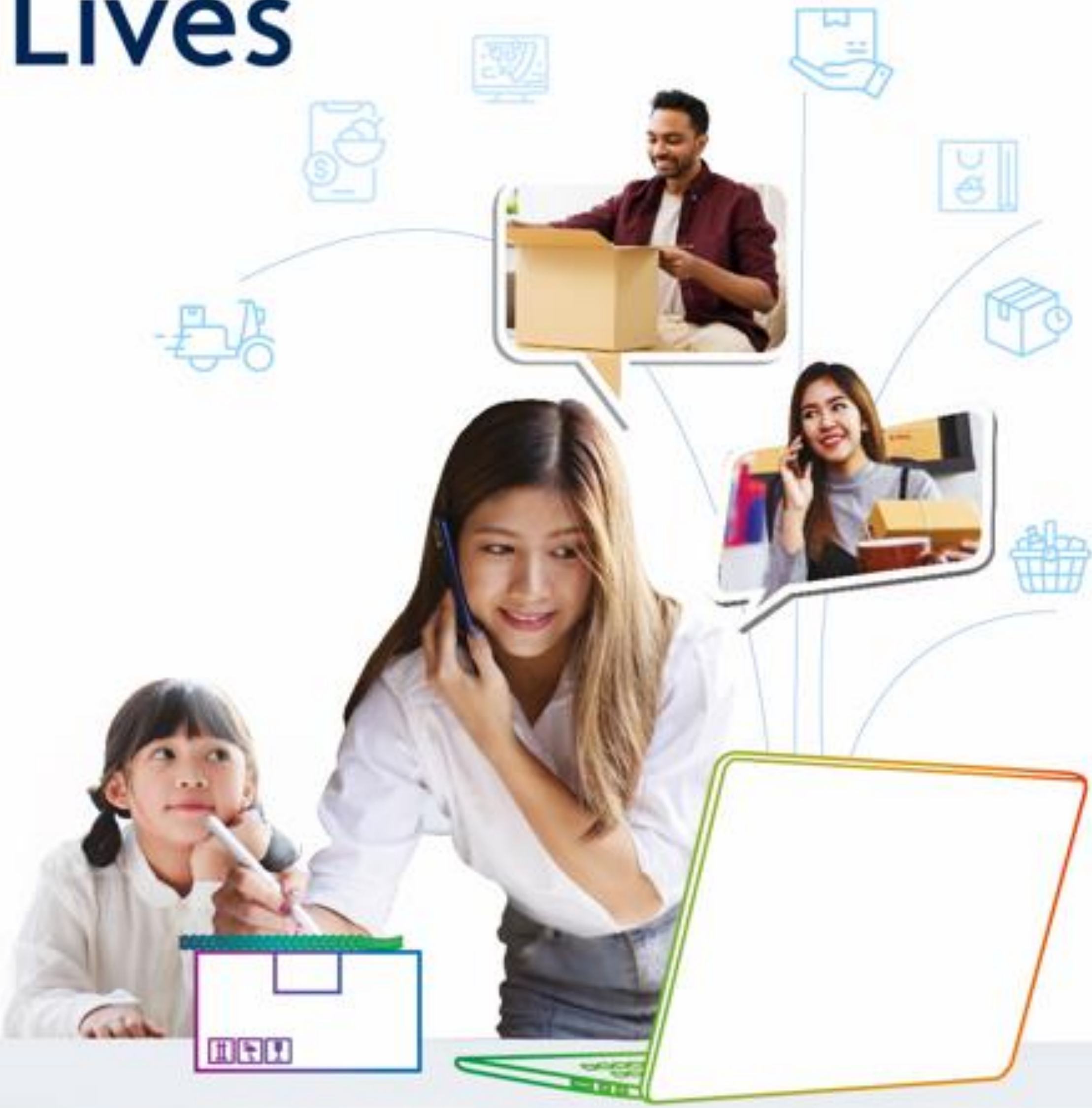
ALLIANCE BANK

Building Alliances to Improve Lives

Analyst Briefing
9MFY23

28 February 2023



Contents

Since 2QFY23 briefing…

- **Strategy**:
  - continue to progress well in our **strategic priorities**
  - embark on **ACCELER8 2027** strategy refresh to broaden our growth (introduced in January 2023 via Special Briefing):
    - focusing on **8 key themes**, over **four years** up to the financial year ending 31 March 2027 (FY2027)
  - **set up Group Transformation office** to drive the execution of ACCELER8 2027
    - **>40 initiatives** have been mapped out & will be implemented in phases
    - **Wave 1:** prioritising the high impact & lower complexity initiatives to fund subsequent waves
- **Financials:**
  - recap: satisfactory **1HFY23** results
    - driven by strong net interest income growth of 12.4%, and
    - manageable asset quality as loans under relief taper off

9MFY23 Performance Highlights

1 Revenue & Profitability

- **Revenue** grew **2.5% y-o-y** to **RM1.45 billion**
- **Net interest income** grew **12.4% y-o-y**,
  - **Net interest margin** improved to **2.68%**
- **Client-based fee income (excluding brokerage)** grew **2.5% y-o-y**
  - **Wealth management (+5.0% y-o-y) & FX sales/trade fees (+17.1% y-o-y)**
- **Cost to Income Ratio** at **44.1%**
- **Net profit after tax** grew **16.6% y-o-y** to **RM547.7 million**

2 Assets & Liabilities

- **Gross loans** grew **6.2% y-o-y** (or **3.1%** year-to-date annualised)
- **Customer based funding** grew **7.9% y-o-y** (or **4.9%** year-to-date annualised), with **CASA ratio** at **45.8%** (one of the highest in the industry)

3 Effective Risk Management

- **Net credit cost** improved to 20.0 bps due to:
  - one-off recovery (1QFY23) and
  - management overlays net write-back
- **Liquidity** and **capital positions** remained **strong**
  - **Liquidity coverage ratio** at **154.2%**
  - **CET-1 ratio: 14.2%; Total capital ratio: 19.2%** (without transitional arrangement)

NPAT grew 16.6% y-o-y to RM547.7 million

Income Statement	9MFY22 RM mil	9MFY23 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	1,113.1	1,251.5	138.4	12.4%
Client-based fee income*	206.7	211.9	5.2	2.5%
<u>Non-client based fee income</u>: Treasury & Investment Income	80.5	(15.4)	(95.8)	(>100%)
Brokerage	15.9	3.2	(12.7)	(80.1%)
Total Revenue	**1,416.1**	**1,451.2**	**35.1**	**2.5%**
OPEX	603.9	640.4	(36.5)	(6.0%)
Pre-Provision Operating Profit	**812.2**	**810.8**	**(1.4)**	**(0.2%)**
Net Credit Cost & Impairments	143.6	93.3	50.4	35.1%
- BAU	26.6	162.7	(136.0)	(>100%)
- Management Overlays	117.0	(69.4)	186.4	>100%
Pre-tax Profit	**668.6**	**717.6**	**49.0**	**7.3%**
Net Profit After Tax	**469.8**	**547.7**	**77.9**	**16.6%**

Balance Sheet	9MFY22 RM mil	9MFY23 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Gross Loans	**44,515**	**47,276**	**2,760**	**6.2%**
Customer Based Funding	**47,190**	**50,933**	**3,743**	**7.9%**

** Client-based fee income (excluding brokerage)*

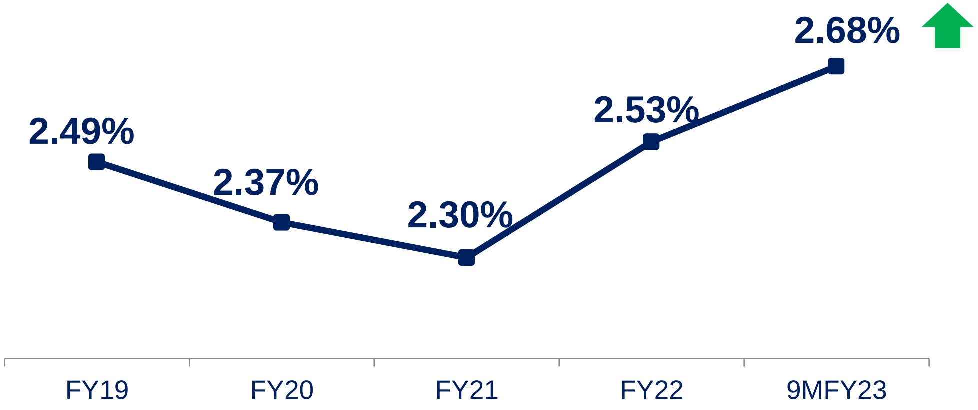
Net interest income grew 12.4% y-o-y

a) **Net interest income** grew **12.4% y-o-y**, driven by higher loans volume and OPR hike impact:

Y-o-Y impact:

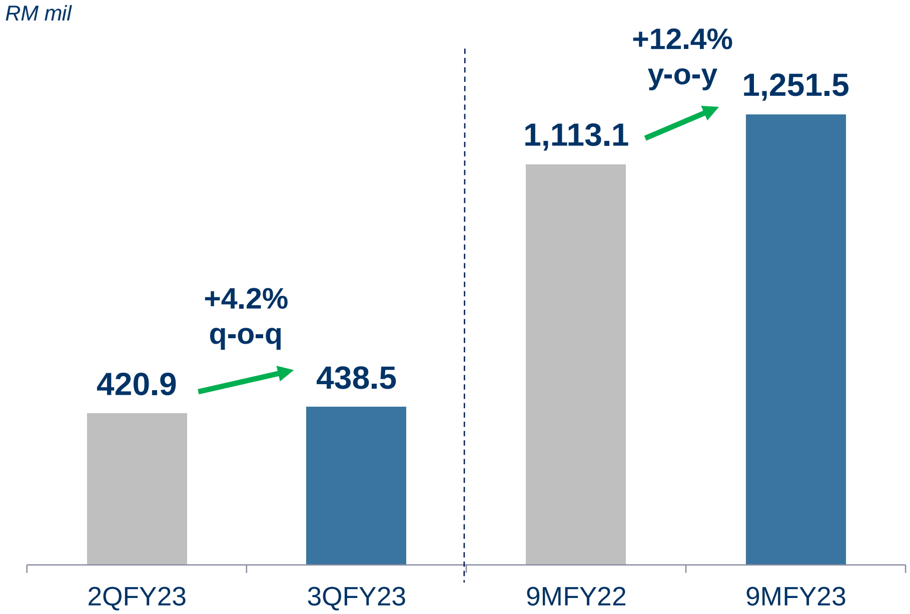
YoY Impact	+5.2%	+4.8%	+0.8%	+1.6%	**+12.4%**

