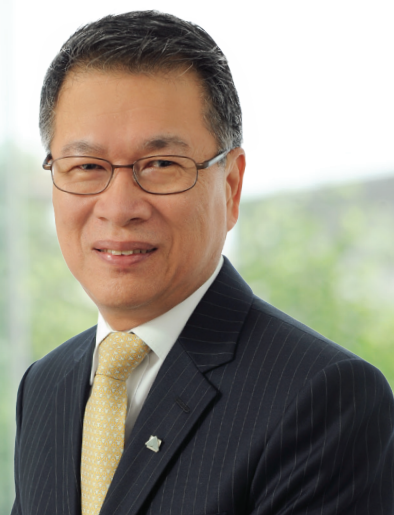


Business and Operations Review by Group Chief Executive Officer of Alliance Bank Malaysia Berhad

The Alliance Financial Group continued to perform well for the financial year ended 31 March 2014, turning in net profit after tax of RM563.5 million for the Group. Earnings were driven by a stronger than industry loans growth, and the implementation of strategic initiatives that led to broadened revenue streams.



The strategic initiatives included addressing the needs of identified customer segments, increasing cross-selling and product bundling, greater awareness of risk-based pricing, and enhancing the efficiency of business processes to deliver superior customer service. The other priorities on our agenda for the year were other channels of distribution including digital banking, as well as the effective use of technology for product and service innovation.

We also continued to invest in the development of our human capital. Today, our staff are more engaged and conscious of the need to constantly raise customer service standards in order to stay ahead of the competition.

Financial Performance

The Group's FY2014 net profit after tax of RM563.5 million is 4.7% higher than that achieved in the previous year. Total income reached a new high of RM1,349.0 million as

the Group's core businesses of Consumer and Business Banking continued to deliver steady results amidst a challenging operating environment. This improvement was partially offset by lower contribution from trading and investment income due to rising yield curves for fixed income securities.

The improved earnings enabled the Group to register a return on equity of 13.8% whilst maintaining a strong core capital ratio that is well above the minimum Basel III requirements.

With prudent management of expenses, we also brought the cost-to-income ratio down to 46.6%, despite taking a one-off non-recurring rationalisation cost.

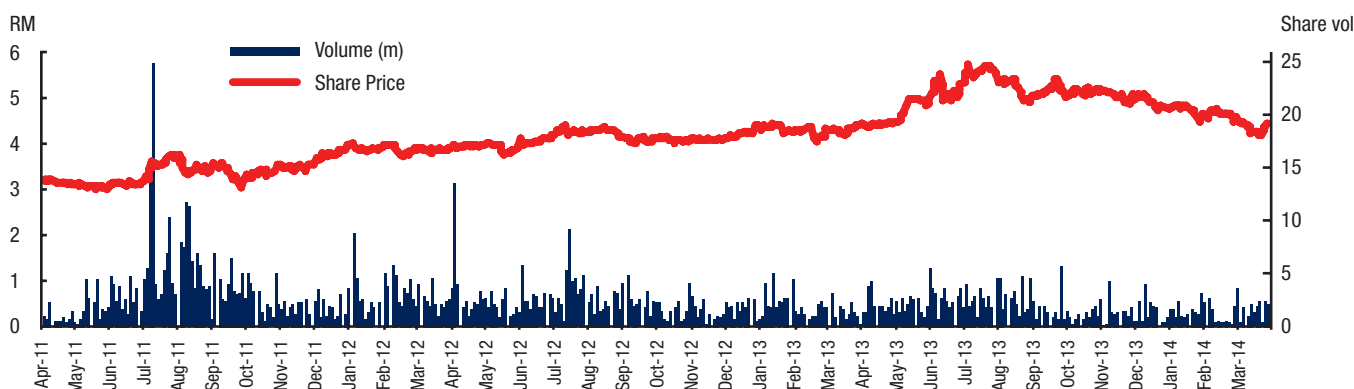
Our asset quality improved further, with gross impaired loans ratio declining to 1.4% as at 31 March 2014 due to better recoveries and our prudent and disciplined credit underwriting standards.

