ALLIANCE BANK

ANALYST BRIEFING
9M FY2018

26 February 2018

Contents

Steady progress

Revenue & Profitability

- 9MFY18 Revenue up 6.0% y-o-y:
  - ✓ **Net interest margin** improvement
  - ✓ Continued focus on **better risk adjusted return loans**
  - ✓ Continued growth in **client based fee income**
- **Cost to income ratio**: 49.8% (with transformation) (BAU: 44.9%)

Transformation Progress

- **Alliance One Account**:
  - ✓ Accelerating sales approval: > RM1.5 billion YTD
- **Alliance @ Work**:
  - ✓ On-boarding >470 companies, with >10,000 employees' account opened or in progress

Effective Risk Management

- **Healthy liquidity coverage ratio** at 132%
- **Focused on customer based funding:**
  - ✓ CASA ratio: 39.5% (CASA grew +4.3% y-o-y)
- **Credit cost** at 18.9 bps (annualized)
  - ✓ Write-back from rating scale realignment (corporates): -9 bps; normalised: 27.9 bps
  - ✓ FY18 target: <30bps
- Improved and sustainable **capital position**

Key Results (9MFY18)

- **Net Profit After Tax (NPAT)**: -3.6% (or -RM14.3 million) y-o-y to RM380.4 million, due to transformation investments of RM 59.5 million (BAU: +7.0% y-o-y to RM422.3 million)
- **ROE: 9.8%** (BAU: 10.9%), within guidance

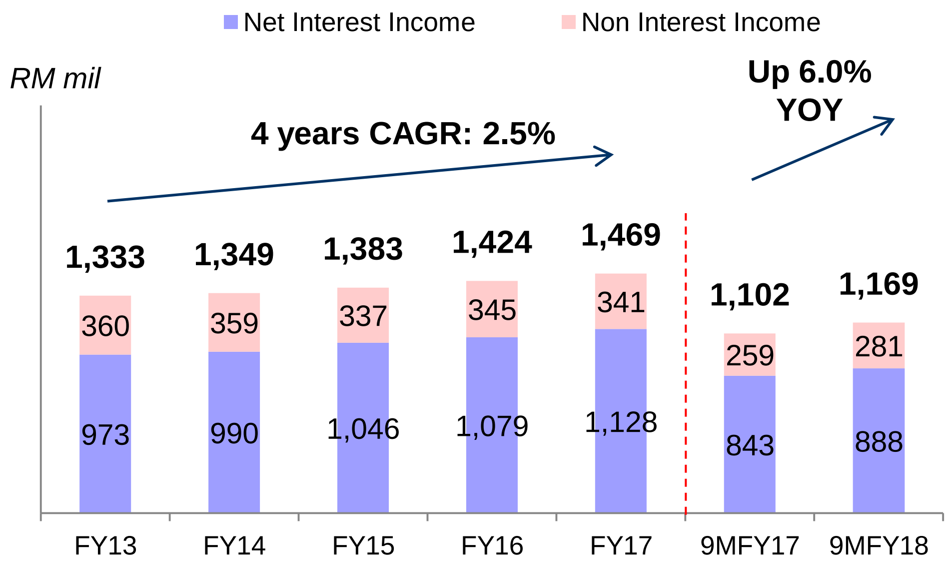
Revenue grew 6.0% y-o-y, >2x faster than historical CAGR

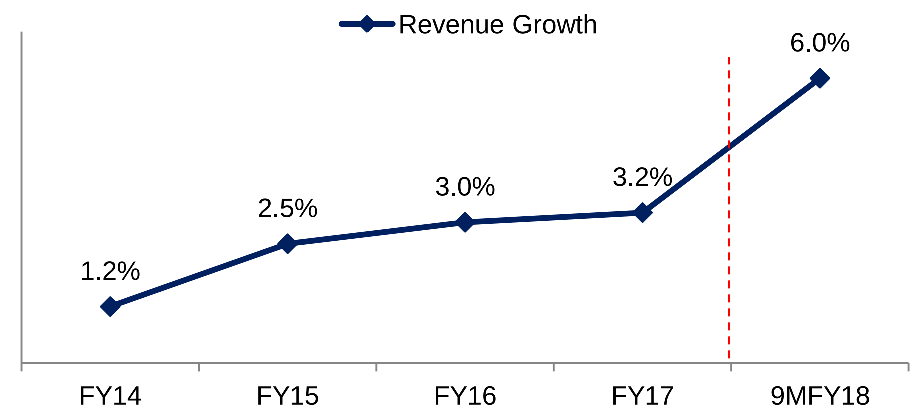
a) 9MFY18 Revenue up 6.0% y-o-y:

- +5.3% increase in net interest income (driven by higher risk adjusted return ("RAR") loans)
- +8.4% improvement in non-interest income

b) 9MFY18 revenue growth, >2x faster than historical 4-year CAGR (FY13 - FY17)

Revenue Growth Trend





Note: Revenue and interest income have included Islamic Banking Income

YTD NIM improvement of 10bps

a) NIM: +10 bps YTD

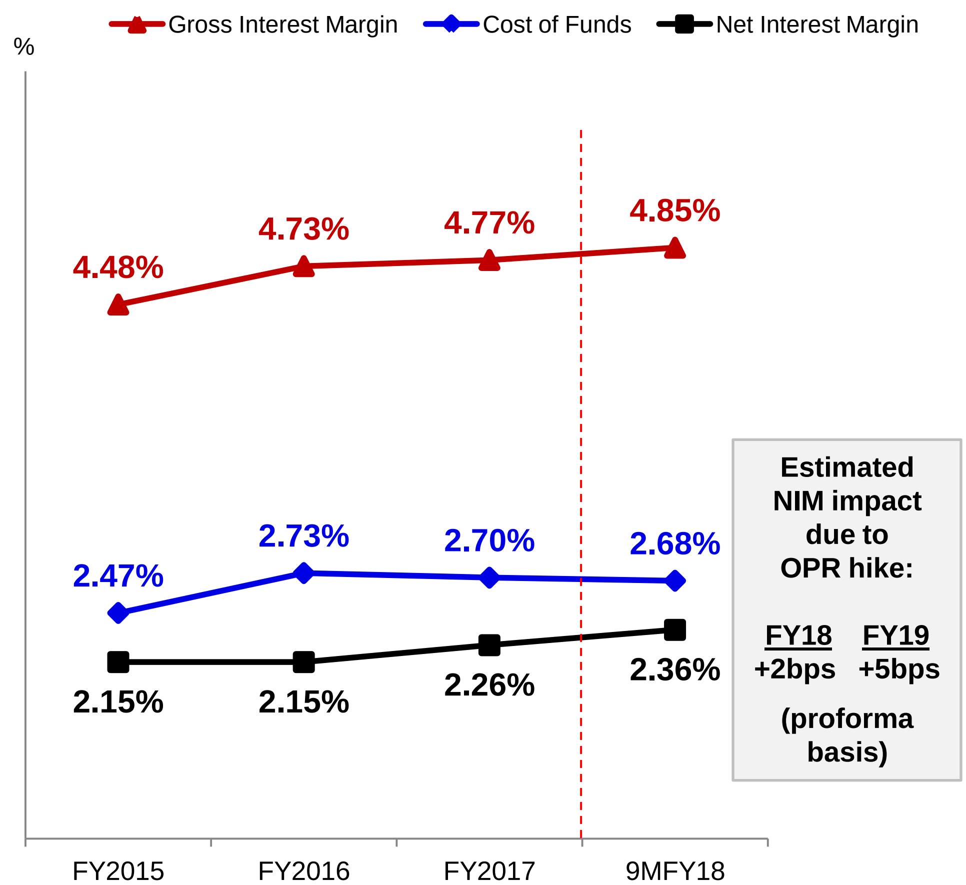
b) GIM: +7 bps YTD, driven by yield improvement from higher RAR loans

c) COF: -2 bps YTD due to more efficient funding mix

d) NIM impact (due to OPR hike on 25 Jan 2018):