b) **Net Interest Margin Trend:**



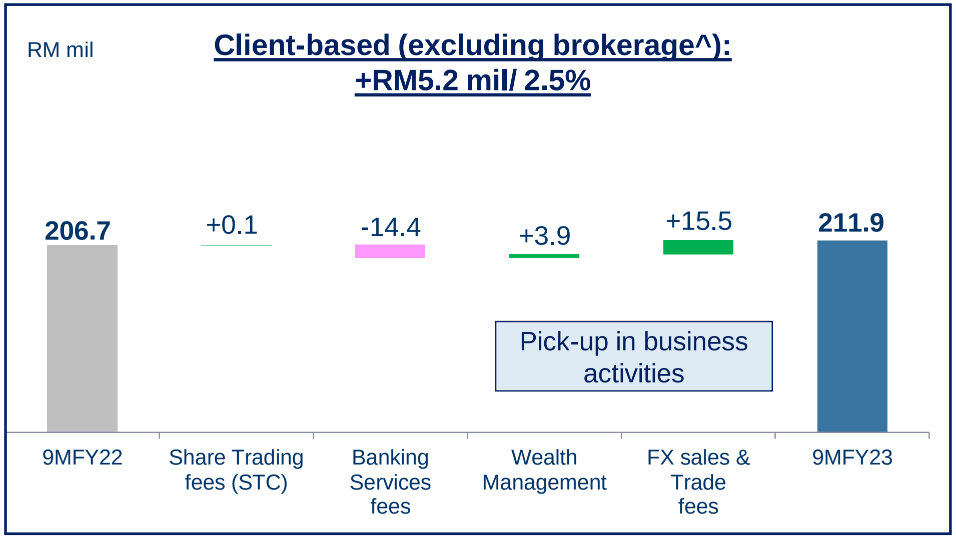
Driven by OPR hikes

Net Interest Income



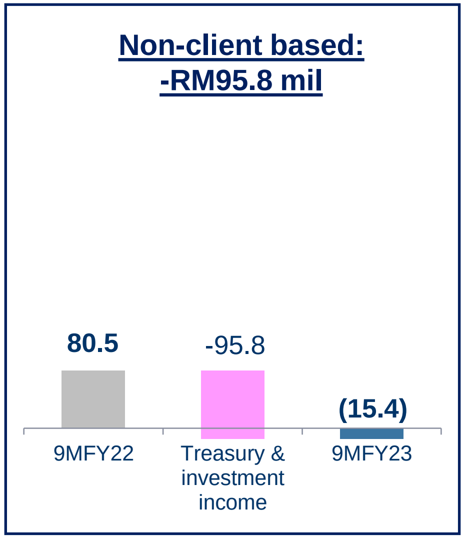
Growth in wealth management, FX sales & trade fees

- **Client-based fee income** (excluding brokerage): **+2.5% y-o-y**
  - Wealth management (+5.0% y-o-y)
  - FX sales/trade fees (+17.1% y-o-y)

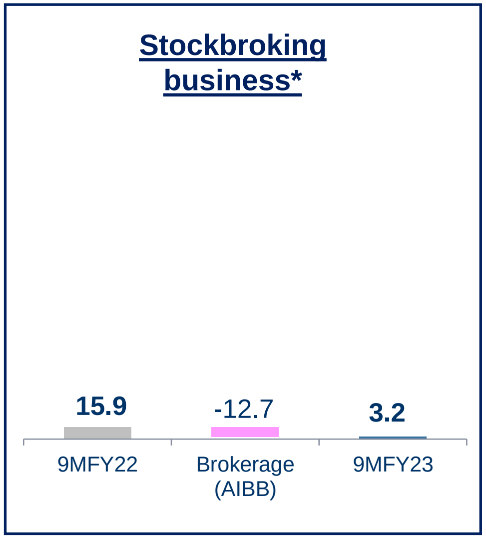


Client-based (excluding brokerage^): +RM5.2 mil/ 2.5%

Pick-up in business activities



Non-client based: -RM95.8 mil



Stockbroking business*

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

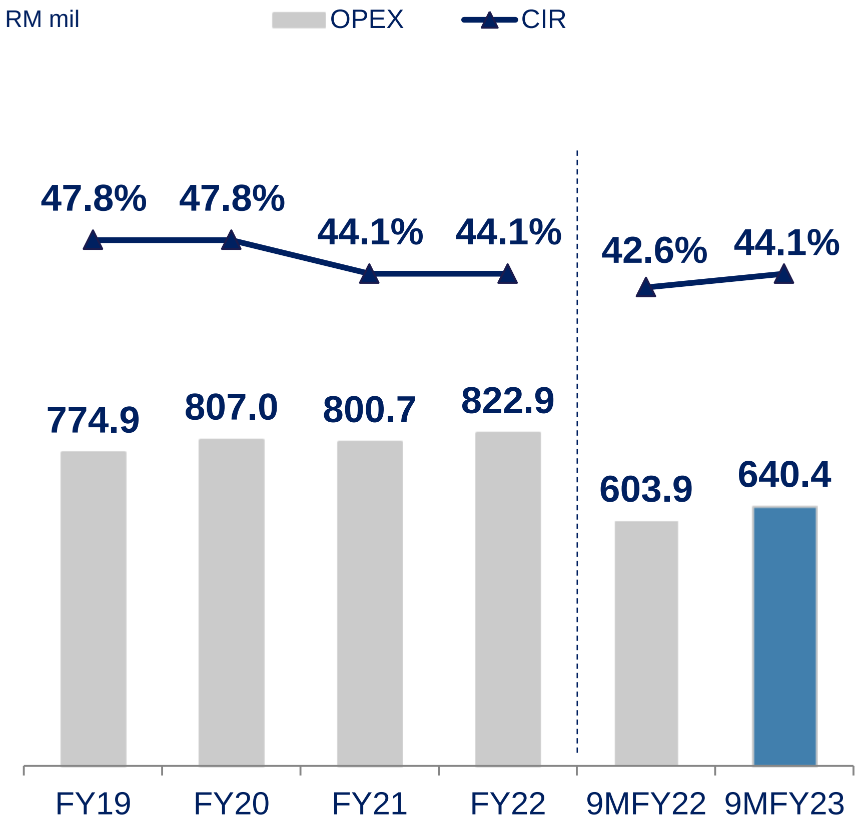
** Disposal of Stockbroking business was completed on 30th July 2022*

Cost to Income Ratio at 44.1%

a) Cost to income ratio: 44.1%
(within guidance of <45%)

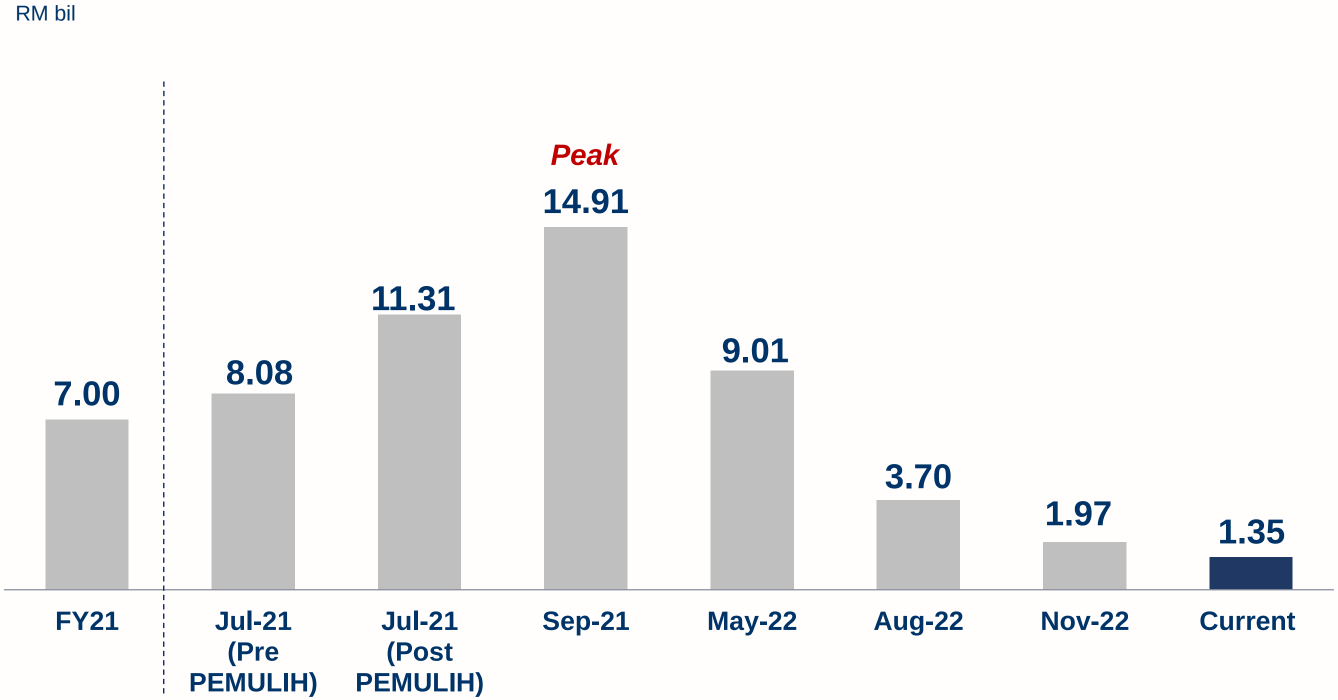
b) Operating expenses up 6.0% y-o-y (or RM36.5 million):

- ➢ Increase headcount in sales force, risk & compliance
- ➢ IT expenses related to strategic initiatives
- ➢ Wage inflation



Loans under relief reduced to RM1.35 billion

Loans under Relief: RM1.35 billion (2.9% of loan book)



Current (RM'mil)	**Consumer**	**SME**	**Commercial & Corporate**	**Group**
PRA	909	-	-	909
Mora	-	-	-	-
Graduated (under observation)	-	206	237	443
Loans Under Relief	**909**	**206**	**237**	**1,353**
Mix %	67%	15%	18%	100%
Q-o-Q ∆	-271	-165	-182	-618

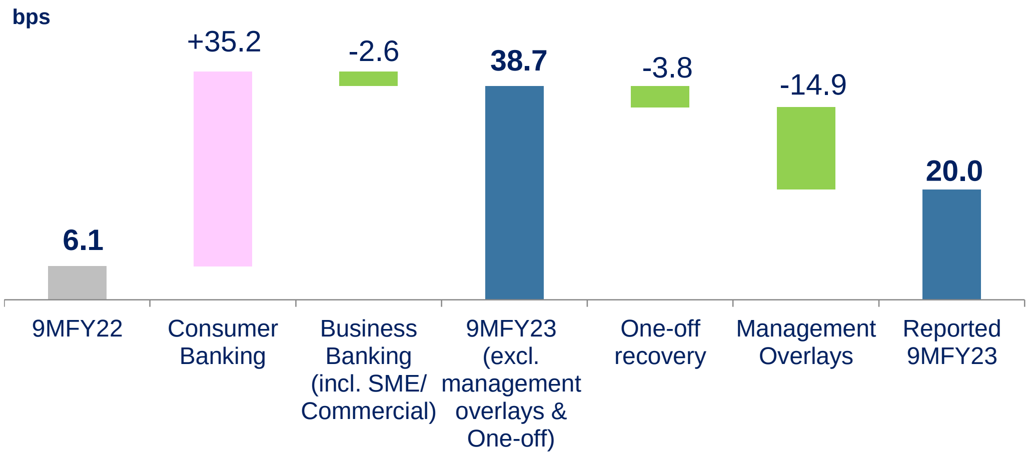
Net credit cost improved to 20.0 bps

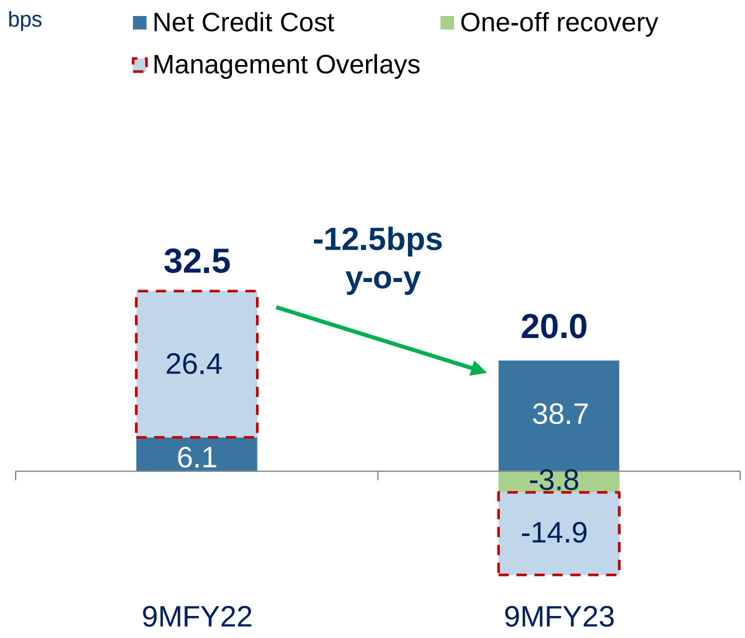
a) Net credit cost at 20.0 bps [vs 32.5 bps last year] due to:

