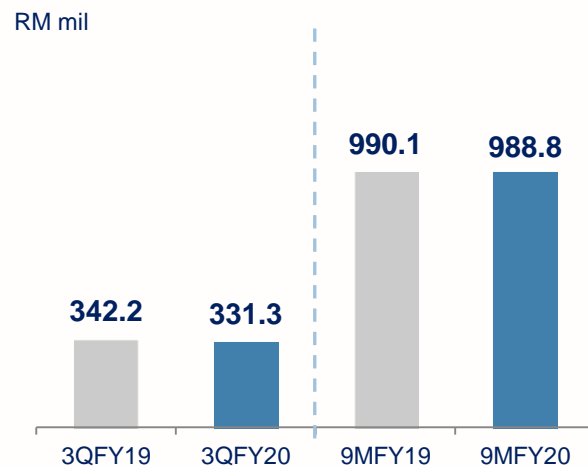
* Revenue, net interest income and non interest income includes Islamic banking income

9MFY20 Revenue grew 3.4% y-o-y to RM1.26 billion

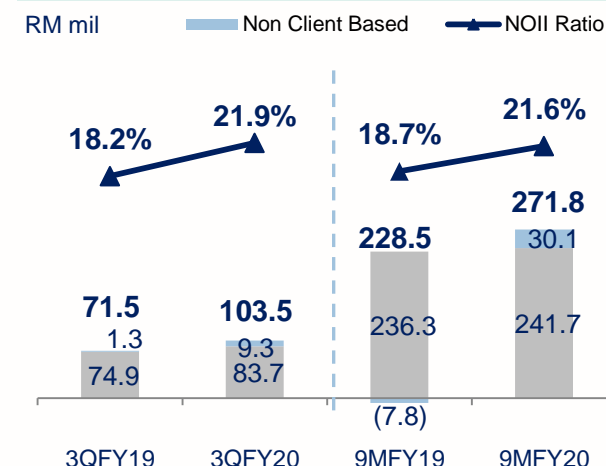
Revenue



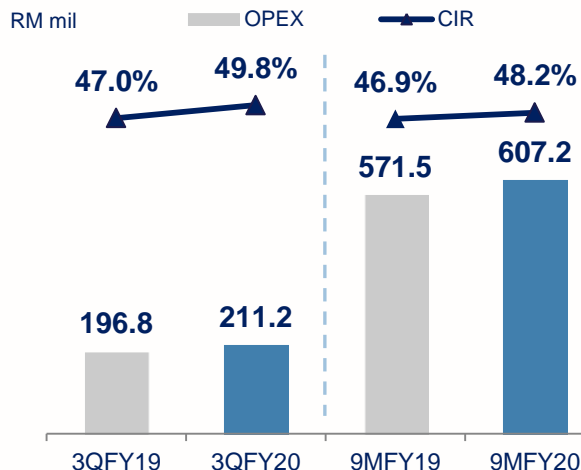
Net Interest Income & Islamic Net Financing Income