- FY18: +2bps
- FY19: +5bps (proforma basis)

Interest Margin Trend



Continued focus on better risk adjusted return loans

a) 9MFY18 Y-o-Y loans growth:

- Better risk adjusted return ("RAR") loans: +12.4%
- Lower RAR loans: -6.6%

b) Improved loan mix:

- Better RAR loans: 35% of portfolio
- Strong build-up in Alliance One Account

c) Portfolio RAR improved to 1.17% (FY17: 1.04%)

Gross Loans Growth

Better RAR loans	9M FY17 Gross Loans (RM 'mil)	9M FY18 Gross Loans (RM 'mil)	Current Quarter Loans Growth (RM 'mil)	Y-o-Y Loans Growth %
SME & Commercial	9,267	9,777	34	
Consumer Unsecured	1,851	2,082	117	
Share Margin	836	1,009	43	
Alliance One Account	-	574	310	
Total	11,954	13,442	504	+12.4%
FY15: 27%	30%	35%		

- QoQ: better RAR loans growth > lower RAR loans contraction
- 3Q AOA ENR: +310 mil q-o-q > 2Q AOA ENR: +181 mil q-o-q

Lower RAR loans	9M FY17 Gross Loans (RM 'mil)	9M FY18 Gross Loans (RM 'mil)	Current Quarter Loans Growth (RM 'mil)	Y-o-Y Loans Growth %
Mortgage	17,019	15,928	(326)	
Biz Premises	3,946	3,887	16	
Hire Purchase	817	576	(58)	
Corporate	5,474	5,072	(25)	
Total	27,256	25,463	(393)	-6.6%
FY15: 73%	70%	65%		

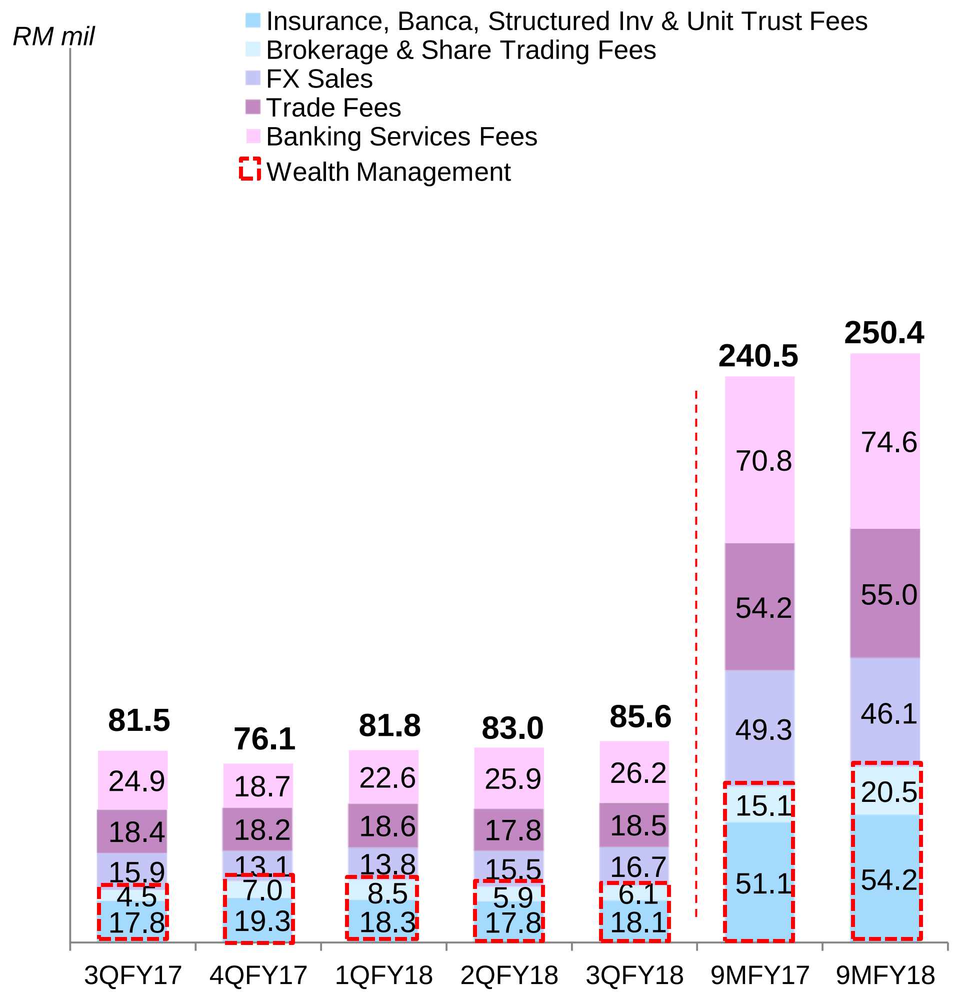
Note: RAR: Net Interest Margin less (Direct Variable Cost + Business as Usual Credit Cost) ÷ Average Loan Balance

Steady growth in client based fee income

a) 9MFY18 client based fee income grew 4.1% y-o-y, with growth in:

- Wealth Management: +12.9%
- Trade fees: +1.4%
- Banking Services fees: +5.4%

Client Based Fee Income Trend



Note: Client Based Fee Income in this Chart is inclusive of Islamic Banking

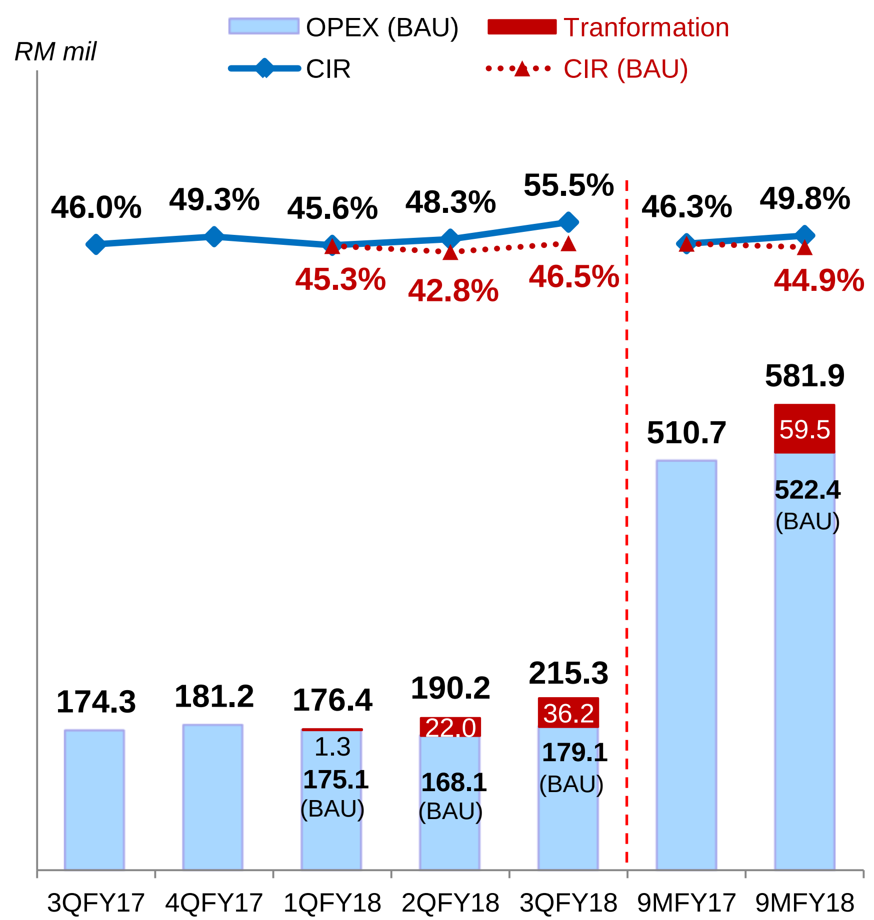
Cost to income ratio: 49.8% (with transformation)

a) 9MFY18 operating expenses up 13.9% y-o-y (BAU: 2.3% y-o-y) due to transformation investments of RM59.5 million, of which:

- net restructuring cost (RM40.1 million)
- scaling-up sales personnel (RM8.5 million)

b) 9MFY18 cost to income ratio: 49.8% (BAU 44.9%)

Operating Expenses Trend



Healthy liquidity coverage ratio at 132%

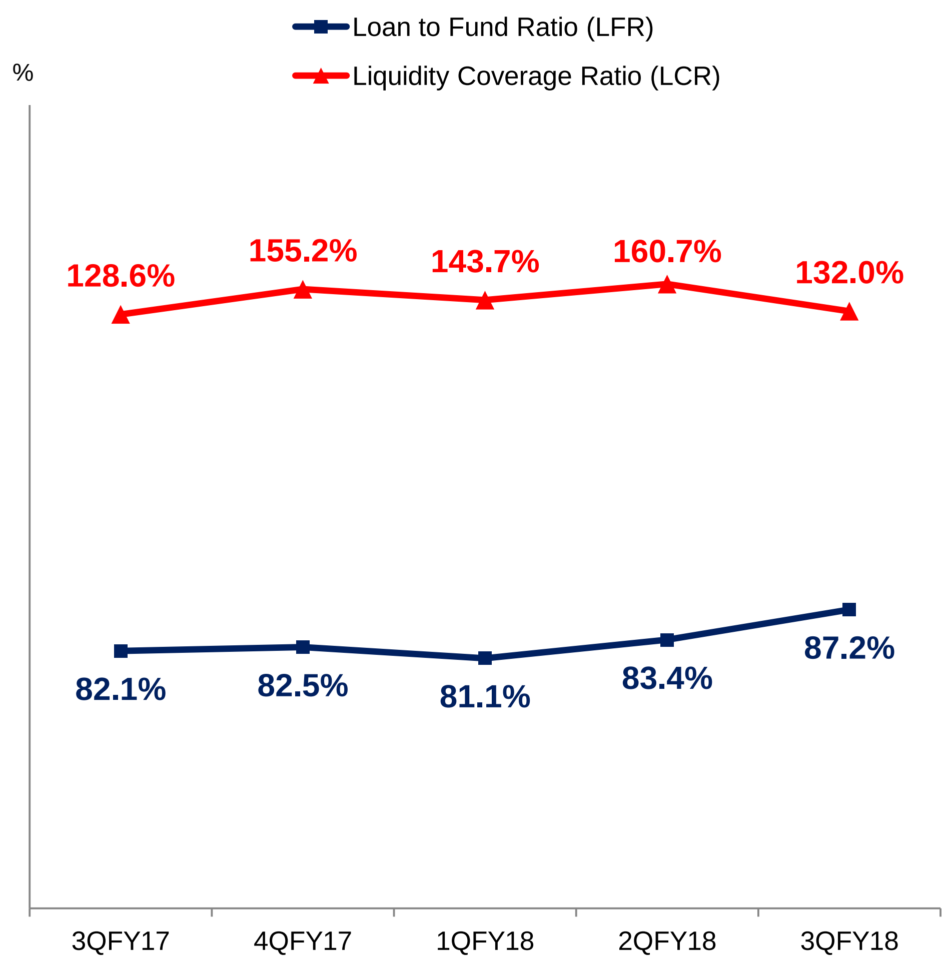
a) Healthy liquidity position:

- Liquidity coverage ratio[1] at 132.0% (industry*: 134.5%)
- Loan to fund ratio[2] at 87.2% (industry#: 86.2%)

b) Net stable funding ratio (NSFR):

- Proforma NSFR already above 100%

Liquidity: LCR, LFR



Notes:
[1] Liquidity Coverage Ratio refers to highly liquid asset held by bank to meet short term obligation
[2] Loan to Fund Ratio is based on Funds comprising Customer Deposits, structured investments and other deposits and all debt instruments (such as senior debt and subordinated debt)
** Based on BNM Monthly Statistical Bulletin Dec 2017*
 # Based on Sep'17 local peers' average