- ➢ recovery from one account (RM17.5 million)
- ➢ net release of management overlays (RM69.4 million):

Management Overlays (RM mil)	**1HFY23**	**3QFY23**	**9MFY23**
Reversal of pandemic-related overlays	(100.7)	(51.9)	(152.6)
Credit: Model Refinement	51.5	1.6	53.1
Credit: Top-up for a Corporate account	30.1	-	30.1
Net movement	**(19.1)**	**(50.3)**	**(69.4)**

b) Normalised BAU net credit cost was **38.7 bps** or RM180.7 million (+32.6 bps y-o-y):

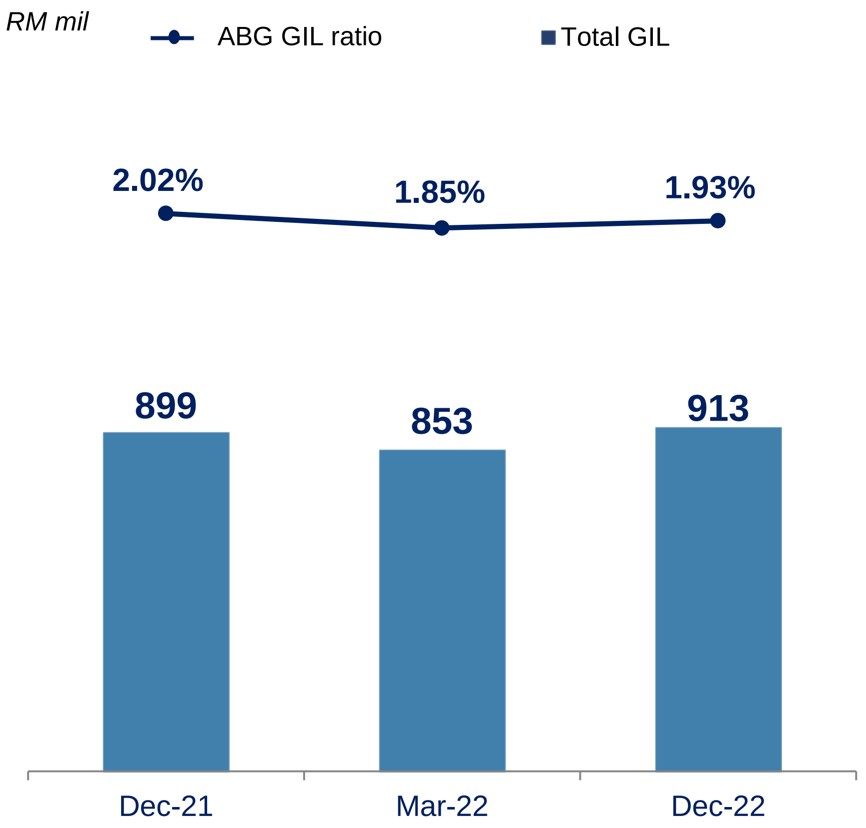




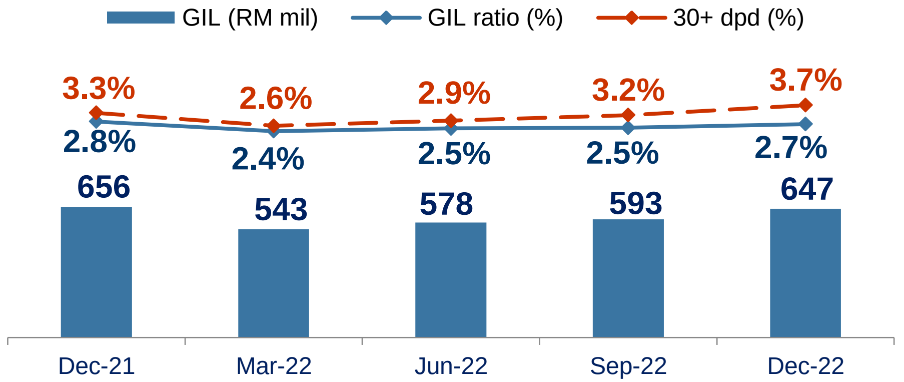
Loan Loss Coverage	***127.0%***	***130.2%***

Gross impaired loans (GIL) ratio at 1.93%

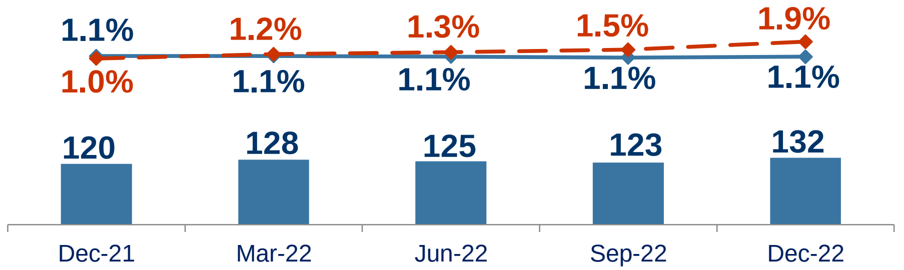
Gross Impaired Loans (GIL)



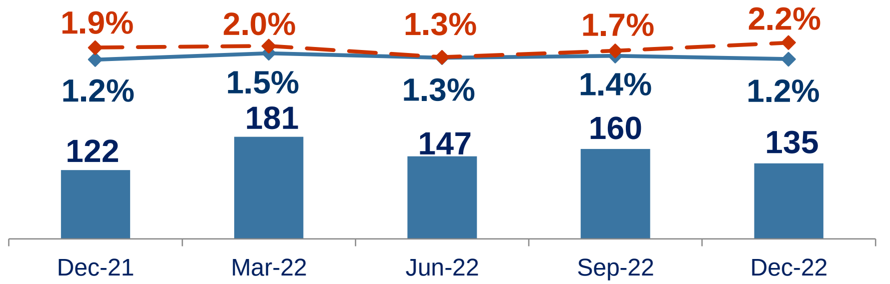
Consumer



SME

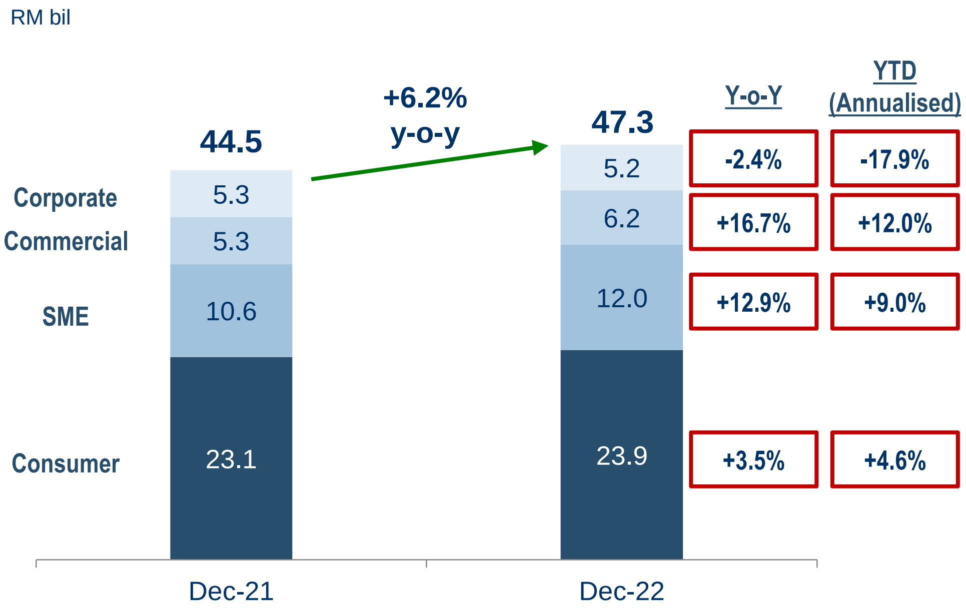


Commercial & Corporate



Funding and loans grew year-on-year

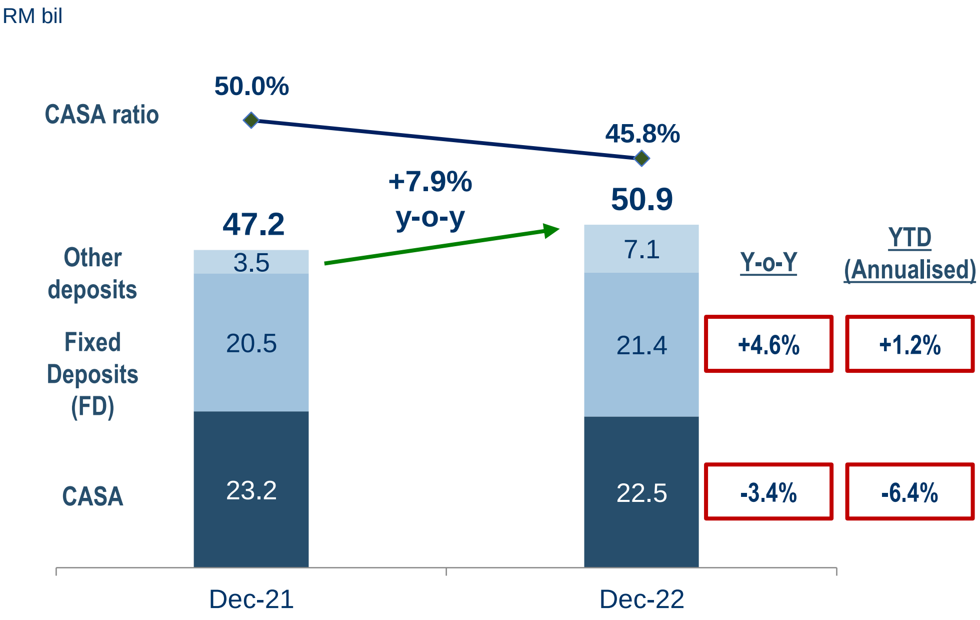
Gross Loans



a) Loans growth: **+6.2% y-o-y** (+3.1% YTD)