Our focus on growing current accounts and saving accounts (CASA) deposits yielded results. The CASA ratio was sustained at 34% and continued to outpace the industry, despite the fierce competition in this area.

Net loans growth accelerated to 14.6%, with both Consumer and Business lending growing at a faster pace this year. Consumer loans growth continued to be driven by our core segment of residential mortgages, which grew 14.9% year-on-year. In the Business segment, the key driver was lending to the small and medium enterprises ("SME"), which expanded by 17.0%, despite the challenges in the local economy.

Our loans-to-deposit ratio increased to 82.1%, from 78.4% a year ago, as the Group continued to focus on more effective utilisation of our liquidity. Our capital levels are consistently strong with Common Equity Tier 1, and Total Capital Ratio is at 10.4% and 13.7% respectively.

AFG Share Price and Volume



Financial Performance

	FY2014	FY2013	Growth	Growth
Summarised Income Statement	RM million	RM million	RM million	%
Net Interest & Islamic Banking Income	989.6	972.6	17.0	1.7
Non-Interest Income	359.4	360.4	(1.0)	(0.3)
Net Income	1,349.0	1,333.0	16.0	1.2
Operating Expenses	(628.2)	(639.3)	11.1	1.7
Write-back of losses on loans and impairment	28.6	25.0	3.6	14.3
Profit Before Taxation and Zakat	749.4	714.0 [^]	35.4	5.0
Net Profit After Taxation	563.5	538.1	25.4	4.7

[^] includes associates' share of results - loss of RM4.7 million.

Summarised Balance Sheet	RM million	RM million	RM million	%
Net Loans, Advances and Financing	31,819.0	27,771.7	4,047.3	14.6
Treasury Assets	11,864.0	12,652.4	(788.4)	(6.2)
Total Assets	48,074.7	43,692.0	4,382.7	10.0
Deposits from Customers	39,237.1	36,004.3	3,232.8	9.0
CASA Deposits	13,322.2	12,099.2	1,223.0	10.1
Shareholders' Funds	4,166.0	4,030.4	135.6	3.4

Shareholder Value Continues To Grow

The intrinsic value of the Group, as reflected in the earnings per share, continued to grow by 5.2% in FY2014 to 37.2 sen. Net asset per share rose to RM2.69 per share as at end-March 2014, from RM2.60 in the previous year.

For the year under review, the Group's Total Shareholder Return, which takes into account the capital gains of share price and dividends to measure enhancement of value to shareholders, stood at 6.9%.

Business Performance

In FY2014, the Group continued with our strategic priorities in order to further enhance our franchise:

- Leveraging on multiple distribution channels to expand revenue growth in interest income and non-interest income across all businesses. This was achieved through bundling and cross-selling of innovative products that help our customers to transact, save, borrow and invest intelligently.
- Leveraging on analytics to understand and provide for customers' expectations and needs. This is applied to all aspects of our business, from product and service offerings to marketing campaigns.

- Serving our customers well by providing innovative, fast, simple, secure, and convenient services. We continued with investments to further upgrade the infrastructure and re-engineer our operations via Alliance Process Excellence (APEX); and
- Strengthening our human capital and reinforcing our core values. We recognise that the successful implementation of the Group's plans hinges on the combined knowledge, skills and commitment of our people.

Consumer Banking

Consumer Banking performed well during the year, despite the backdrop of fierce competitive pricing. Interest income was higher due to the 17.8% robust loans growth. The non-interest income also grew well with stronger performance from our credit cards, bancassurance and wealth management business. Consumer Banking has grown to account for 60.6% of the Group's loan portfolio and 46.2% of the deposit portfolio. The asset quality has also improved and the gross impaired loans ratio is at 1.4%.

During the year, we strengthened our value proposition by enhancing the features of our full suite of products, and analytics-driven marketing campaigns. We also streamlined the credit processes from loan origination all the way to disbursements. We rewarded our customers based on their total relationship with the Bank through the Alliance OneBank Rewards. This comprehensive points-based loyalty programme enables customers to earn Timeless Bonus Points through their credit card usage, mortgages, deposits and investments placed with the Bank. The points can be redeemed for travel, cash certificates and other popular gifts.