CASA grew +4.3% y-o-y

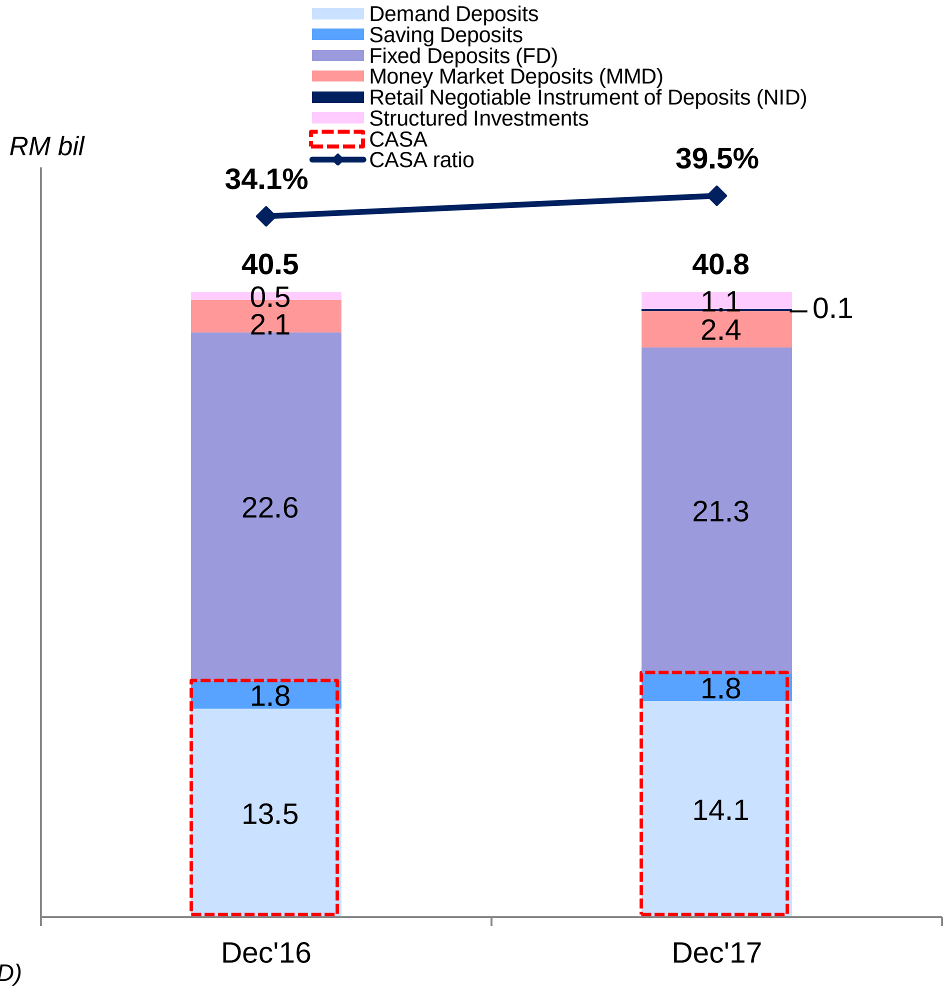
a) Focusing on customer based funding:

- CASA : +4.3% y-o-y
  (CASA ratio improved to 39.5%)
- Structured investments: +117.7%
- Customer based funding : +0.8% y-o-y

b) Maintaining effective funding mix (COF: -2 bps YTD):

- Selective renewal of corporate FDs
- Retail deposit campaigns – SavePlus / FD

Customer Based Funding



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

Net credit cost at 18.9 bps (normalised: 27.9 bps), within guidance

a) 9MFY18: annualized net credit cost at 18.9 bps, thanks to one-off write back from credit rating scale alignment for corporates

b) Excluding the one-off, net credit cost: 27.9 bps

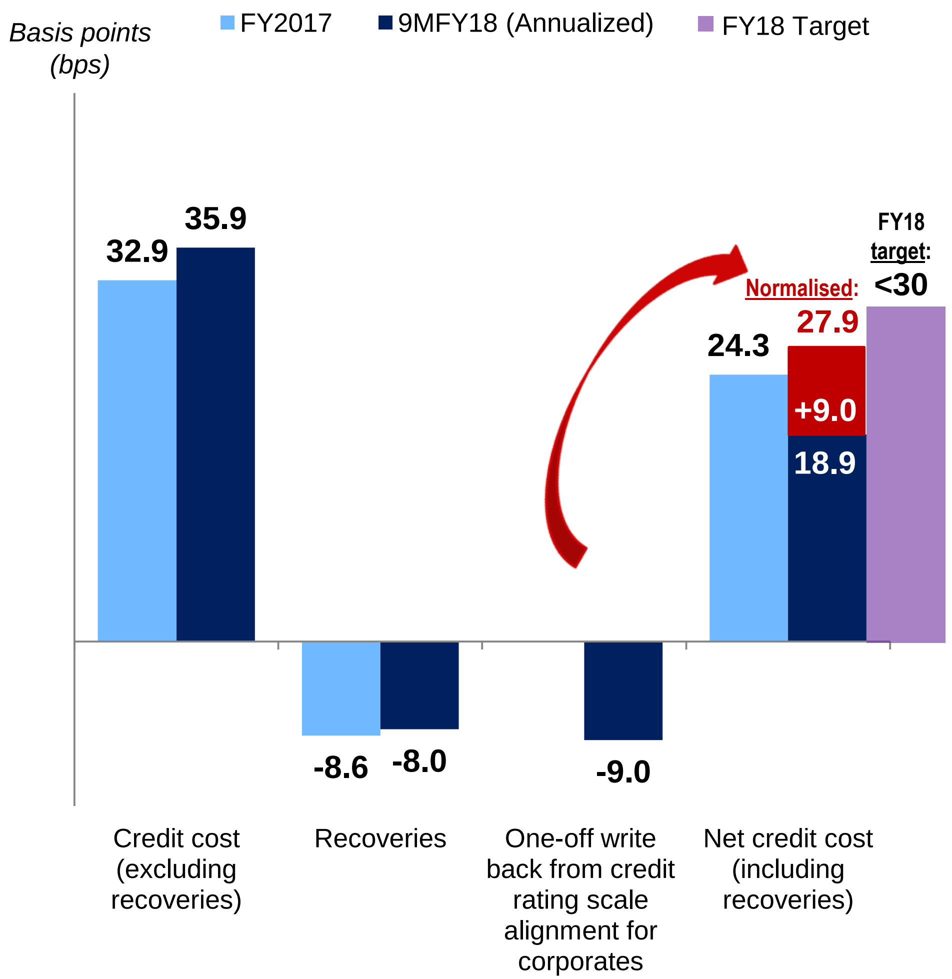
c) Personal financing credit cost continue to stabilise

d) Mitigating proactive actions:

- strengthened collections & recoveries
- unsecured debt sale (new initiative)
- intensify R&R remedial action for corporates

e) FY18 credit cost target <30 bps

Overall Credit Cost (bps)



Note: MFRS 9 Day-1 Impact (as previously guided): ~25% of existing total provisions (including regulatory reserve)

Improved and sustainable capital ratios

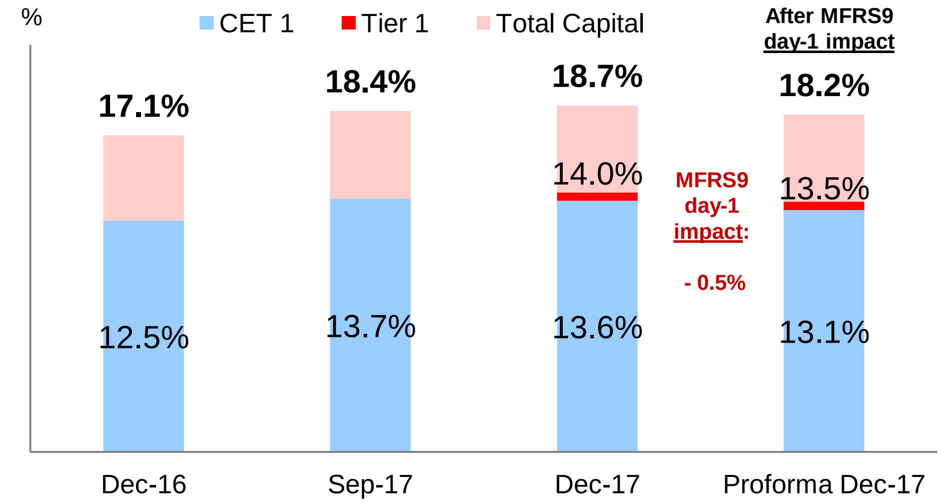
a) Strengthened Tier-1 capital ratio to 14.0%, with RM150 million Additional Tier-1 Capital Securities (AT1CS) issuance on 8 Nov 2017.