- SME: +12.9% y-o-y (mainly Term Loans & TRRF)
- Commercial: +16.7% y-o-y
- Corporate: -2.4% y-o-y
- Consumer Banking: +3.5% or +RM0.8 bil y-o-y
  - ➢ Personal Financing: +17.2% y-o-y
  - ➢ Mortgage: +2.0% y-o-y

Customer Based Funding



a) Customer based funding: **+7.9% y-o-y** (+4.9% YTD)

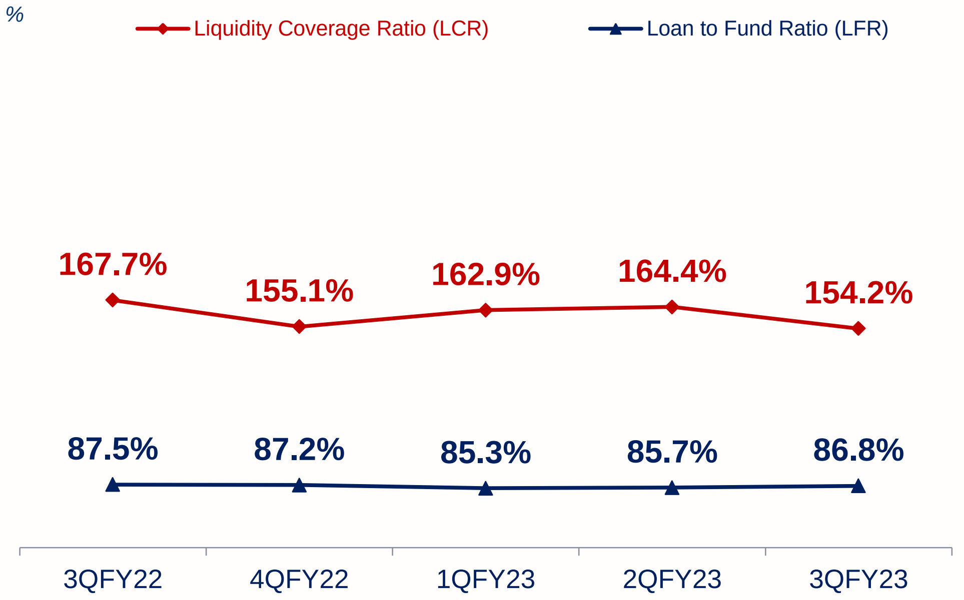
b) CASA declined 3.4% (or RM0.8 bil) y-o-y mainly due to:

- Alliance SavePlus: -18.6% y-o-y

c) CASA ratio at 45.8% (one of the highest in the industry)

Liquidity and capital position remain strong

Liquidity: LCR, LFR

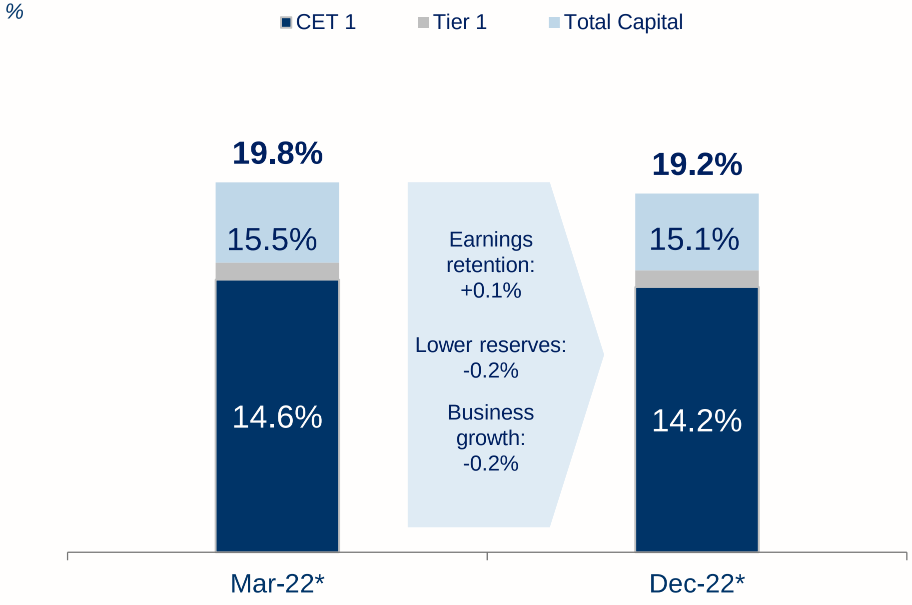


a) Liquidity coverage ratio (LCR): 154.2% (industry*: 154.0%)

b) Loan to fund ratio: 86.8% (industry*: 82.4%)

c) Net stable funding ratio (NSFR): 117.6%

Capital Position



a) Strong capital position (without transitional arrangement)

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

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* BNM Monthly Statistical Bulletin Dec 2022

* Capital ratios without transitional arrangement
[with transitional arrangement: CET 1 ratio: 15.1%, Tier 1 ratio: 16.0% & Total Capital ratio: 20.1%].

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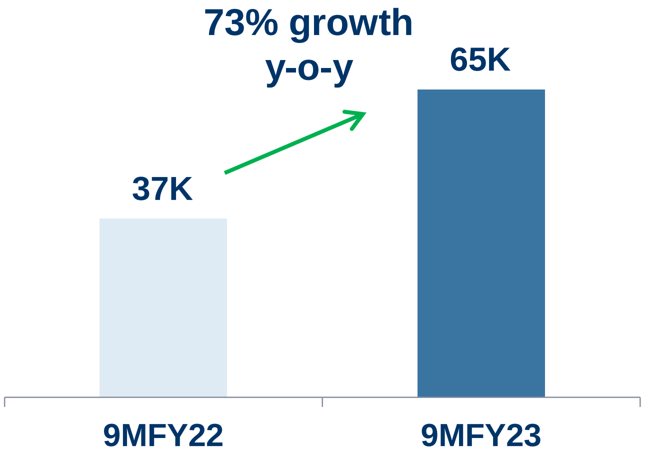
Growth momentum continued into 9MFY23

① Acquire more customers

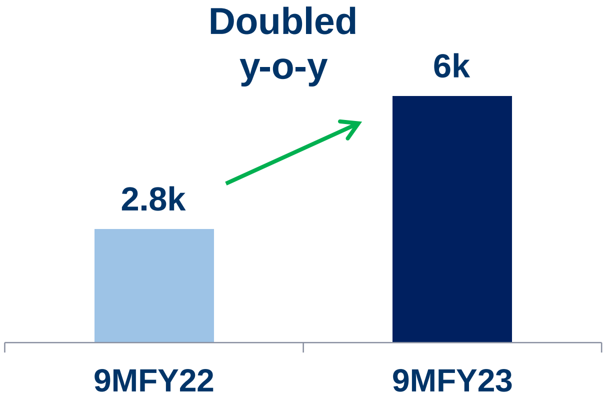
Number of New-to-Bank customers



- **Strong New-to-bank customers acquisition**:
  - ✓ **73% growth y-o-y** to 65k mainly driven by consumer banking digital acquisition

② Deepen customer engagement

Number of new dual-relationship business owners (#)

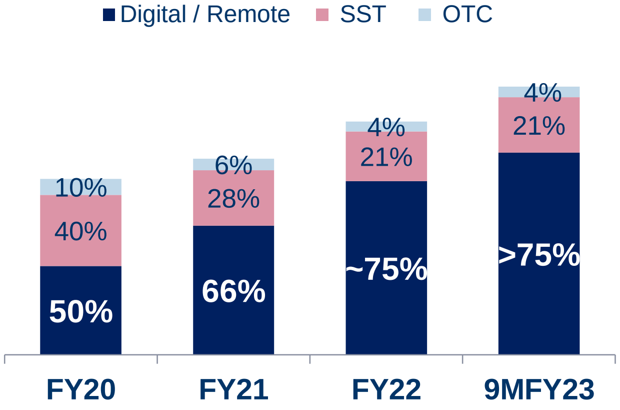


- Continued strong momentum for dual relationship business owners acquisition:
  - ✓ **Doubled y-o-y** to **6k new business owners**

③ Gain efficiencies

Customer digital adoption

Account Transactions by Channel (Average/Month)



- **Maintained high proportion of digital transaction (>75%)** even when total transaction grew by **15% y-o-y** driven by all channels
  - ✓ Digital channels transactions: +15% y-o-y

Solid progress on Sustainability

Sustainability Achievements in FY2023 on track to realize Topline Goals

FY2025 Topline Goals	FY2023 Target	Key FY2023 Updates
1 **Grow RM10.0 billion in new sustainable banking business**	• Target **RM2.6 billion** in new sustainable business (*cumulative RM4.0 billion*)	• Achieved **RM4.9 billion** in new sustainable business (*cumulative RM6.3 billion*) • Launched **"BeESG" campaign** through a strategic alliance with UNGC, Bursa Malaysia and MGTC
2 **Help customers adopt sustainable lifestyles and business practices**	• Reduce **customers under C5 category to <60%**	• Reduced **C5 category to 39%**[1] • **Completed ESG Survey (phase 2)** to better assist our SME customers in ESG adoption
3 **Reduce the Bank's greenhouse gas (GHG) emissions footprint**	• Announce **reduction targets** • Implement **Task Force on Climate-related Financial Disclosures ("TCFD")**	• Established our **GHG emission reduction strategy** to achieve a **20% reduction in Scope 1 and Scope 2 emissions by FY2027** against our FY2020 baseline • Developed a **sustainability disclosure adoption plan**

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[1] The C5 category value announced in our Analyst Briefing 1QFY23 was recalibrated from 65% to 59% to exclude % of uncategorised accounts in our portfolio

Our rationale for strategy refresh

A **Broadening growth beyond SME**

B **Building competitive advantages** to drive sustainable long term growth

C **Increasing value for key stakeholders**

We have taken an outside-in approach in formulating our refreshed strategy

- **Comparison vs. Peers:** Benchmarking ABMB's positioning and growth vs peers (in relation to target segments & products)
- **Customer & Industry trends:** Digitalisation, sustainability, shifts in consumer behavior
- **Regulatory policies:** Latest BNM financial sector masterplan (FSMP 2022-2026)
- **National development focus:** High growth sectors and economic corridors in the 12th Malaysia Plan (2021-2025)

Refreshed Group strategy: ACCELER8 2027

ACCELER8 2027

Vision: The Preferred Banking Partner
Mission: Building Alliances to Improve Lives

FY27 AMBITIONS

Financials
- Top quartile ROE
- Loans growth above industry
- Target C:I 45%

Best in class customer NPS & TAT

Top employer of choice

Solid ESG progress

Growth opportunities

1	Continue velocity on **SME expansion strategy**	5
2	Support our **business customers through their life cycle**	3
3	**Broaden consumer business**, targeting attractive segments	10
4	Target resilient **ecosystems** across their value chain	2
5	Become **regional champion** for selected economic corridors	3
6	**Drive synergies** & value creation in our **corporate & capital market business**	5
7	**Accelerate Islamic business,** leveraging unique propositions	4
8	**Leverage partnerships to scale** product offering, distribution and drive value	2