Business and Operations Review by Group Chief Executive Officer of Alliance Bank Malaysia Berhad (cont'd)

Housing Loans

Although market conditions for the property sector softened in the second half of 2013, housing loans registered a strong growth of 14.5%, due to demand for housing from the younger working population as well as trends in urbanisation.

During the year, we offered customers an enhanced product called the Home Complete, which bundles personal loan with mortgage to cater for customers' renovation needs. We also launched the Home Complete Plus that offers financing for the purchase and installation of home solar panels.



Credit Cards

Our credit cards business expanded, helped by intensified new customer acquisitions via cross-selling and tactical campaigns. Revenue rose 10.7% year-on-year while merchant sales volumes expanded 9.0%, as we leveraged on our relationships with merchants to create greater benefits for our card members to enhance the Bank's branding and product positioning.

Personal Loans

Personal loans continued to contribute positively to the Consumer Banking's revenue, largely driven by Alliance Cash Vantage Personal Financing-i and Alliance CashFirst products. Concurrently, we continue to improve on our credit risk framework to ensure that impaired loans ratio is kept low.

Hire Purchase

The hire purchase business growth registered a robust growth as we recently placed heavier emphasis on our hire purchase business, focusing mainly on the financing of new vehicles, both national and non-national marques. During the year, we reinforced our presence in the vehicle financing market through marketing initiatives, participation in road shows, and offers of value-added financing packages in collaboration with our distributors. We also expanded our panel of dealers and established strategic alliances with major car manufacturers and dealers nationwide.

Wealth Management

Our wealth management business offers three categories of products namely, Investment/Treasury, Investment Lending & Share Services, and Bancassurance. We have been able to grow this business in a consistent manner because we understand our customers' needs and have been able to present the "right solution to the right customer".

During the year, we focused on:

- Expanding the suite of wealth management products and services as well as cross-selling to meet the different risk appetite and investment objectives of customers;



- Increasing the number of relationship managers, financial consultants and insurance specialists for better customer engagement and experience;
- Implementing a one-stop system for all treasury products as part of our effort to improve wealth management services; and
- Providing insights on investment trends with more than 15 "Wealth Series" seminars held throughout the year.

Our investment approach has been well-received and unit trust sales volume doubled during the year. The distribution of ten new unit trust funds during the year was aimed at providing our customers regular income with low correlation to market volatility. The total asset under management stood at RM1.78 billion at end-March 2014.

To serve our customers in direct equities trading better, we extended our omni-channels platform to include Mobile Trading. This complements the existing channels which includes phone orders via Share Trading Centers at branches and Internet Trading via allianceonline.

In Bancassurance, we established a strategic alliance with Manulife Insurance Berhad to offer a wide array of innovative and extensive products to cater to the different needs of our customers at different life stages.





Business Banking

Business Banking remains a core focus for the Group. Our strategy of targeting the right market segments and sharpening our industry helped the Group achieve loans and deposits growth of 9.8% and 11.6% respectively in FY2014. Loans to the SME segment, in particular, grew 17.0%, outpacing the industry average growth of 13.0%. We also enhanced our credit discipline via rigorous adherence to borrower risk rating framework, thereby resulting in better quality loans being booked.



Our Business Banking clients recognise us as their long-term “Trusted Partner in Growth”. Our customer proposition is anchored in the philosophy of “Helping Our Customers Succeed”, offering holistic solutions to businesses at every life-stage. We aim to be the ‘bank of choice’ for small businesses, providing support from their initial years until they become large corporations. We continue to maintain strong ties with the various trade associations and business partners, to better understand the challenges, needs and aspirations of their members.

The strength of our Business Banking division was recognised many times over last year when the Bank was awarded the Retail Banker International Asia Trailblazer’s “Excellence in SME Banking 2014” for the second consecutive year, “Asia’s Most Customer Friendly Bank 2014” by IDC Financial Insights, and “Best SME Bank in Malaysia” by UK-based Global Banking & Finance Review, for outstanding efforts in serving the Malaysian business community.