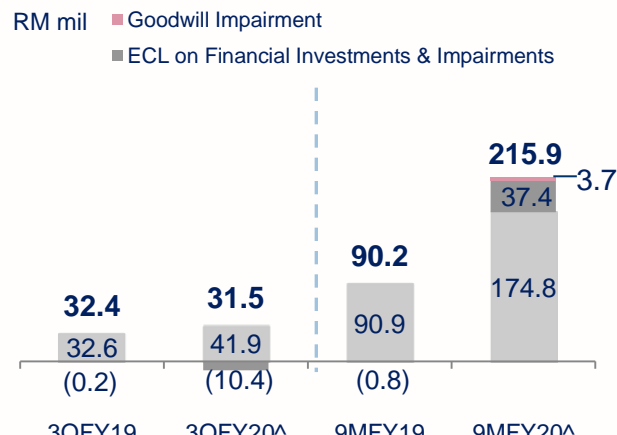
Non Interest Income & NOII Ratio



Operating Expenses & CIR Ratio

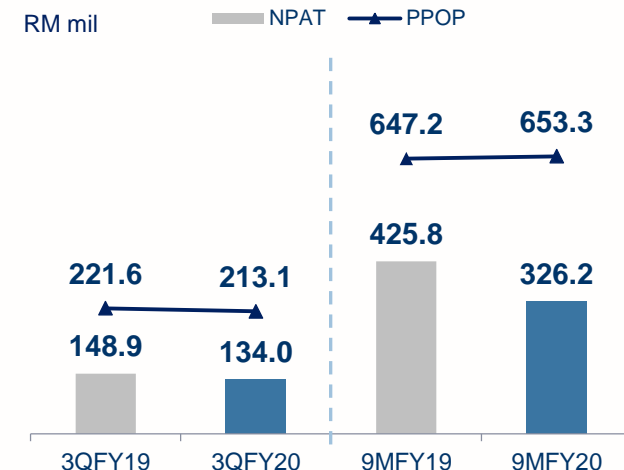


Expected Credit Losses ("ECL") & Goodwill Impairment



[^]Full provisioning of RM47.7m from one large account in 1QFY20 and RM9.6m recovery from one large legacy account in 3QFY20

Pre-Provision Operating Profit & Net Profit



Note: Revenue and non interest income includes Islamic banking income

Income Statement	3QFY19 RM mil	3QFY20 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	254.9	242.6	(10.8)	(3.2%)
Islamic Net Financing Income	87.3	88.7		
Islamic Non-Financing Income	7.3	11.7	16.8	22.0%
Non-Interest Income	68.9	81.3		
Net Income*	418.4	424.3	5.9	1.4%
OPEX	196.8	211.2	(14.4)	(7.3%)
Pre-Provision Operating Profit (PPOP)	221.6	213.1	(8.5)	(3.8%)
Net Credit Cost	32.6	41.9	(9.3)	(28.3%)
Expected Credit Losses on Financial Investments	(0.2)	(10.4)	10.2	>100%
Impairment Losses on Non-financial Assets	-	-	-	-
Pre-tax Profit	189.2	181.7	(7.6)	(4.0%)
Net Profit After Tax	148.9	134.0	(14.9)	(10.0%)

- **Higher revenue** of RM5.9 mil or 1.4% y-o-y:
 - Excluding impact of OPR cut in May'19 and delinquency pricing revision effective Aug'19, net interest income was higher by RM2.7 mil or 0.8%
 - Non-interest income increased RM16.8 mil or 22.0% y-o-y:
 - ✓ Higher client based fee income mainly driven by Structured Investments
- **Higher operating expenses** by RM14.4 mil mainly due to higher personnel expenses on annual increment and consultancy fee
- **Higher net credit cost y-o-y** from:
 - Mortgage including AOA and SME
 - Partly offset by legacy account recovery & write-backs from several commercial accounts
- Write-back in financial investments from legacy account recovery of RM9.6m

Notes:

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



Income Statement	9MFY19 RM mil	9MFY20 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	744.7	732.0	(1.4)	(0.1%)
Islamic Net Financing Income	245.4	256.8		
Islamic Non-Financing Income	20.0	29.1	43.3	18.9%
Non-Interest Income	208.5	242.7		
Net Income*	1,218.6	1,260.6	41.9	3.4%
OPEX	571.5	607.2	(35.8)	(6.3%)
Pre-Provision Operating Profit (PPOP)	647.2	653.3	6.1	0.9
Net Credit Cost	90.9	174.8	(83.9)	(92.3)
Expected Credit Losses on Financial Investments	(0.8)	37.4	38.2	>100%
Impairment Losses on Non-financial Assets	-	3.7	3.7	>100%
Pre-tax Profit	557.1	437.5	(119.7)	(21.5%)
Net Profit After Tax	425.8	326.2	(99.6)	(23.4%)