Key enablers

10

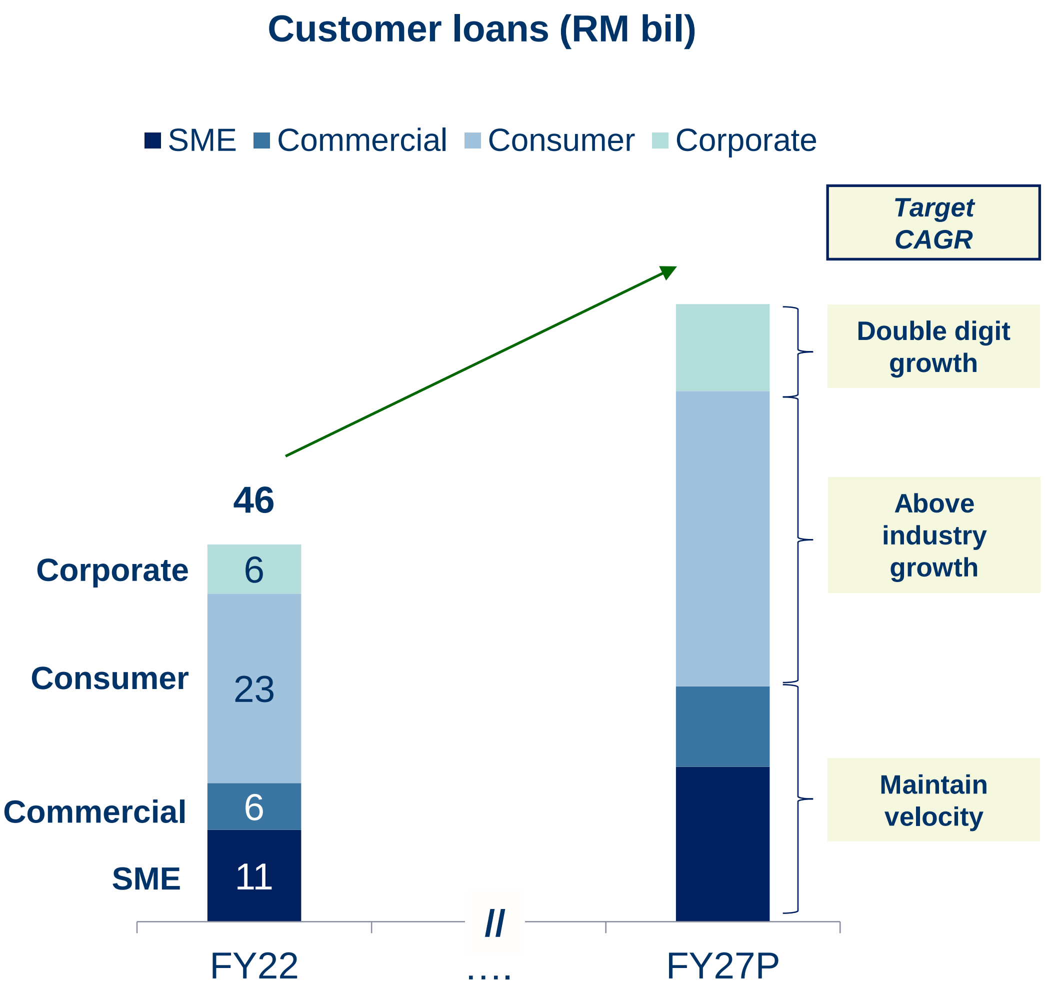
- Drive **talent & culture** transformation
- Refine **credit** approach
- Refresh **branding & communication**
- Accelerate **IT Transformation**
- Enhance **audit, risk & compliance**
- Revitalize **branch** & improve **customer service**
- **Streamline execution** via **transformation office**
- Build an **ESG-focused** organization

Current number of initiatives identified to support implementation of Acceler8 2027

Driving broader loans growth across our lines of business

And increasing pace of growth

🟥 Acceler8 initiatives



FY24 Key growth drivers

SME & Commercial:

- 1 Expand sales force in high growth geographies to drive business acquisition
- 1 Diversify lead generation i.e. partner-in-sales and customer referral program
- 1 Use Digital to expand acquisition of small SMEs

Consumer:

- 3 Expand customer base to focus on young professionals (‘HENRY’) & High-networth; drive mortgage growth; supported by revitalized branches, expanded sales force and digital platforms (e.g. Virtual Credit Card)

Corporate:

- 5 Business expansion in economic corridors outside of Klang Valley, supported by intensified account planning and better RM productivity
- 6 Deeper collaboration with capital market in client coverage and joint solution-ing for target clients

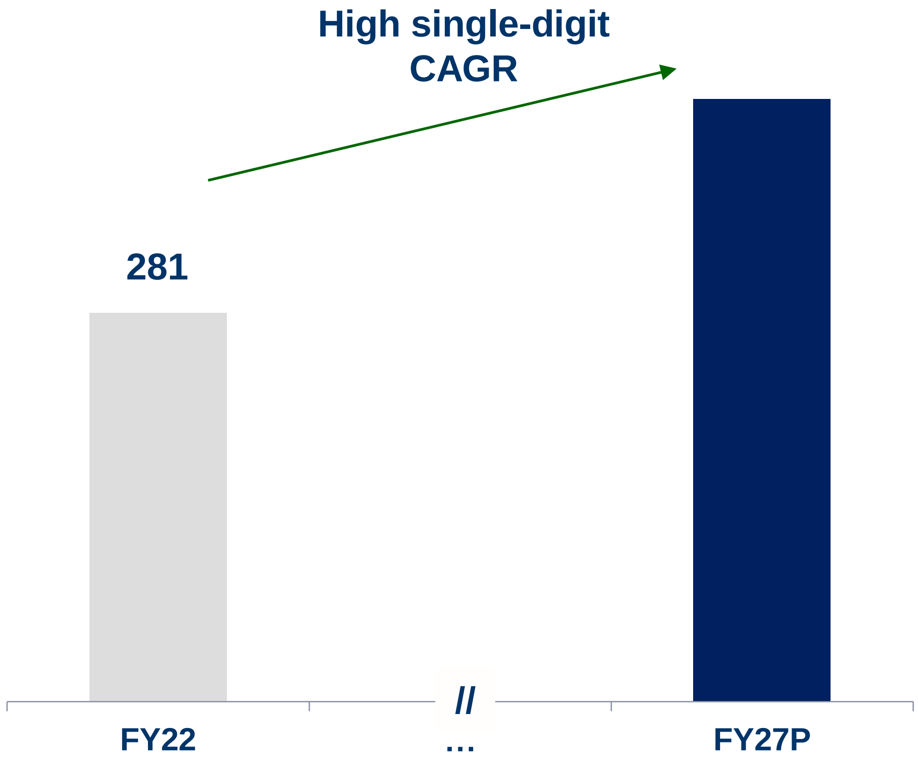
Long term growth drivers to FY27

- 4 **Target resilient ecosystems** (e.g. Green Tech) to offer comprehensive banking solution for the corporate, their staffs, their customers, suppliers.
- 7 Increased **Islamic asset growth** with **innovative propositions** (e.g. Halal-in-One)
- 8 **Strategic partnerships** to enhance the Bank’s product offering and distribution reach

Scaling up client-based fee income going forward

🟥 Acceler8 initiatives

Total Client base fee income (RM mil)



FY24 Key growth drivers

Client-based fee

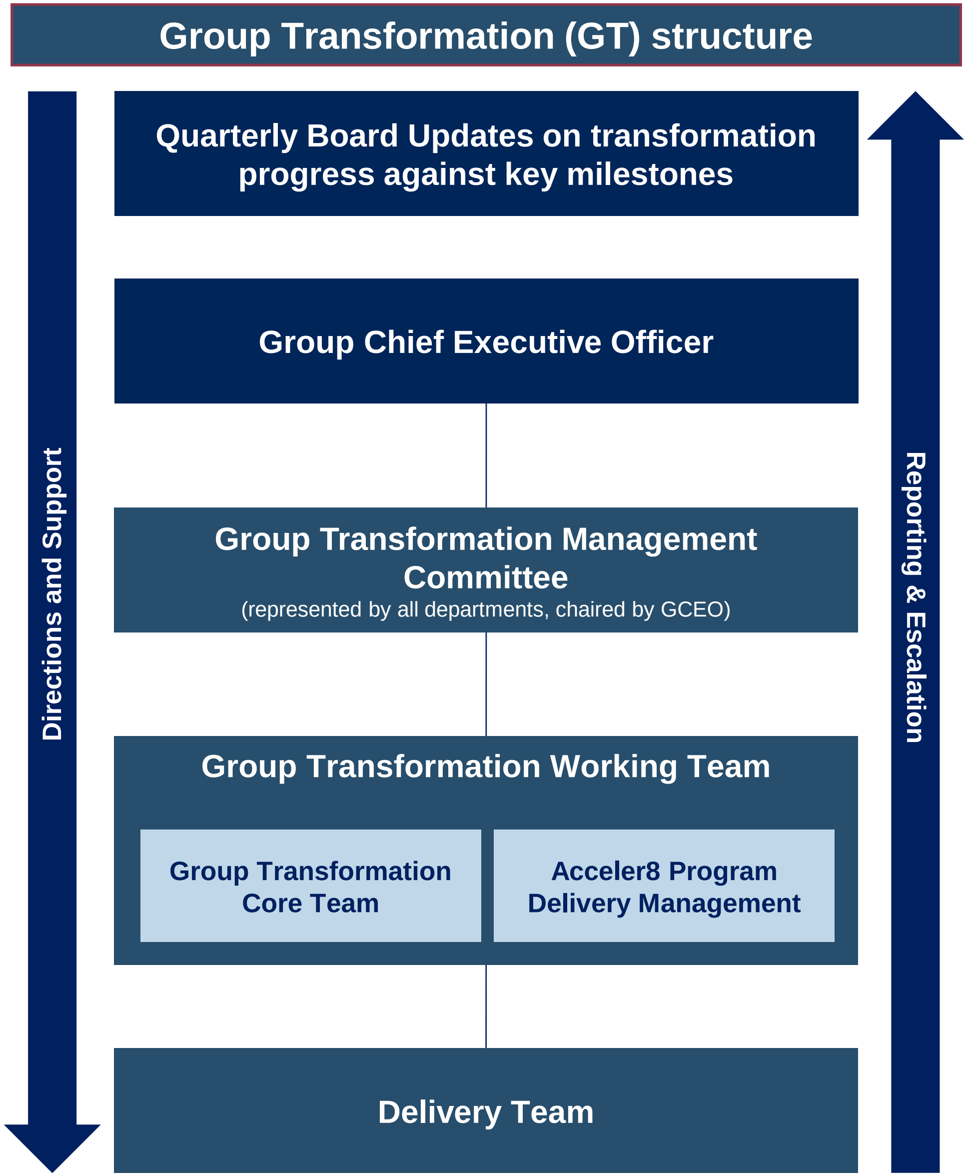
- 2 Expand transaction banking proposition (FX, trade) to cater for full business lifecycle
- 3 Offer high-networth individuals comprehensive banking & wealth solutions across personal & business investments, including widening Structured Investment (SI) products
- 6 Scale up capital market offerings to all prospective corporate clients