b) Strong capital position, with CET-1 ratio at 13.6% and total capital ratio at 18.7%.

c) With continued proactive capital management, capital ratios will be:

- supportive of future business expansion
- able to withstand MFRS9 day-1 impact

Capital Position



Capital Ratios (after proposed dividends)	Alliance Bank Group (ABG)	Alliance Bank (ABMB)	Alliance Islamic Bank (AIS)
CET 1 Capital Ratio	13.6%	12.0%	13.1%
Tier 1 Capital Ratio	14.0%	12.6%	13.1%
Total Capital Ratio	18.7%	16.9%	16.1%

Where we are in the transformation journey

	FY18 YTD Progress	FY19 Ambition
1 AOA	▪ Loan approval > RM1.5 bil YTD, with **RAR** that is **3X of normal standalone mortgage** ▪ AOA growth **has offset contraction of conventional mortgages** since Nov' 17	▪ **Ramp up monthly disbursements 3X to RM500 mil** by end of FY19 ▪ Capture about 8% of industry market share of new mortgage originations
2 SME	▪ **Continued productivity improvement** where Q3 **loan acceptance run-rates** are **40% higher** than Q1	▪ Increase productivity and sales capacity to **double the monthly disbursements to RM300 mil** by end of FY19
3 Alliance@Work	▪ **On track** to **acquire 10,000 Alliance@Work employee** (local and foreign) accounts by Mar' 18	▪ Aiming to **ramp up acquisition to 7,000 accounts per month**, which will exceed acquisition through our branch network
4 Branch Transformation	▪ Completed VSS / MSS programme with RM42.6 mil cost ▪ **Annualized savings (PBT impact) of more than RM20 mil per year**	▪ **Transforming branches into 3 main archetypes** (flagship, standard and lean branches): ○ Flagship branches will have much larger sales capacity and specialists to serve customers more effectively

Progress in key transformation priorities (1 of 4)

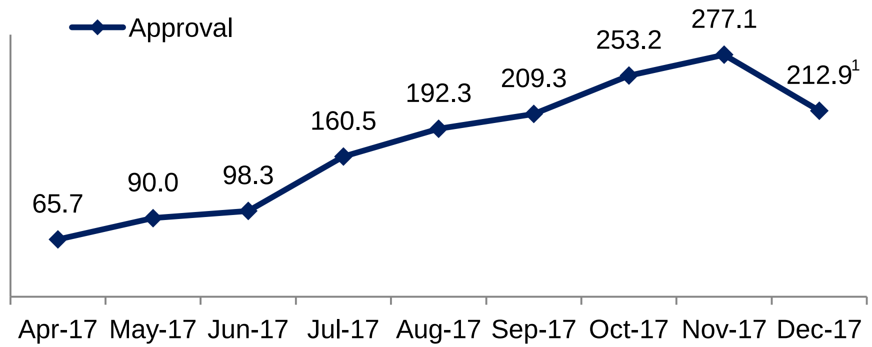
Key Initiatives

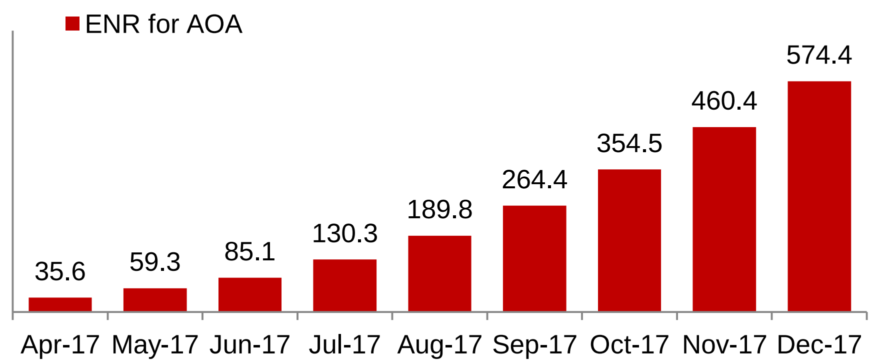
1 Alliance One Account (AOA)

- Debt consolidation service for consumers

Loan Approval and ENR (RM mil)

- > 80% from new-to-bank customers

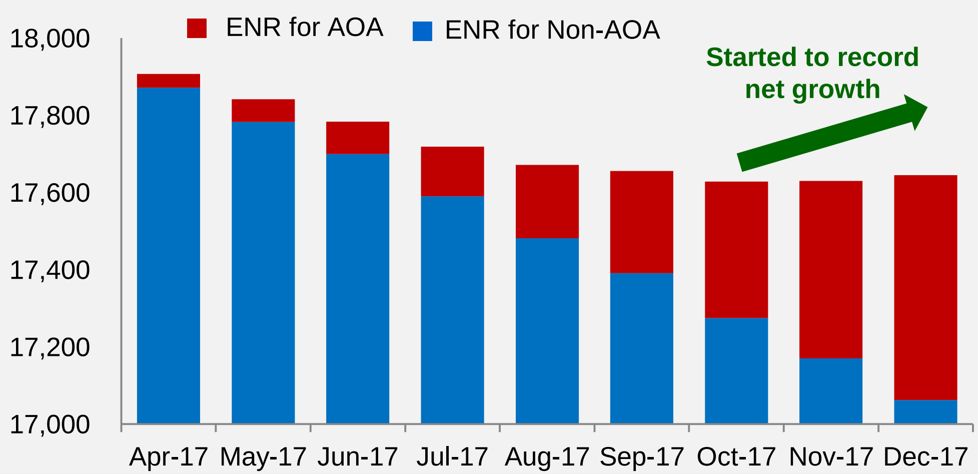




Progress Update

- Loans approval: > RM1.5 bil YTD, with RAR that is 3X of a normal standalone mortgage
- 3Q FY18 ENR: RM574 mil (+RM310 mil q-o-q)
- Driving productivity and scaling up sales force to ramp up to RM500 mil disbursement per month by end-f FY19
- Strong growth in AOA **has offset contraction of conventional mortgages** since Nov'17

Total Mortgage Portfolio (RM mil)



Note 1: AOA approval in Jan' 18 – RM329.3 mil

Progress in key transformation priorities (2 of 4)