In addition, for the fourth consecutive year the Bank has been recognised as a “Sahabat SME” by the SMI Association of Malaysia, the largest national SME association. These multi-year awards affirm our robust business model and clear market leadership, particularly in the SME segment.

BizSmart Academy – Investing in Our Customers’ Future

The Group’s commitment to supporting the business community and investing in our customers’ future is best reflected by the

Bank’s first-of-its-kind Alliance Bank BizSmart Academy and the inaugural SME Innovation Challenge in August 2013.

The Alliance Bank BizSmart Academy is a holistic proposition, combining business education, coaching and seed funding for young SMEs. The Academy caters to existing SME customers, as well as the wider business community. Existing business customers now have access to a structured, year-long business curriculum. They can also sign up for seminars and conferences offered by the Group through the Academy’s website at www.BizSmart.com.my.

A novel feature of the BizSmart Academy is the annual SME Innovation Challenge aimed at nurturing the next generation of young entrepreneurs. We selected young SMEs with less than three years of business operations, and gave them access to cutting-edge Blue Ocean Strategy coaching, and mentoring from top business leaders. Through a competitive process, an “American Idol” of sorts for SMEs, the winning contestant, Christy Ng Shoes, with the most-promising business plan was awarded RM250,000 grant money, whilst the runner-up, TBA Resources Sdn Bhd (TextbookAsia), received RM100,000 in funding to help implement their new business ideas.

The SME Innovation Challenge generated strong viral following on social media, as the Group leveraged innovative approaches to profile the journey of the top 13 of these young entrepreneurs throughout the programme. The Group will be rolling out the SME Innovation Challenge for a second year, on a larger scale.



Business and Operations Review by Group Chief Executive Officer of Alliance Bank Malaysia Berhad (cont'd)

Deepening Customer Engagement

The Group also focused on deepening customer relationships through various “*Banking Made Personal*” events such as appreciation dinners and premier movie screenings, as well as the ever-popular Durian Fiesta evening.

We also continued to establish ourselves as a thought leader in the business community; sharing key business insights through various seminars, business publications and radio interviews. Among the initiatives held last year were the Young Entrepreneur’s Conference 2013, the National Budget Seminar, as well as Trade and Foreign Exchange seminars conducted nationwide.

Our customer loyalty index recorded the largest improvement amongst our Commercial and Corporate customers last year, as a result of enhanced relationship management. In the SME segment, we continue to record customer satisfaction scores at the top range of the industry; while having “main bank” status with the majority of our customers.



Lean Processes for Superior Customer Experience

To deliver superior customer experience, the Group launched a major initiative called Project APEX to re-engineer the sales and credit processes with the aim of improving the application turnaround time for customers. The loan process simplification has reduced the turnaround time, enabling “same day approval” for some SME loan products.



Highly Skilled Business Bankers

To enhance the strengths of existing teams while raising a new generation of leaders, the Group invested in a structured sales and service training programme for our entire pool of relationship managers and front-line staff. In addition, senior managers in the division underwent Gallup’s Competency and Strengths Finder training to assist them in building high performing teams.

Group Transaction & Alternate Banking

Group Transaction & Alternate Banking (GTAB) stayed focused on its goal to provide a range of competitive transactional and advisory services and solutions that are efficient, fast and secure for our customers. The products and services include Payments and Remittances, Trade Finance, Cash Management, Group Deposits and Direct Banking such as self-service terminals and online banking.

GTAB is leading the Group’s push for the conversion from over-the-counter transactions towards e-payments in support of Bank Negara Malaysia (BNM)’s aspirations to reduce the usage of cheques. The Group’s strategy to actively encourage Internet banking has resulted in significant growth in the Internet banking user base and transaction volumes.

There was also encouraging response from customers to our BizSmart Online Banking and the allianceonline Personal services. Sign-ups for both these services have been on the rise.