Long term growth drivers to FY27

- 3 **Cross-sell** fee-based products **to young professionals (HENRY)**
- 4 Full suite of **banking & beyond banking solutions to target ecosystems**
- 7 **Strong suite of Islamic fee-based products for customers e.g. Islamic SI**
- 8 **Strategic partnerships** to widen fee-based product offering and distribution

Note: Client-based fee includes wealth, insurance, trade, FX, capital market and other fees e.g. (card fees)

We have kick-started our transformation office to drive execution



Group Transformation (GT) structure

Quarterly Board Updates on transformation progress against key milestones

Group Chief Executive Officer

Group Transformation Management Committee
(represented by all departments, chaired by GCEO)

Group Transformation Working Team

- **Group Transformation Core Team**
- **Acceler8 Program Delivery Management**

Delivery Team

Objective of Group Transformation (GT):

- Drive **execution disciple** across all Acceler8 2027 initiatives
- **Streamlined approvals, resource allocation** and problem solving to support critical transformation projects
- **Single source of truth** for progress tracking and value capture

- >40 initiatives have been mapped out & will be implemented in phases
- **Wave 1:** prioritising the high impact & lower complexity initiatives to fund subsequent waves

Our Targets: How do we know we succeeded

	Aspirations	Key Stakeholders	Measures of success
1	**Ambitious Financial Performance**	**Investors**	● **Top quartile ROE amongst peers (11%-12%)** ● **Loans growth above industry (8%-10%)** ● **Target C:I ~45%** ● **Maintain dividend ratio**
2	**Superior Customer Service**	**Customers**	● Voice of customer e.g Leading **customer NPS** vs Industry ● **Turnaround time metrics** vs peers (best in class) ● **Call & Complaint resolution** metrics vs peers (best in class)
3	**Next generation customer centric bank**		● High **customer wallet share** ● **Industry recognition** e.g. Asian Banker, Finance Asia awards for innovative customer centric solutions
4	**Prominent employer of choice**	**Employees**	● **Best Employer awards** e.g.Top 25 Msia's 100 Leading Graduate Employers ● High **Voice of the Employee** scores ● High **retention rates**
5	**Key Contributor to the well-being of the community**	**Community**	● High **FTSE4Good Score** ● Highly regarded ESG focused institution ● **Industry recognition for ESG** e.g. Asian Banker, entrepreneurship awards ● Strong sustainability progress: **new sustainable banking business**, **proportion of C5* portfolio** for business loans & investments, **greenhouse gas emissions**

* Under BNM's Climate Change and Principle-based Taxonomy, C5 is classified as businesses that do not undertake any initiative to transition to sustainable practices.

Key takeaways

- **Business growth:** our loans growth momentum (6.2% year-on-year), was mainly driven by SME and Commercial.
- **Profitability:** 9MFY23 NPAT grew 16.6% year-on-year, mainly driven by a 12.4% growth in net interest income and lower net credit cost.
- **Management guidance:** revision in selected guidance.
- **Liquidity** and **capital positions** remained **strong**.
- **ACCELER8 2027** focusing on **8 key pillars** :
  - ➢ Group Transformation office to drive the execution of >40 projects
  - ➢ Wave 1: focus on projects with high impact and lower complexities.

	FY23 Guidance (Revised)	9MFY23 Actual
Gross Loans	4 - 5%	6.2% year-on-year (3.1% YTD*)
Net Interest Margin	between 2.55% - 2.60%	2.68%
Cost to Income	< 45%	44.1%
Net Credit Cost	35 - 40bps	26.7 bps*
ROE	> 10%	11.3%*

** Annualised*

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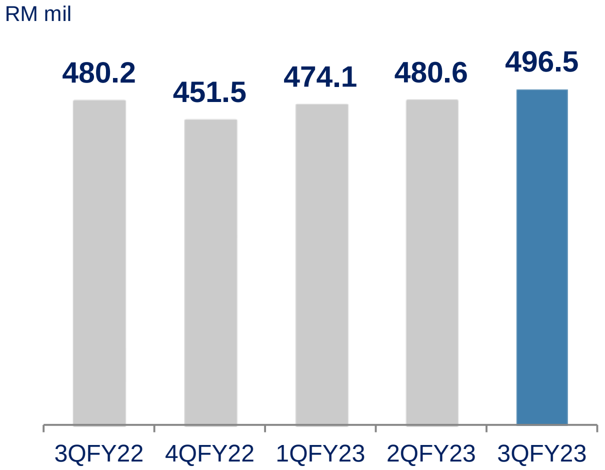
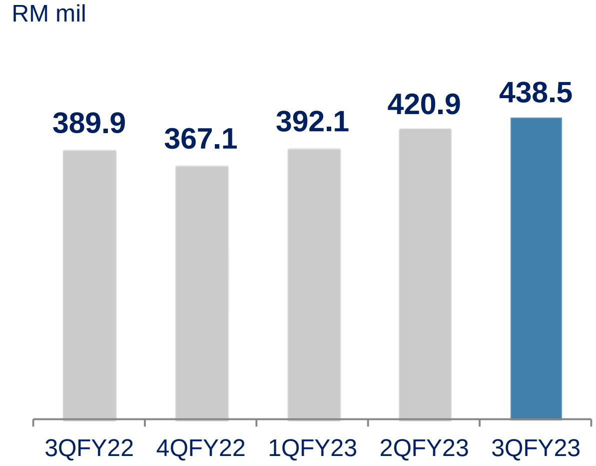
ALLIANCE BANK

3QFY23 NPAT grew 17.3% y-o-y to RM177.1 million

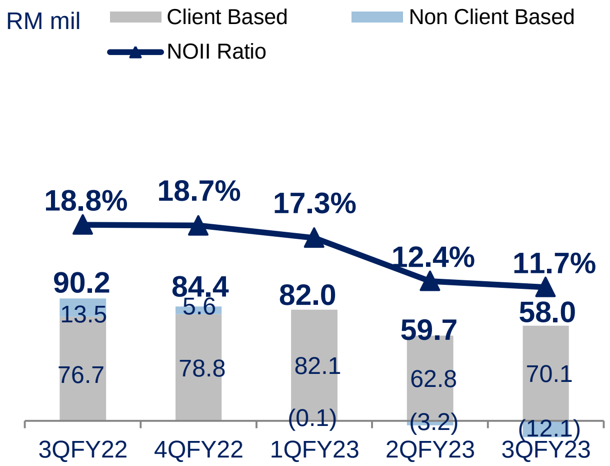
Revenue



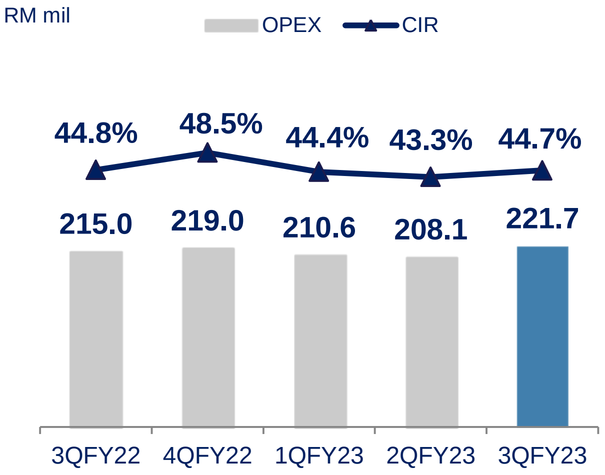
Net Interest Income & Islamic Net Financing Income



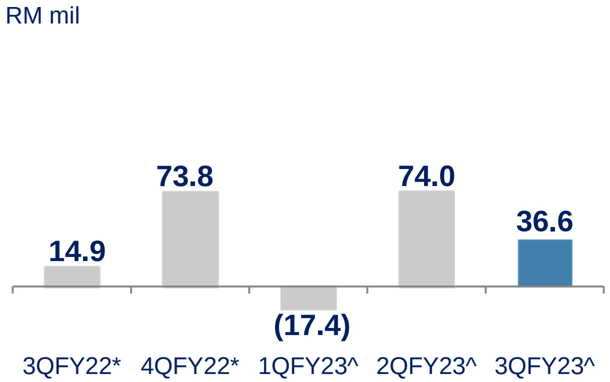
Non Interest Income & NOII Ratio



Operating Expenses & CIR Ratio



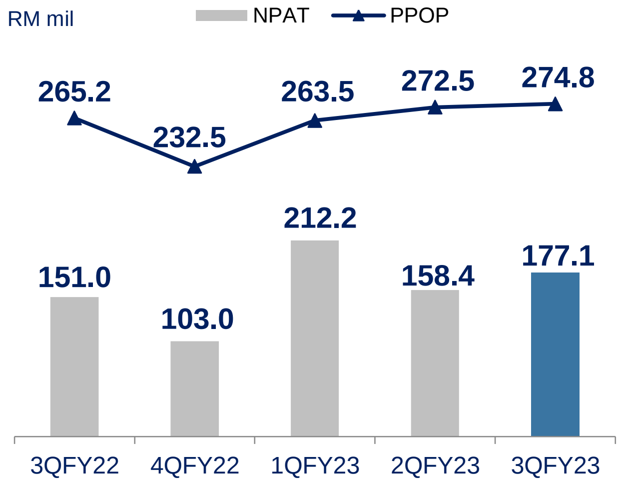
Expected Credit Losses ("ECL") & Goodwill Impairments



** Management overlays in FY22: 3Q (RM30.7m) & 4Q (RM20.3m) incorporate habitual delinquency, PEMULIH moratorium and enhanced S2 ECL overlay basis for Mortgages and Personal loan/financing.*

^ 1QFY23 (-RM41.4m) due to successful graduation, account collections and settlement and overlays consumed ; 2QFY23 (RM22.3m) incorporate credit overlay of RM81.6m and overlay write-back of RM59.3m related to pandemic ; 3QFY23 (-RM50.3m) mainly from overlay write-back of RM51.9m related to pandemic.