- Revenue grew 3.4% y-o-y to RM1.26 bil:
 - Higher non-interest income by RM43.3 mil or +18.9% y-o-y due to:
 - ✓ Higher client based fee income mainly from wealth management fees and banking services fees
 - ✓ Higher treasury & investment income
 - Net interest income remained steady y-o-y
- **Operating expenses** increased by RM35.8 mil mainly from higher personnel expenses and investment in IT infrastructure
- **Higher net credit cost** from:
 - Mortgage including AOA & personal financing
 - A few large accounts partly offset by legacy account recoveries & write-backs from several commercial accounts
- **Full impairment on financial investment** from one large account partly of RM47.7 mil partly offset by write-back in financial investments from legacy account recovery of RM9.6m
- Goodwill impairment from stockbroking business of RM3.7 mil

Notes:

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

Balance Sheet	Sep 19 RM bil	Dec 19 RM bil	Q-o-Q Change	
			RM bil	%
Total Assets	58.0	58.5	0.5	0.9%
Treasury Assets*	10.9	11.8	0.9	8.4%
Net Loans	42.8	43.1	0.3	0.7%
CASA Deposits	17.3	17.5	0.2	1.3%
Customer Based Funding ⁺	46.6	47.1	0.5	1.1%
Shareholders' Funds	5.9	5.9	0.04	0.6%
Net Loans Growth (y-o-y)	5.8%	5.3%		
CASA Deposits Growth (y-o-y)	7.7%	7.7%		
Customer Based Funding ⁺ Growth (y-o-y)	6.0%	8.9%		

- **Net loans** grew 0.7% q-o-q
 - Continued strong build up for Alliance ONE Account (+RM448 mil or 10.5% q-o-q).
- **CASA deposits grew 1.3% q-o-q** mainly driven by SavePlus (+RM316 mil).
- **Customer based funding grew 1.1% q-o-q** mainly driven by SavePlus and fixed deposits.
- **Liquidity coverage ratio:** 162.5% (vs 161.5% in September 2019, industry: 149.1%^).

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 December 2019

BNM Financial Institution Network December 2019 statistics



Balance Sheet	Mar 19 RM bil	Dec 19 RM bil	YTD Change	
			RM bil	%
Total Assets	56.5	58.5	2.0	3.6%
Treasury Assets*	10.0	11.8	1.8	18.5%
Net Loans	42.3	43.1	0.7	1.7%
CASA Deposits	16.0	17.5	1.5	9.5%
Customer Based Funding ⁺	45.9	47.1	1.2	2.6%
Shareholders' Funds	5.7	5.9	0.2	3.2%
Net Loans Growth (y-o-y)	5.8%	5.3%		
CASA Deposits Growth (y-o-y)	-	7.7%		
Customer Based Funding ⁺ Growth (y-o-y)	5.3%	8.9%		

- **Net loans** grew 1.7% YTD.
 - SME loans growth of 4.9% (vs industry: -11.6#)
 - Continued strong build up for Alliance ONE Account (+RM1.5 bil or 44.2%).
- **CASA deposits increased 9.5% YTD** mainly driven by SavePlus (+RM1.2 bil) and business CASA (+RM0.5 bil)
- **Customer based funding** grew by 2.6% YTD mainly driven by SavePlus and successful fixed deposits campaigns
- **Liquidity coverage ratio:** 162.5% (vs 154.3% in March 2019, industry: 149.1%^).

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 December 2019

[#] BNM Financial Institution Network December 2019 statistics



Balance Sheet	Dec 18 RM bil	Dec 19 RM bil	Y-o-Y Change	
			RM bil	%
Total Assets	54.3	58.5	4.3	7.8%
Treasury Assets*	9.6	11.8	2.3	23.8%
Net Loans	40.9	43.1	2.2	5.3%
CASA Deposits	16.2	17.5	1.3	7.7%
Customer Based Funding ⁺	43.3	47.1	3.9	8.9%
Shareholders' Funds	5.6	5.9	0.3	6.1%
Net Loans Growth (y-o-y)	5.8%	5.3%		
CASA Deposits Growth (y-o-y)	1.9%	7.7%		
Customer Based Funding ⁺ Growth (y-o-y)	6.1%	8.9%		

- **Net loans** grew by 5.3% y-o-y (industry: +3.9%^).
 - SME loans growth of 9.0% y-o-y (industry: -12.1%#)
 - Continued strong build up for Alliance ONE Account (+RM1.9 bil)
 - Personal Financing growth of RM258 mil y-o-y
- **CASA deposits** grew by 7.7% mainly driven by SavePlus (+RM2.2 bil) (industry: +6.7%^).
- **Customer based funding** increased by 8.9% y-o-y mainly driven by SavePlus and successful fixed deposits campaigns (industry total deposits: +3.1%^).
- **Liquidity coverage ratio:** 162.5% (vs 136.0% in December 2018, industry: 149.1%^).