During the year, GTAB launched the following new products and services:

- Alliance XChange – an online, interest bearing foreign currency account for Fixed Deposits and Current Account with zero annual and maintenance fees with competitive foreign exchange rates. Alliance XChange addresses the needs of consumer customers by offering convenience and the opportunity to save in foreign currency at minimal cost and minimal amount
- Online telegraphic fund transfer
- Customised payroll system for specific government bodies
- World-class security features for online payments



In addition, the following key customer fulfillment programmes were implemented:

- On-demand training for BizSmart customers
- Learning sessions for our customers on e-payments
- Digital banking talks, including “Coffee on Us” sessions with customers
- Trade Finance related courses for Trade Finance customers



Financial Markets

The Financial Markets team manages the funding and liquidity requirements of the Group, and functions as a solution provider in marketing treasury products to various customer segments.

The Financial Markets team adopts a client-led approach and offers hedging solutions for SME and corporate clients, and new structured investment products for Consumer Banking customers.

The business is beginning to benefit from its focus on growth areas of fixed income trading and foreign exchange sales. Revenue from foreign exchange sales increased year-on-year, despite pressure on margins, and has provided the Group with a viable source of non-interest income.

In view of the increasing volatility in the currency markets, we will continue to refine our market risk policies and monitoring to ensure that Financial Markets remain a sustainable value generator for our customers.

Islamic Banking

Our Islamic Banking business, conducted through our subsidiary Alliance Islamic Bank Berhad (AIS), continued to grow at a steady pace, with the support and collaboration from Alliance Bank. AIS contributed 13.3% to the Group's revenue in FY2014.

AIS continued to enhance the visibility of its brand and value propositions within its targeted customer segments. During the year, AIS established new strategic relationships with key government sector clients in deposits and transaction banking.

A significant development in the Islamic finance industry during the year was the introduction of the Islamic Financial Services Act 2013 (“IFSA”). The IFSA, together with the issuance of several new Shariah guidelines by BNM, had resulted in the need for Islamic financial institutions, including AIS, to further enhance Shariah governance and to strengthen the Shariah processes and controls.

In line with these new guidelines, AIS has been re-evaluating its existing suite of products and services, developing replacement products based on Commodity Murabahah, Musharakah Mutanaqisah and Wadiah contracts and, where necessary, migrating customers to the new products.

The products rolled out during the year included the Profit Rate Swap, Oil Palm Plantation Financing, CashVantage Personal Financing and Pension Financing. AIS remains committed in driving growth, premised on strong governance of Shariah principles and practices under the guidance of its Shariah Committee.

Investment Banking

Alliance Investment Bank Berhad (AIBB) provides a wide range of services which include stockbroking, corporate advisory, corporate finance, underwriting and placement of equity securities, private debt securities, loan syndication, corporate banking and treasury services.

In FY2014, we strengthened our research capabilities, expanded the institutional dealing teams and further streamlined the stockbroking operations. These initiatives have begun to show positive results in terms of market share of turnover on Bursa Malaysia.

AIBB will continue to focus on strengthening its franchise, enhancing capabilities within the stockbroking and research teams, especially in retail broking business. It would further expand its mobile and online share trading channels, and share margin business to facilitate better client relationship management and complement its traditional remisier channel.



Business and Operations Review by Group Chief Executive Officer of Alliance Bank Malaysia Berhad (cont'd)

Equity Market

AIBB's market share in the equity market improved in FY2014, led by higher order flows from institutional business. Strategies implemented to streamline operating costs, to have a more balanced market mix of retail and institutional business, and increased cross-selling initiatives are also showing positive results. The improvement in relationships with our major institutional clients has been further reinforced by our research team.

In addition to the upgraded new front-end trading engine, retail dealers and remisiers are now equipped with remisier mobility facility, to enable them to serve their clients more efficiently.

Capital Market

Overall, Capital Market activities in FY2014 were slower compared to the previous year, especially for initial public offerings (IPOs). The aggregate IPO market capitalisation in FY2014 was RM28.2 billion, approximately 57.6% lower compared to the previous year total of RM66.5 billion.