Pre-Provision Operating Profit & Net Profit



Note: Revenue and non interest income includes Islamic banking income

3Q FY2023:
Q-o-Q Income Statement

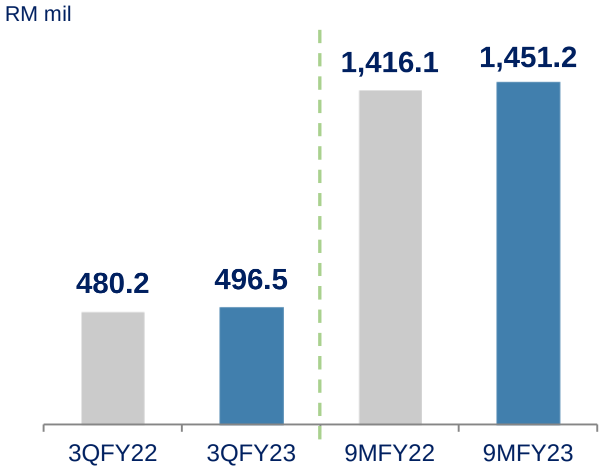
Income Statement	2QFY23 RM mil	3QFY23 RM mil	Q-o-Q Change Better / (Worse)	
			RM mil	%
Net Interest Income	309.2	327.8	17.6	4.2%
Islamic Net Financing Income	111.7	110.7		
Islamic Non-Financing Income	6.1	11.0	(1.6)	(2.7%)
Non-Interest Income	53.6	47.1		
Net Income*	**480.6**	**496.5**	**16.0**	**3.3%**
OPEX	208.1	221.7	(13.6)	(6.6%)
Pre-Provision Operating Profit (PPOP)	**272.5**	**274.8**	**2.3**	**0.9%**
Net Credit Cost	74.3	36.8	37.5	50.5%
- BAU	52.0	87.1	(35.2)	(67.7%)
- Management Overlays	22.3	(50.3)	72.7	>100%
Expected Credit Losses on Financial Investments	(0.3)	(0.2)	0.0	13.7%
Pre-tax Profit	**198.5**	**238.2**	**39.8**	**20.0%**
Net Profit After Tax	**158.4**	**177.1**	**18.7**	**11.8%**

- **Revenue** grew by 3.3% q-o-q:
  - ➢ Net interest income: +RM17.6mil or 4.2% q-o-q mainly due to higher loans volume and OPR hikes. Net interest margin improved to 2.75%.
  - ➢ Non-interest income: -RM1.6mil q-o-q:
    - ✓ Lower treasury & investment income (-RM8.9mil)
    - ✓ Higher client based fee income (+RM7.3mil)
- Higher **operating expenses** by RM13.6mil, mainly due to higher personnel expenses and administrative expenses.
- **Pre-provision Operating Profit (PPOP)** grew 0.9% q-o-q to RM274.8mil.
- **Net credit cost** recorded a charge of RM36.8mil or 7.8 bps [vs RM74.3mil or 16 bps in 2QFY23].
- **Net profit after tax** grew by 11.8% q-o-q mainly driven by revenue growth and write-back of management overlays.

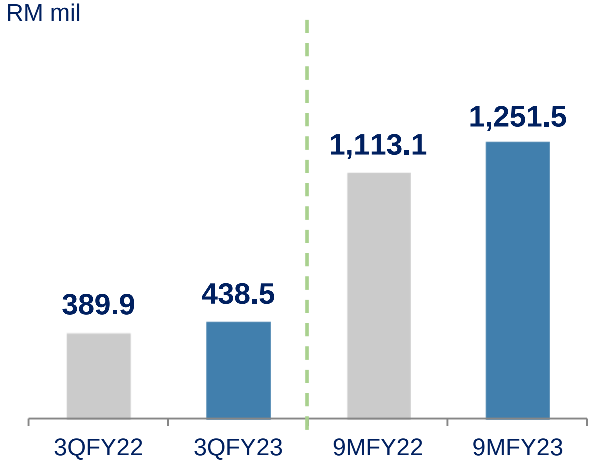
Notes:
** Revenue, net interest income and non interest income includes Islamic banking income*

9MFY23 NPAT grew 16.6% y-o-y to RM547.7 million

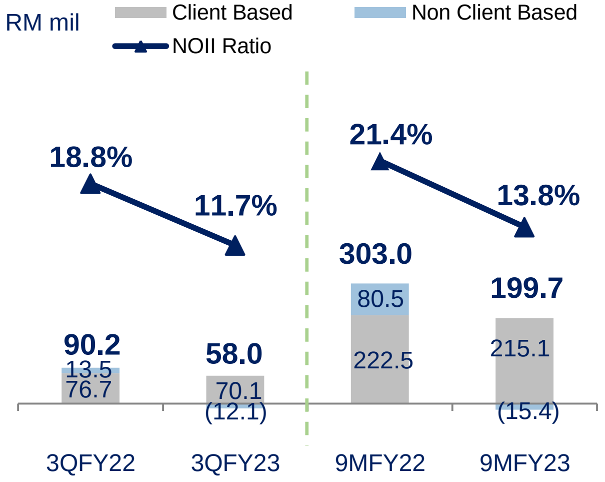
Revenue



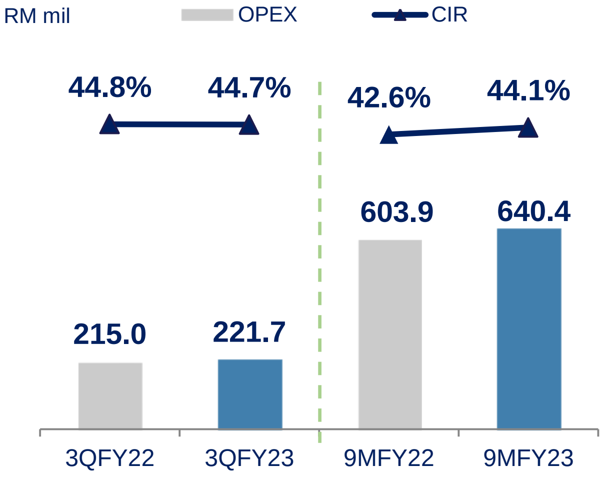
Net Interest Income & Islamic Net Financing Income



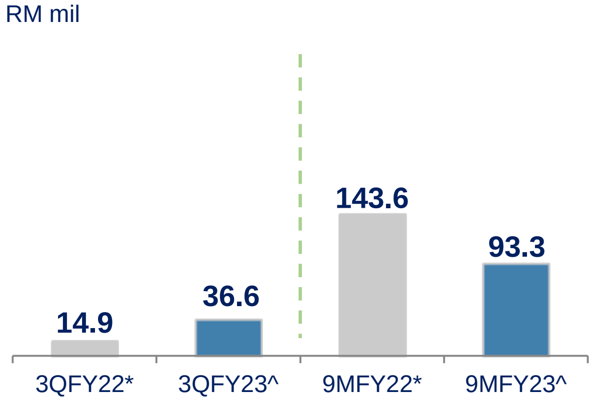
Non Interest Income & NOII Ratio



Operating Expenses & CIR Ratio



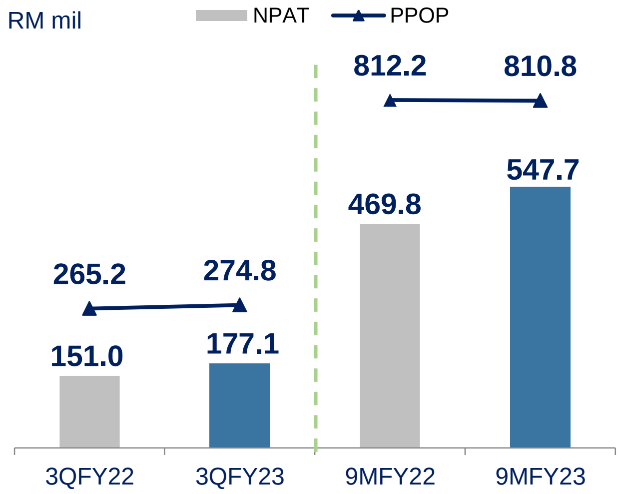
Expected Credit Losses ("ECL") & Goodwill Impairment



* 1QFY22 (RM65.3m), 2QFY22 (RM21.1m) & 3QFY22 (RM30.7m) incorporate habitual delinquency and PEMULIH moratorium.

^ 1QFY23 (-RM41.4m) due to successful graduation, account collections and settlement and overlays consumed ; 2QFY23 (RM22.3m) incorporate credit overlay of RM81.6m and overlay write-back of RM59.3m related to pandemic ; 3QFY23 (-RM50.3m) mainly from overlay write-back of RM51.9m related to pandemic.

Pre-Provision Operating Profit & Net Profit



3Q FY2023:
Y-o-Y Income Statement

Income Statement	3QFY22 RM mil	3QFY23 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	294.8	327.8	48.6	12.5%
Islamic Net Financing Income	95.2	110.7		
Islamic Non-Financing Income	11.7	11.0	(32.2)	(35.7%)
Non-Interest Income	78.5	47.1		
Net Income*	**480.2**	**496.5**	**16.4**	**3.4%**
OPEX	215.0	221.7	(6.8)	(3.2%)
Pre-Provision Operating Profit (PPOP)	**265.2**	**274.8**	**9.6**	**3.6%**
Net Credit Cost	15.2	36.8	(21.7)	(>100%)
- BAU	(15.5)	87.1	(102.6)	(>100%)
- Management Overlays	30.7	(50.3)	81.0	>100%
Expected Credit Losses on Financial Investments	(0.2)	(0.2)	0.0	3.1%
Pre-tax Profit	**250.3**	**238.2**	**(12.1)**	**(4.8%)**
Net Profit After Tax	**151.0**	**177.1**	**26.1**	**17.3%**

- **Revenue** grew by 3.4% y-o-y:
  - ➢ Net interest income: +RM48.6mil or 12.5%, driven by higher loans volume and OPR hikes.
  - ➢ Non-interest income: -RM32.2mil y-o-y:
    - ✓ Lower client based fee income (-RM6.6mil)
    - ✓ Lower treasury & investment income (-RM25.6mil)
- **Operating expenses** higher by RM6.8mil, mainly from higher personnel expenses, offset by lower administrative expenses and marketing expenses.
- **Pre-provision Operating Profit (PPOP)** grew by 3.6% y-o-y to RM274.8mil.
- Higher **net credit cost** of RM21.7mil mainly due to higher BAU expected credit losses (ECL).
- **Net profit after tax** grew by 17.3% y-o-y mainly driven by revenue growth and lower tax expense as there was an impact for cukai makmur of RM37.4mil in 3QFY22.

Notes:

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

9M FY2023:
Y-o-Y Income Statement

Income Statement	9MFY22 RM mil	9MFY23 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	845.5	927.4	138.4	12.4%
Islamic Net Financing Income	267.6	324.1		
Islamic Non-Financing Income	34.5	21.8	(103.3)	(34.1%)
Non-Interest Income	268.5	177.9		
Net Income*	**1,416.1**	**1,451.2**	**35.1**	**2.5%**
OPEX	603.9	640.4	(36.5)	(6.0%)
Pre-Provision Operating Profit (PPOP)	**812.2**	**810.8**	**(1.4)**	**(0.2%)**
Net Credit Cost	144.0	93.8	50.2	34.8%
- BAU	27.0	163.2	(136.2)	(>100%)
- Management Overlays	117.0	(69.4)	186.4	>100%
Expected Credit Losses on Financial Investments	(0.4)	(0.5)	0.2	54.2%
Pre-tax Profit	**668.6**	**717.6**	**49.0**	**7.3%**
Net Profit After Tax	**469.8**	**547.7**	**77.9**	**16.6%**

- **Revenue** grew by 2.5% y-o-y:
  - Net interest income: +RM138.4mil or 12.4%, driven by higher loans volume and OPR hikes. Net interest margin improved to 2.68%.
  - Non-interest income: -RM103.3mil y-o-y:
    - ✓ Lower client based fee income (-RM7.5mil)
    - ✓ Lower treasury & investment income (-RM95.8mil)
- Higher **operating expenses** by RM36.5mil, mainly from higher personnel expenses, IT expenses and marketing expenses.
- **Pre-provision Operating Profit (PPOP)** declined by 0.2% y-o-y to RM810.8mil.
- **Net credit cost** improved to 20.0 bps in 9MFY23 (vs 9MFY22: 32.5 bps).
- **Net profit after tax** grew by 16.6% y-o-y mainly driven by revenue growth, write-back of management overlays and lower tax expense as there was an impact for cukai makmur of RM37.4mil in 9MFY22.