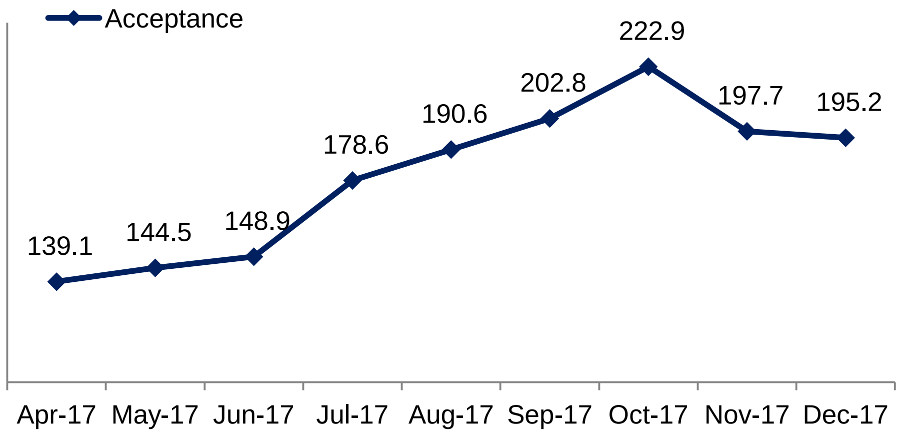
Key Initiatives

2 SME Expansion

- Scale up the SME business to double the loan book in 5 years

SME Loan Acceptance (RM mil) and Loan Growth (%)

- **Q3 production is higher than Q1 by > 40%**



Progress Update

- Continue to scale up the SME business with the goal to **double monthly disbursements to RM300 mil by end of FY19**
  - Increasing sales capacity via new hunter teams (80 full time employees)
  - Improving sales management and account planning to boost productivity per relationship managers by additional 30% in FY19
  - Pre-approved / top-up programs for existing SME borrowers and key target industries
  - Digitizing and streamlining processes to deliver best-in-class turnaround time and customer experience (loan approval turnaround time of <5 days for SME working capital). New SME loan origination system to be deployed in Apr'18
  - Enhancing the SME credit programs to improve discrimination power (GINI coefficient: from 50% to 60%)

Progress in key transformation priorities (3 of 4)

Key Initiatives	Progress Update
3 **Alliance@Work** ○ Acquisition engine for new consumer banking customers	▪ **FY18: On track to acquire 10,000 Alliance@Work employees** (local and foreign) accounts by Mar' 18 ▪ **FY19 Ambition:** Aiming to **ramp up acquisition to 7,000 accounts per month;** exceeding acquisition through our branch network ○ **<u>Foreign Workers acquisition:</u>** Strategic partnerships with authorized agencies processing foreign worker permits ○ **<u>Local Employees acquisition:</u>** Digital on-boarding (through assisted e-KYC) of local employees via our new mobile banking app (launch date: Apr'18)

Progress in key transformation priorities (4 of 4)

Key Initiatives	Progress Update
4a **Streamlining Branch Network & Restructuring** ○ Streamline and consolidate marginal profitability branches	▪ Completed VSS / MSS programme with RM42.6 mil cost ▪ **Reduced excess 211 non-sales FTEs** ▪ Consolidation of five branches to nearby branches by March 2018 ▪ **Annualized savings (PBT impact) of > RM20 mil per year**
4b **Increasing Sales at Branches** ○ Drive increase in branch sales and service productivity **Timeline of Launch**: FY19	▪ Transforming branches into **3 main archetypes**: Flagship Branches ▪ Larger branches with full sales capacity including Sales Manager, Relationship Manager and Specialists Standard Branches ▪ Classic consumer banking branches with enhanced service to sales and cross-sell capacity Lean Branches ▪ Branches focused on service and transactions only ▪ Strengthening sales management and service focus at branches to improve performance

We are investing in our transformation for future acceleration

<table>
<tr><th>Growth Y-o-Y</th><th>FY17</th><th>FY18
(BAU)</th><th>FY18
(BAU and Transformation)</th><th>9MFY18
(BAU)</th><th>9MFY18
(BAU and Transformation)</th><th>FY20
Onwards^</th></tr>
<tr><td>Gross loans</td><td>1.5%</td><td>2%</td><td>4%</td><td>-2.0%</td><td>-0.5%</td><td>> 10%</td></tr>
<tr><td>Revenue</td><td>3.2%</td><td>7%</td><td>8%</td><td>5.6%</td><td>6.0%</td><td>7% - 10%</td></tr>
<tr><td>PPOP</td><td>5.8%</td><td>8%</td><td>-2%</td><td>8.5%</td><td>-0.8%</td><td>9% -13%</td></tr>
<tr><td>NPAT</td><td>-1.9%</td><td>5%</td><td>-6%</td><td>7.0%</td><td>-3.6%</td><td>8% - 14%</td></tr>
<tr><td>Cost to income ratio</td><td>47.1%</td><td><47%</td><td><52%</td><td>44.9%</td><td>49.8%</td><td></td></tr>
<tr><td>ROE</td><td>10.5%</td><td>~10.5%</td><td>~9.5%</td><td>10.9%</td><td>9.8%</td><td></td></tr>
<tr><td>Progress Update</td><td></td><td colspan="2"><u>Transformation Investments:</u>
▪ Total costs of ~RM90 million:
○ Restructuring (Net RM36mil after RM6mil of cost savings)
○ Sales force (RM25mil)
○ Technology & Marketing (>RM20mil)

<u>New revenue:</u>
▪ RM9 million new revenue stream</td><td colspan="2"><u>Investments in-progress:</u>
▪ YTD : RM59.5 million
○ Restructuring (Net RM40.1mil after RM2.5mil of cost savings)
○ Sales force (RM8.5mil)
○ Technology & Marketing (>RM10mil)

<u>Incremental revenue:</u>
▪ RM4.5 million from Alliance One Account & Alliance@Work</td><td><u>FY19:</u>
▪ NPAT rebounds > RM530 million
▪ ROE: ~10%

<u>FY20 - FY22:</u>
▪ Accelerated growth towards NPAT > RM700 million</td></tr>
</table>

Note: ^ management targets / based on 3-year CAGR

ROE: 9.8%, NPAT of RM380.4 million

<u>9MFY18</u>:

a) Net Profit After Tax (NPAT):
-3.6% (or -RM14.3 million) y-o-y to RM380.4 million, due to transformation investments of RM 59.5 million (BAU: +7.0% y-o-y to RM422.3 million)