Notable assignments completed by AIBB during the year were the IPO of Leon Fuat Berhad, Solid Automotive Berhad, Titijaya Land Berhad and a loan syndicated for Tropicana Ivory Sdn Bhd.

Capital Market will continue to focus on providing a wide range of Investment Banking advisory services to small and medium corporations, by leveraging on the Group's Business Banking segment.



Service Quality

During the year, we implemented a number of initiatives to further enhance customer experience and to make it easier for our staff to handle their tasks more efficiently. These initiatives were:

- Transforming our frontline service standard via G.R.E.A.T, a training programme designed to equip all front liners with the skills to provide quality service and make every customer engagement a memorable one;
- Enhancing the quality of customer engagement with staff at branches through the use of technology, simplifying processes and empowering branch personnel; and
- Obtaining the ISO 9001:2008 certification for our service and processes at the branch counters. Initiated in October 2013, this exercise was carried out to ensure that we consistently serve our customers in line with the standards set by the international body. The certification process began at four pilot branches namely Capital Square, Jalan Sultan Ismail, Bandar Puteri Puchong and Kota Damansara.

We passed the stringent dual level certification audit in March 2014 conducted by SIRIM QAS International Sdn Bhd, and received our accreditation from Standards Malaysia and United Kingdom Accreditation Service. We aim to complete the certification process for another 30 branches nationwide in the coming year, in keeping with our commitment to deliver consistent high quality customer experience.

Social media has become an important channel for us to engage our customers. Social media plays a crucial role in keeping our customers updated on the latest products and services, as well as to obtain their feedback. In addition to Facebook, we are expanding our engagement with our customers via Twitter, LinkedIn, YouTube and Instagram.

In a recent banking industry customer satisfaction benchmarking survey driven by The Association of Banks in Malaysia under the aegis of BNM, Alliance Bank was ranked first amongst the nine member banks that had participated in the survey for customer service. The key objective of the survey was to derive a Customer Satisfaction Index for the banking industry, and focused on the consumer's assessment of the quality of their banking experience.

Group Technology

We continue to improve on our technology capabilities to promote operational efficiency and to provide a differentiated customer experience in a cost-effective manner. In FY2014, we upgraded and deployed the appropriate and relevant technologies and applications to support the delivery of innovative products and services to our customers.

The projects that were completed included:

- Implementation of the Enterprise Financial solutions, which integrates enterprise General Ledger, Accounts Receivable, Accounts Payable and Online-Procurement;
- Implementation of several projects related to the BNM e-transaction initiatives;
- Mobile solutions for trading;
- Implementation of Share Point solutions for Dashboarding and reports distribution;
- Launching of Enterprise Mobility for Sales;
- Cloud solutions for Performance and Talent Management; and
- Completed roll-out of Thin Client and Application Virtualisation.

We are in the process of implementing the following:

- Upgrading existing Unit Trust system as well as an Anti-Money Laundering Act solution;
- Loan Management solution; and
- Solutions against Distributed Denial-of-Service attacks.



Enhancing Risk Management

The Group adopts a holistic approach towards risk governance, capital and liquidity management. Briefly, this approach is premised upon:

- Having sufficient capital to conduct business and to provide a risk buffer;
- Having sufficient liquidity for daily operations and contingencies; and
- Balancing between business growth and risk-taking.

We live in a fast-changing global environment, where regional/national economies, financial markets, payment and supply chains are inter-connected. Hence, we remain alert and constantly monitor the risks posed by new and emerging threats.

These risk considerations are reflected in the setting of our risk appetite and risk policies. In addition, these considerations are integrated within our stress testing framework, capital management plans and active liquidity management strategies.

The Group's capital plan takes into account the amount of capital funds needed to support our business growth aspirations under both normal and stressed business conditions. This approach enables the Group to ensure adherence to Basel II and Basel III requirements. Our capital ratios remain above the minimum capital requirement and the banking industry's average.