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

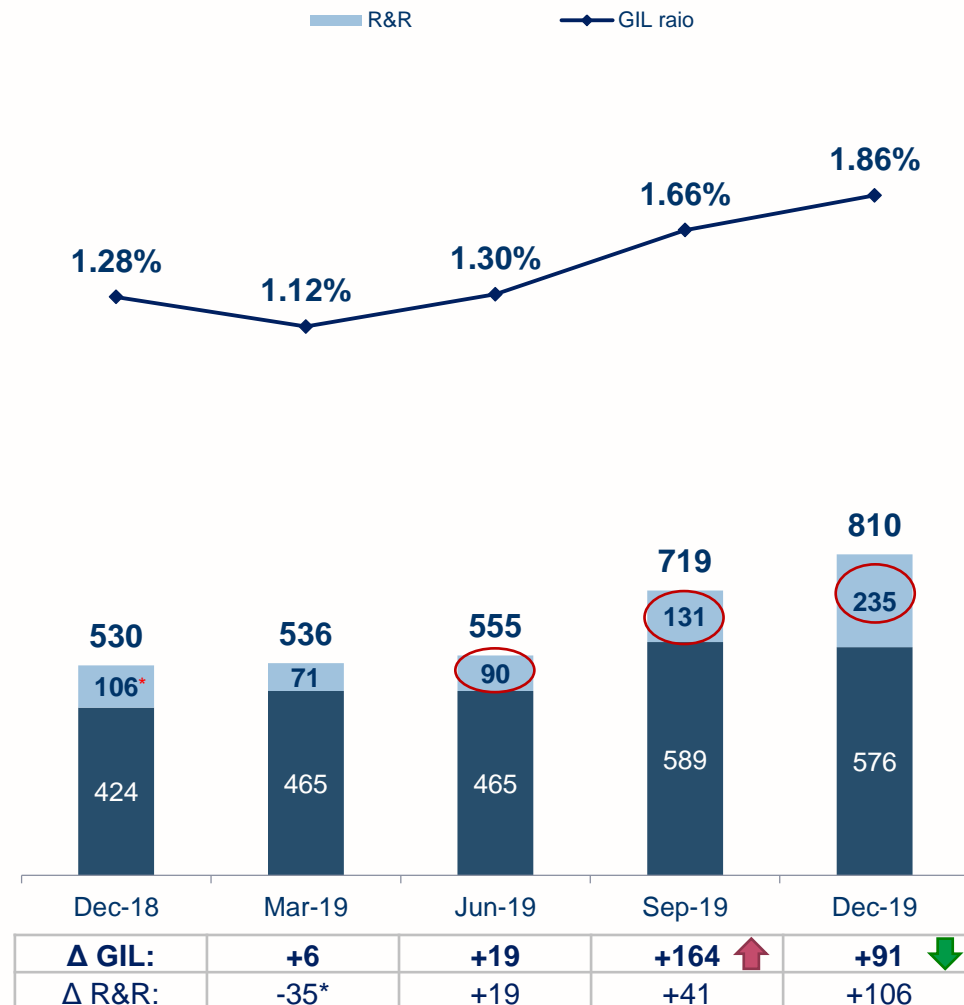
^ BNM Monthly Statistical Bulletin December 2019

BNM Financial Institution Network December 2019 statistics

Impaired loans inflow reduced q-o-q

- a) GIL inflow was lower q-o-q (3QFY20: +RM91 million vs 2QFY20: +RM164 million), thanks to intensified collection efforts particularly in reschedule & restructure
- b) Rehabilitation of GIL through reschedule & restructure has more than doubled from +RM41 million in 2QFY20 to +RM106million in 3QFY20:
- The increment in reschedule & restructure was mainly from conventional mortgage and AOA