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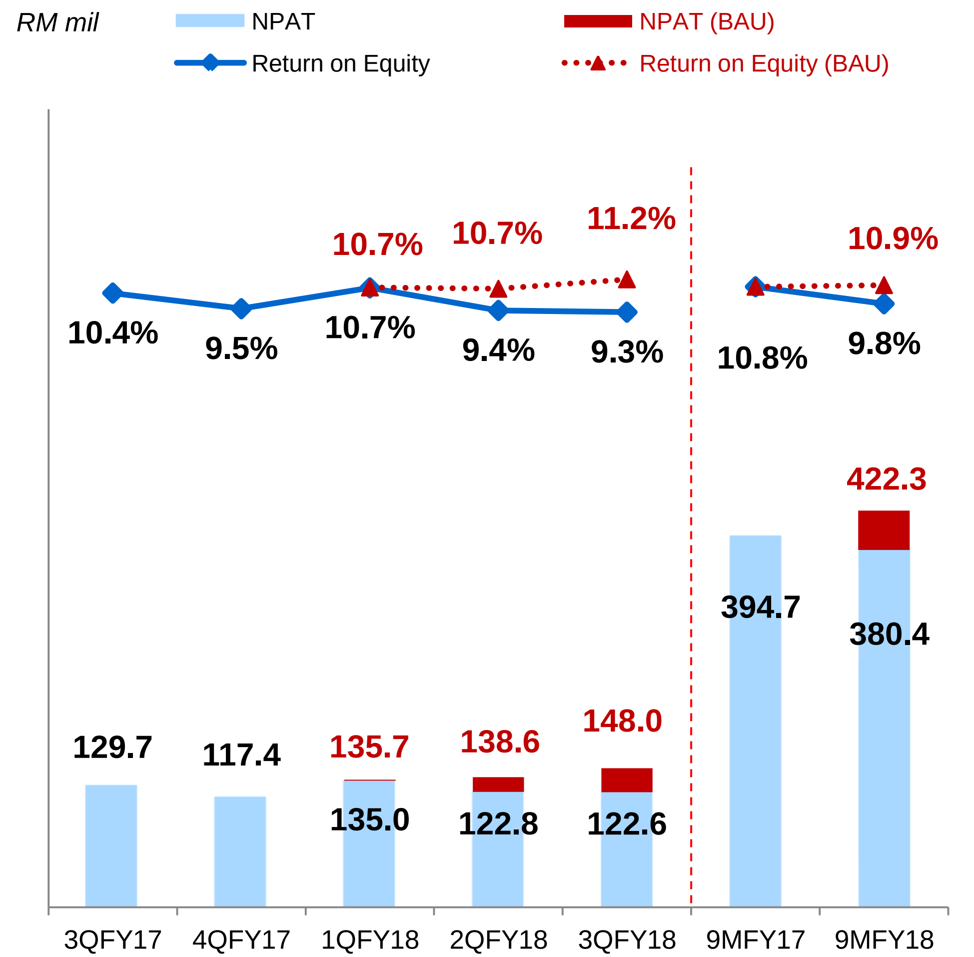
NPAT & ROE



Focus on sustainable profitability and transformation

Revenue & Profitability

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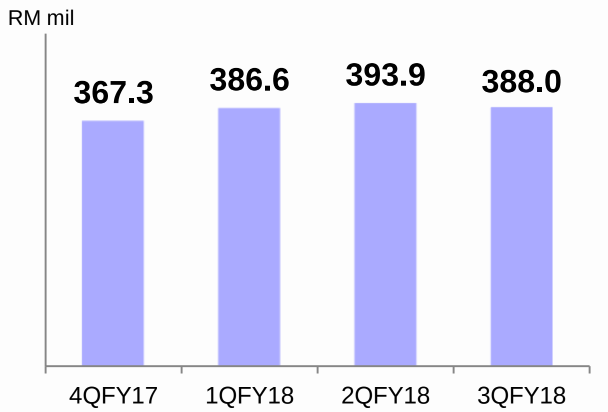
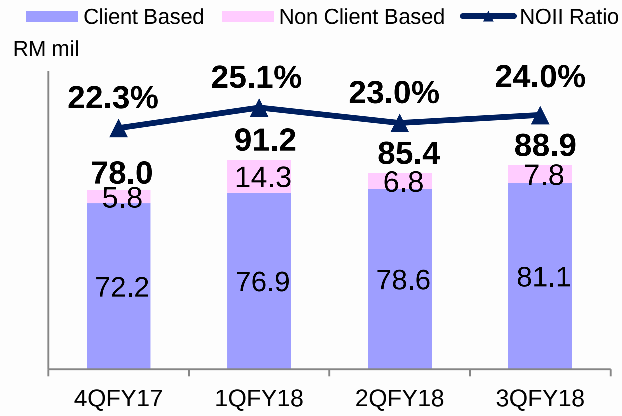
Contents

Net profit after tax: RM122.6 million

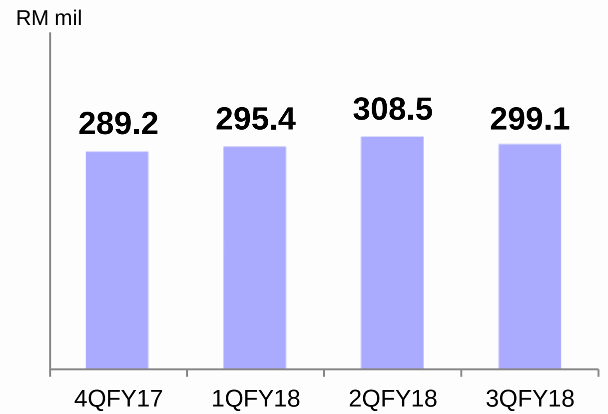
Revenue



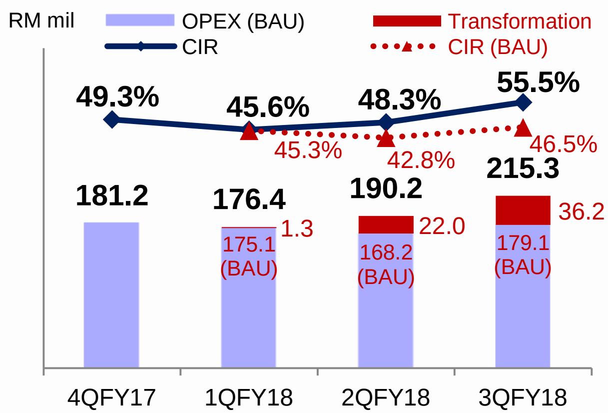
Non Interest Income^ & NOII Ratio



Net Interest Income & Islamic Banking Income



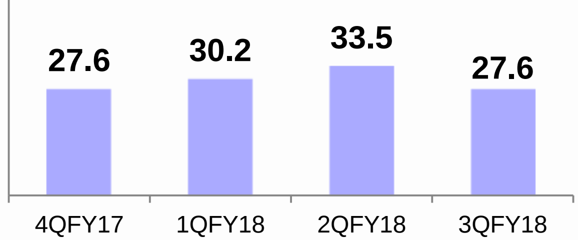
Operating Expenses & CIR Ratio



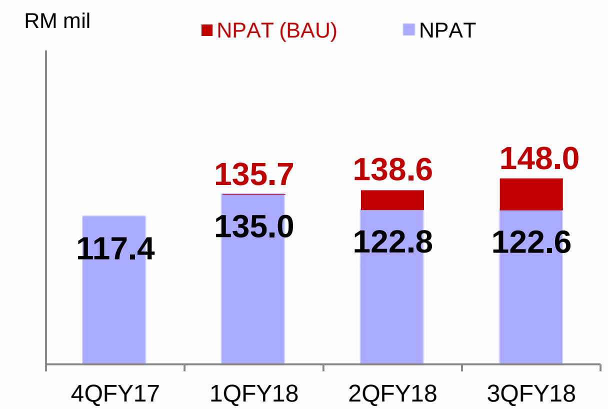
Credit Cost *

RM mil

	4Q FY17	1QFY18	2QFY18	3QFY18
IA & CA	28.7	33.2	36.6	26.4
Others	7.8	6.6	6.1	6.1
Recovery	(8.9)	(9.6)	(9.2)	(4.9)



Net Profit



Notes: ^ excluding Islamic Banking Income
** allowance/(write back) for losses on loan & financing and other losses, excluding one-off write back from credit rating scale alignment for corporates*