The Group's Risk Appetite Statement quantifies the maximum amount of risk that can be taken in relation to execution of growth strategies and dividend payment plans. We set policies, limits and guidelines to govern our various products and activities.

Capital and Liquidity Risk management is managed centrally at the Group level, under the aegis of the Group Assets and Liabilities Management Committee to ensure that we have an optimum mix of capital and liquidity.

The risks arising from the Group's various products, services and activities are governed through an assortment of risk frameworks, policies, limits, procedures and guidelines. During the year, we have reviewed, streamlined and updated various policies across the Group's conventional, investment and Islamic banking arms. These reviews covered lending, deposit-taking, treasury, stockbroking and support activities.

The Group's activities and risk profiles are supervised by the various Business and Support Units; and monitored by the respective management-level committees. The Board has also established several board-level Committees to provide Board oversight over the management.

For the year under review, risk governance emphasis was given to the following:

- Reviewing, standardising and streamlining credit policies and parameters;
- Closer monitoring of loan portfolios and collection efforts;
- Fine tuning and validating credit scorecards;
- Closer monitoring of lending portfolio segments;
- Providing more granular management reporting;
- Closer tracking of deposit base and deposit-taking strategies;
- Closer scrutiny over product pricing;
- Closer monitoring of Shariah compliance and raising risk awareness levels;
- Fine tuning stress testing approaches; and
- Reviewing services provided by outsourced service providers.

Group Internal Audit

Group Internal Audit (GIA) provides an independent and objective assurance that the risk management systems, internal controls and governance processes critical to the Group's business and strategic objectives are effective and that operations are under proper controls.

GIA continues to enhance its capabilities and practices to better support the Group's growth through periodic reviews and continuous enhancement of the audit and risk assessment methodologies and processes.

GIA has increased its leverage on technology, through the use of standardised electronic audit documentation and increased the use of data analytics tools to enhance the effectiveness and efficiency of audits. It has stepped up emphasis on integrated and thematic audits for more effective audit coverage and efficient use of audit resources, better grasp of high level audit issues and lower risk of audit coverage gaps.

GIA continues to host the Guest Auditor Programme, where selected line managers are invited to join as guest auditors for audit assignments. While guest auditors have the opportunity to understand the auditing process and gain experiences and exposures into various areas of the Group, GIA benefits from their functional or business unit knowledge. This pooling of talents and experiences allow the sharing of best practices across the Group.

Business and Operations Review by Group Chief Executive Officer of Alliance Bank Malaysia Berhad (cont'd)



Developing Our People

To be a high performing organisation, we encourage a culture of reaching for excellence and institutionalise leadership development. We continue to invest in our human capital by fostering an environment that encourages continuous learning and development to serve our customers better, and support succession planning and talent retention in the Group.

In addition to ongoing training modules such as e-learning, on-the-job-training and knowledge exchange programme, emphasis was given to the following:

- **G.R.E.A.T @Alliance Bank Programme.** This new initiative is designed to enhance the selling and servicing skills of all client-facing staff. The training involves all staff at the frontline, from team leaders to clerical staff.
- **Capacity Building.** We organise inter-departmental and intra-departmental exchange programmes to encourage growth in depth and breadth of experience within our staff workforce. Senior leaders actively volunteer to be trainers, mentors and coaches to build a learning culture in the Group.

- **Talent Management and Development Framework.** We give priority to hiring from within the organisation to fill our vacancies, before seeking external talents. As such, our talent management and development programme has been initiated to identify, groom, grow and nurture home grown talent for positions of leadership within the organisation in the future. Identified staff attend exclusive leadership programmes to accelerate their leadership development. This also ensures that the Bank has an adequate talent pool for succession and business continuity purposes.

The Bank is also committed to continuously improve the quality of jobs offered through job enrichment exercises as well as career development opportunities. We have implemented transition training programmes to prepare and equip identified staff to adequately perform in their enhanced roles.

We actively seek feedback through Group Employee Surveys and engage employees to understand how we can improve their job performance and career satisfaction as we believe that the foundation of exceptional customer experience is built from highly motivated employees.