Gross Impaired Loans (GIL)

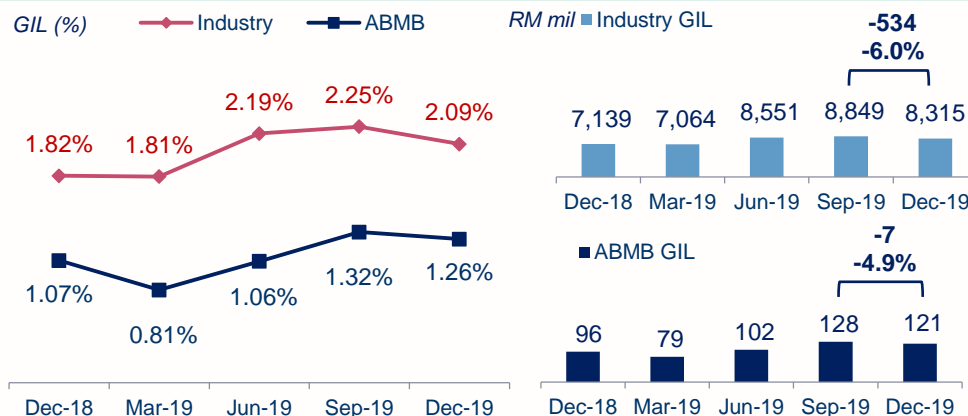


*Regularisation of one large corporate account

Impairment in key loan segments lowered q-o-q

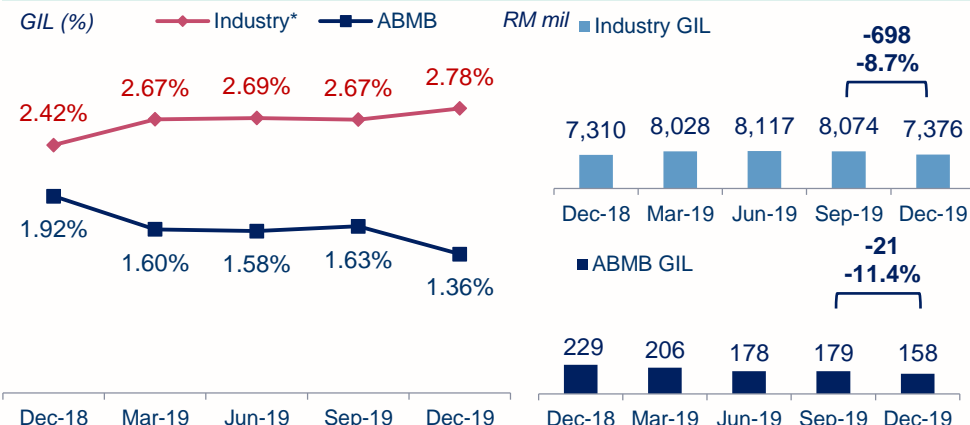


Working Capital



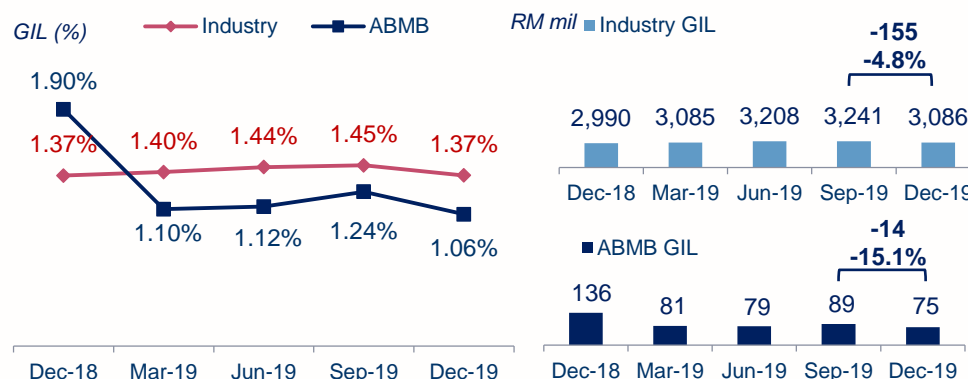
- Working capital GIL lowered q-o-q mainly in SME segment and in line with industry
- Working capital GIL ratio remained lower than industry