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

Q-o-Q Summarised Balance Sheet

Balance Sheet	Sep 22 RM bil	Dec 22 RM bil	Q-o-Q Change	
			RM bil	%
Total Assets	63.7	65.1	1.4	2.2%
Treasury Assets*	11.9	11.8	(0.0)	(0.2%)
Net Loans	45.8	46.3	0.5	1.1%
Customer Based Funding⁺	51.0	50.9	(0.1)	(0.2%)
CASA Deposits	23.9	22.5	(1.4)	(6.0%)
Shareholders' Funds	**6.5**	**6.6**	**0.1**	**1.0%**
Net Loans Growth (y-o-y)	6.8%	6.3%		
CASA Deposits Growth (y-o-y)	4.0%	(3.4%)		
Customer Based Funding⁺ Growth (y-o-y)	8.4%	7.9%		

- **Net loans** grew by 1.1% q-o-q:
  - ***SME loans:*** +3.0% q-o-q mainly from Term Loans
  - ***Commercial loans:*** +2.2% q-o-q
  - ***Consumer loans:*** +1.5% q-o-q mainly from Classic Mortgage and Personal Loans/Financing
  - ***Corporate loans:*** -6.2% q-o-q mainly due to repayment from few corporate accounts
- **Customer based funding** reduced by -0.2% q-o-q:
  - CASA deposits reduced by RM1.4bil or -6.0% q-o-q mainly from both SavePlus and conventional CASA, while
  - Money market deposits and Structured Investments grew by RM1.0bil and RM0.2bil q-o-q respectively.
- **Liquidity coverage ratio**: 154.2% (vs 164.4% in Sep 2022; industry: 154.0%^).

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 Dec 2022

YTD Summarised Balance Sheet

Balance Sheet	Mar 22 RM bil	Dec 22 RM bil	YTD Change	
			RM bil	%
Total Assets	61.8	65.1	3.2	5.2%
Treasury Assets*	11.9	11.8	(0.1)	(0.5%)
Net Loans	45.1	46.3	1.1	2.5%
Customer Based Funding⁺	49.1	50.9	1.8	3.7%
CASA Deposits	23.6	22.5	(1.1)	(4.8%)
Shareholders' Funds	**6.4**	**6.6**	**0.1**	**2.1%**
Net Loans Growth (y-o-y)	4.4%	6.3%		
CASA Deposits Growth (y-o-y)	3.4%	(3.4%)		
Customer Based Funding⁺ Growth (y-o-y)	0.8%	7.9%		

- **Net loans** grew by 2.5% YTD:
  - ***SME loans:*** +6.7% YTD mainly from Term Loans
  - ***Commercial loans:*** +9.0% YTD
  - ***Consumer loans:*** +3.5% YTD mainly from Classic Mortgage and Personal Loans/Financing
  - ***Corporate loans:*** -13.5% YTD mainly due to repayment from few corporate accounts
- **Customer based funding** grew by 3.7% YTD:
  - Money market deposits and Structured Investments grew by RM1.7bil and RM1.0bil respectively, while
  - CASA deposits decreased by RM1.1bil or 4.8% YTD mainly from SavePlus.
- **Liquidity coverage ratio**: 154.2% (vs 155.1% in Mar 2022; industry: 154.0%^).

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 Dec 2022

Y-o-Y Summarised Balance Sheet

Balance Sheet	Dec 21 RM bil	Dec 22 RM bil	Y-o-Y Change	
			RM bil	%
Total Assets	59.4	65.1	5.6	9.5%
Treasury Assets*	11.5	11.8	0.3	2.8%
Net Loans	43.5	46.3	2.7	6.3%
Customer Based Funding⁺	47.2	50.9	3.7	7.9%
CASA Deposits	23.2	22.5	(0.8)	(3.4%)
Shareholders' Funds	**6.4**	**6.6**	**0.1**	**2.3%**
Net Loans Growth (y-o-y)	2.8%	6.3%		
CASA Deposits Growth (y-o-y)	13.1%	(3.4%)		
Customer Based Funding⁺ Growth (y-o-y)	1.1%	7.9%		

- **Net loans** grew by 6.3% y-o-y:
  - ***SME loans:*** +12.9% y-o-y mainly from Term Loans
  - ***Commercial loans:*** +16.7% y-o-y due to higher drawdown from several accounts
  - ***Consumer loans:*** +3.5% y-o-y mainly from Mortgage and Personal Loans/Financing
  - ***Corporate loans:*** -2.4% y-o-y mainly due to higher repayment from several accounts
- **Customer based funding** grew by 7.9% y-o-y:
  - Money market deposits and structured investments increased by RM2.4bil and RM1.2bil respectively.
  - Fixed deposits increased by RM0.9bil or 4.6% y-o-y, while
  - CASA deposits decreased by RM0.8bil or 3.4% y-o-y mainly from consumer banking.
- **Liquidity coverage ratio**: 154.2% (vs 167.7% in Dec 2021, industry: 154.0%^).

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 Dec 2022

Key Financial Ratios

	Financial Ratios	3QFY22	2QFY23	3QFY23	9MFY22	9MFY23
Shareholder Value	Return on Equity	9.6%	10.0%	11.0%	9.9%	11.3%
	Earnings per Share	9.8sen	10.2sen	11.4sen	30.3sen	35.4sen
	Net Assets per Share	RM4.14	RM4.19	RM4.23	RM4.14	RM4.23
Efficiency	Net Interest Margin	2.66%	2.70%	2.75%	2.54%	2.68%
	Non-Interest Income Ratio	18.8%	12.4%	11.7%	21.4%	13.8%
	Cost to Income Ratio	44.8%	43.3%	44.7%	42.6%	44.1%
Balance Sheet Growth	Net Loans (RM bil)	43.5	45.8	46.3	43.5	46.3
	Customer Based Funding (RM bil)	47.2	51.0	50.9	47.2	50.9
Asset Quality	Net credit cost (basis points)	3.2	16.0	7.8	32.5	20.0
	Gross Impaired Loans Ratio	2.0%	1.9%	1.9%	2.0%	1.9%
	Net Impaired Loans Ratio	1.3%	1.2%	1.2%	1.3%	1.2%
	Loan Loss Coverage Ratio^	127.0%	133.8%	130.2%	127.0%	130.2%
Liquidity	CASA Ratio	50.0%	48.7%	45.8%	50.0%	45.8%
	Loan to Deposit Ratio	95.9%	95.3%	96.5%	95.9%	96.5%
	Loan to Fund Ratio	87.5%	85.7%	86.8%	87.5%	86.8%
	Liquidity Coverage Ratio	167.7%	164.4%	154.2%	167.7%	154.2%
Capital	Common Equity Tier 1 Capital Ratio	16.5%	15.1%	15.1%	16.5%	15.1%
	Tier 1 Capital Ratio	17.5%	16.4%	16.0%	17.5%	16.0%
	Total Capital Ratio	21.7%	20.5%	20.1%	21.7%	20.1%

Note: ^ Loan Loss Coverage includes Regulatory Reserve provision [excluding Regulatory Reserve: 125.0% at 3QFY23 (vs. 128.4% at 2QFY23)

Thank You.

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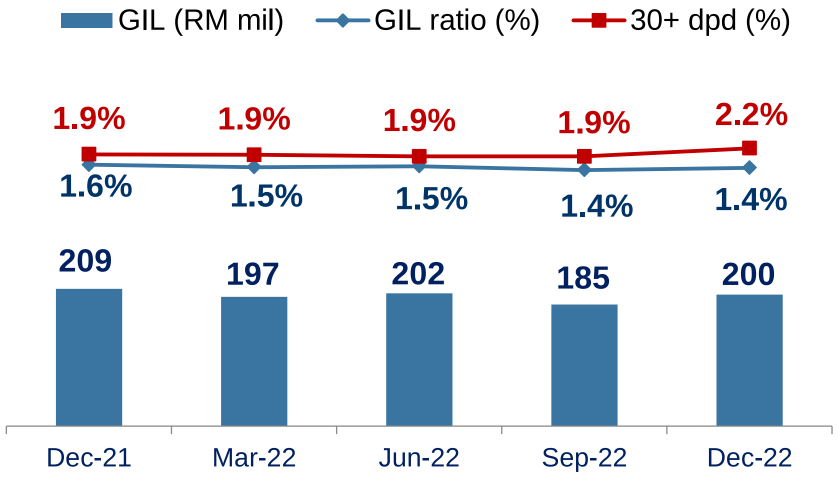
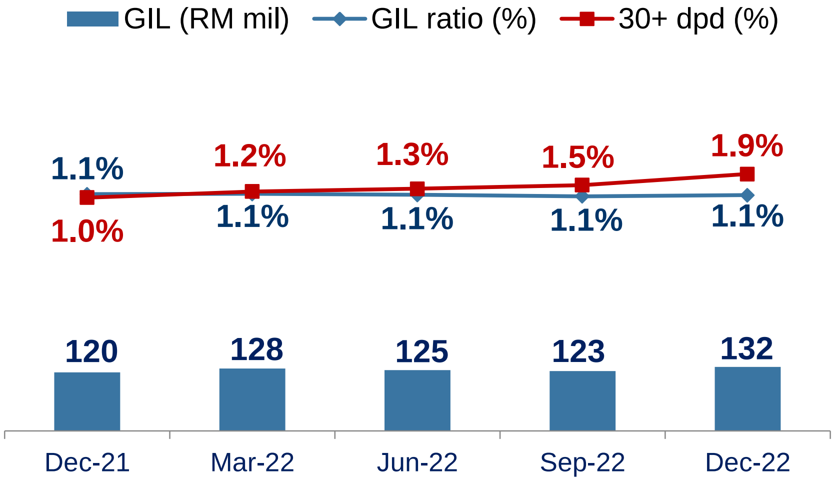
APPENDIX 1:
GROSS IMPAIRED LOANS (BY SEGMENTS)

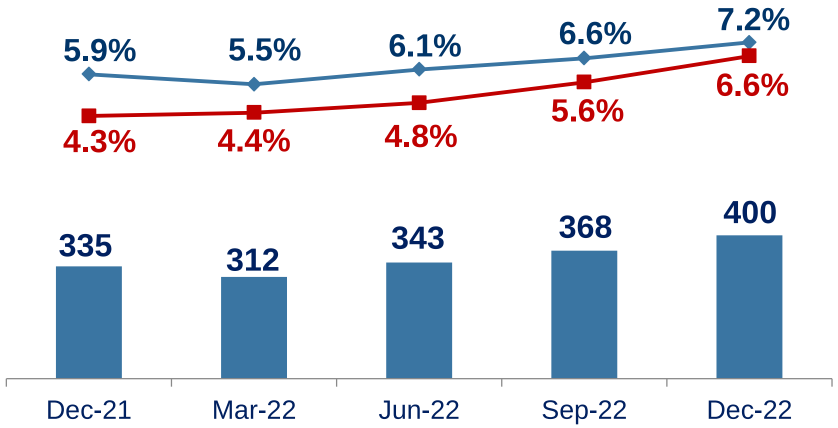
Classic Mortgage



SME



Alliance ONE Account



Personal Financing