Our employee engagement index has been improving steadily over the past three years. Our efforts have also led to significant improvements across several employee satisfaction dimensions over a two-year period, in communications, organisational image, competitive position, career development, training and leadership.

Awards And Recognition

For its commitment to innovative financial solutions, Alliance Bank continues to win awards and recognition from the industry.

ASIAN FINANCIAL SERVICES CONGRESS 2014

DEFINING THE NEXT DECADE

Marina Bay Sands, Singapore
27th to 28th February 2014



For FY2014, the Bank received the following awards and recognition:

- “Best Self Service Banking Project” at The Asian Banker Technology Implementation Awards 2014
- “Service Excellence in SME Banking” at the Retail Banker International Asia Trailblazer Awards 2014
- “Asia’s Most Customer Friendly Bank” and “Asia’s Best Online Banking” at the Financial Insights Innovation Awards 2014 by IDC Financial Insights
- “Sahabat SME” by the SMI Association of Malaysia
- “Best SME Bank Malaysia 2013” by Global Banking & Finance Review
- “Credit Card Initiative of the Year – Malaysia” at the Asian Banking & Finance Retail Banking Awards 2013
- “Best Brand Loyalty Campaign – Alliance OneBank Rewards” by the Promotions Marketing Awards of Malaysia 2013

The Bank is proud that it has received the “Sahabat SME” Award for the fourth consecutive year, from the SMI Association of Malaysia, a non-profit organisation that promotes the interest of SMEs in Malaysia.

These awards and recognition reinforces the Group’s commitment to continue contributing to the financial community in Malaysia through innovative and entrepreneurial business spirit, to deliver the best customer experience and create long-term shareholder value.



Corporate Responsibility

The Group remains committed to helping the communities succeed by contributing our time, talent and funds to drive Corporate Responsibility initiatives in the marketplace and the community.

Our Corporate Responsibility programmes address different age groups' needs, including financial literacy for children and educational platforms on financial management for the various segments of the society.

Investor Relations

We engage the financial community, stakeholders and other key constituencies to provide consistent, accurate, transparent and timely information in accordance with the principles and best practices prescribed as part of our corporate governance policies.

The engagement with investors and other stakeholders serves as a platform for the Group to disclose its financial performance, strategies, business directions, and developments of interest to the investing public. The information presented at the briefings are uploaded on our corporate website at www.alliancegroup.com.my/quarterlyresults.html to promote accessibility of information.

Looking Ahead

Although fragile, the global economy is showing signs of recovery. On the domestic front, the Malaysian economy is expected to sustain the growth momentum supported by the implementation of the Economic Transformation Programme initiatives and the gradual recovery in global trade.

In the last few years, we have strengthened our competitiveness in the banking industry with investments in the Group's operating infrastructure and capabilities of our people, and aligned everyone to a common purpose of building "The Best Customer Service Bank in Malaysia".

Our key strategies in FY2015 will be centered on leveraging the infrastructure capabilities, the synergies between our various Lines of Business and the channels to grow top-line revenue and deliver better customer service. We will continue with our strategy of expanding the loan portfolio in the key segments, fee based income and widening the CASA base and, at the same time, improve on our productivity.

We are confident that the overall strategic direction set by the Group will continue to strengthen our competitive position and provide a long-term sustainable and consistent financial performance.

Appreciation

The Group's sustained growth and financial performance is due largely to the support, trust and confidence of many of our customers. I would like to take this opportunity to express our appreciation for their support. On our part, we reiterate our commitment to serve them better.

We would also like to acknowledge the important roles our regulators, especially Bank Negara Malaysia, Securities Commission Malaysia and Bursa Malaysia Securities Berhad have played in providing guidance and support in our operations.

The Group's progress made in the face of intensifying competition is also due to the hard work and dedication of our management and staff. They have demonstrated that as a team, we can achieve the goals that have been set.

I also wish to express my appreciation to the members of the Board of Directors for their continued and invaluable guidance, and look forward to their support in the coming year.

Thank you.

SNG SEOW WAH

Group Chief Executive Officer