SME



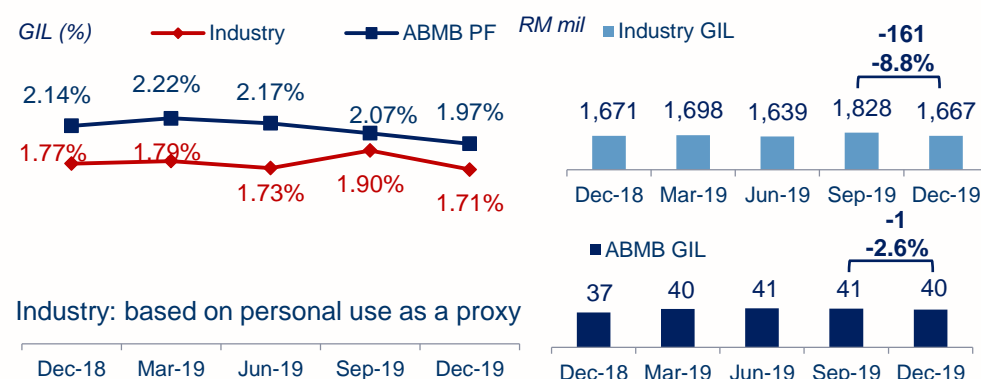
- SME GIL lowered q-o-q mainly from regularization and written-off in business accounts
- SME GIL ratio remained lower than industry

Non-Residential



- Non-residential GIL ratio continued to improve post credit tightening since Nov 18 (e.g. reduced maximum margin of financing & increased DSR threshold)

Personal Financing



Industry: based on personal use as a proxy

- PF GIL remained stable around RM40m with GIL ratio improved to 1.97% (from 2.07% in Sep-19)



	Financial Ratios	3QFY19	2QFY20	3QFY20	9MFY19	9MFY20
Shareholder Value	Return on Equity	10.9%	8.1%	9.3%	10.4%	7.5%
	Earnings per Share	9.6sen	7.5sen	8.7sen	27.5sen	21.1sen
	Net Assets per Share	RM3.60	RM3.80	RM3.82	RM3.60	RM3.82
Efficiency	Net Interest Margin	2.56%	2.34%	2.39%	2.48%	2.38%
	Non-Interest Income Ratio	18.2%	24.1%	21.9%	18.7%	21.6%
	Cost to Income Ratio	47.0%	46.1%	49.8%	46.9%	48.2%
Balance Sheet Growth	Net Loans (RM bil)	40.9	42.8	43.1	40.9	43.1
	Customer Based Funding (RM bil)	43.3	46.6	47.1	43.3	47.1
Asset Quality	Period End credit cost (basis points)	8.0	18.0	9.7	22.3	40.5
	Gross Impaired Loans Ratio	1.3%	1.7%	1.9%	1.3%	1.9%
	Net Impaired Loans Ratio	0.8%	1.0%	1.2%	0.8%	1.2%
	Loan Loss Coverage Ratio^	125.9%	105.0%	101.6%	125.9%	101.6%
Liquidity	CASA Ratio	38.1%	37.4%	37.5%	38.1%	37.5%
	Loan to Deposit Ratio	96.9%	93.8%	93.4%	96.9%	93.4%
	Loan to Fund Ratio	87.6%	87.0%	86.6%	87.6%	86.6%
	Liquidity Coverage Ratio	136.0%	161.5%	162.5%	136.0%	162.5%
Capital	Common Equity Tier 1 Capital Ratio	13.3%	13.5%	13.2%	13.3%	13.2%
	Tier 1 Capital Ratio	13.8%	14.3%	14.0%	13.8%	14.0%
	Total Capital Ratio	18.3%	18.6%	18.3%	18.3%	18.3%

Note: ^ Loan Loss Coverage includes Regulatory Reserve provision [excluding Regulatory Reserve: 72.7% at 3QFY20 (vs. 79.6% at 2QFY20)]



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