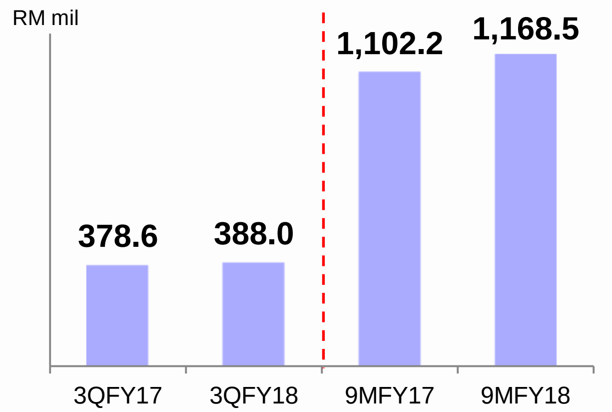
Income Statement	2QFY18 RM mil	3QFY18 RM mil	Q-o-Q Change Better / (Worse)	
			RM mil	%
Net Interest Income	230.4	220.3	(8.6)	(2.8%)
Islamic Net Financing Income	72.9	74.4		
Islamic Non-Financing Income	5.2	4.4	2.7	3.0%
Non-Interest Income	85.4	88.9		
Net Income *	393.9	388.0	(5.9)	(1.5%)
OPEX	190.2	215.3	(25.1)	(13.2%)
OPEX (BAU)	168.1	179.1	(11.0)	(6.5%)
Pre-Provision Operating Profit (PPOP)	**203.7**	**172.7**	**(31.0)**	**(15.2%)**
PPOP (BAU)	**224.6**	**205.8**	**(18.8)**	**(8.4%)**
Net Credit Cost ^	33.5	(8.0)	41.5	-
Pre-tax profit	170.2	180.7	10.5	6.2%
Net Profit After Tax	**122.8**	**122.6**	**(0.2)**	**(0.2%)**
Net Profit After Tax (BAU)	**138.6**	**148.0**	**9.4**	**6.8%**

- **Revenue** was lower by 1.5% q-o-q mainly due to year-end seasonal fluctuations, offset by:
  - **Client based fee income** increase of RM2.6 million or +3.2% q-o-q, mainly contributed by higher FX sales and trade fees.
  - Higher **non client based non-interest income** q-o-q due to higher FX trading income gain and dividend income.
- **Operating expenses** increased by RM25.1 million q-o-q due to higher transformation investments and other personnel & admin expenses.
- Lower **credit cost** mainly due to one-off write back from credit rating scale alignment for corporates.

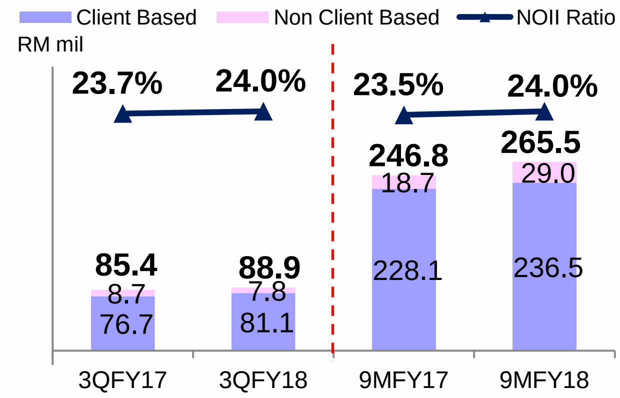
Notes:
** Revenue*
^ Allowance/ (Write back) for losses on loans & financing and other losses
+ Inclusive of Islamic Banking Income

9MFY18 net profit after tax: RM380.4 million

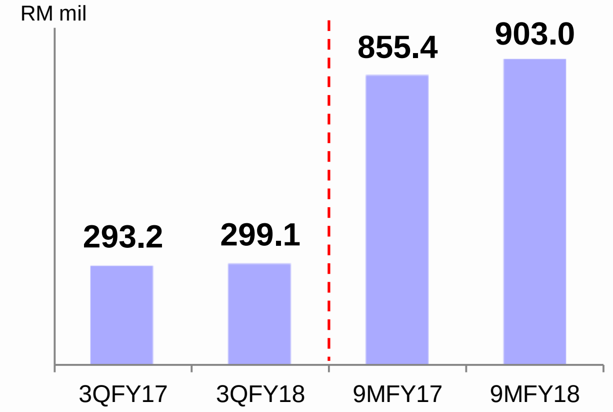
Revenue



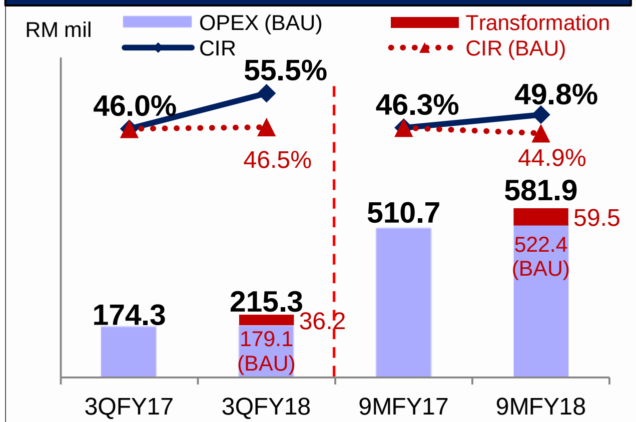
Non Interest Income ^ & NOII Ratio



Net Interest Income & Islamic Banking Income



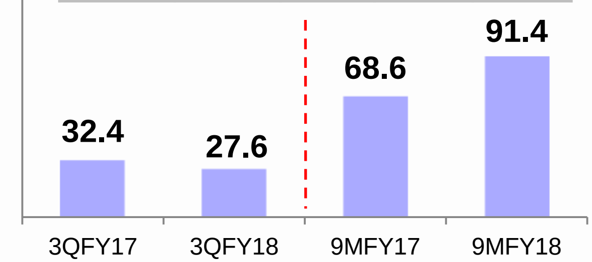
Operating Expenses & CIR Ratio



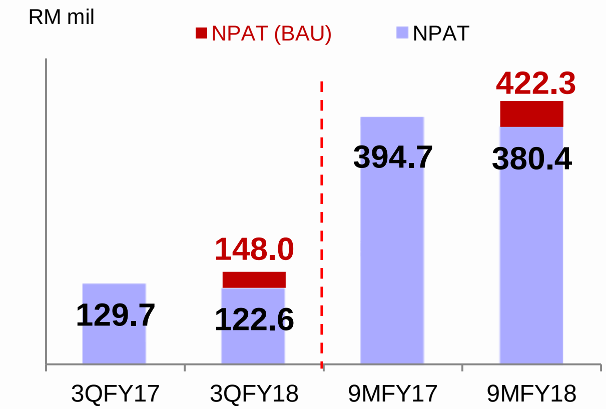
Credit Cost *

RM mil

	3QFY17	3QFY18	9MFY17	9MFY18
IA & CA	35.0	26.4	75.2	96.3
Others	5.4	6.1	18.1	18.8
Recovery	(8.0)	(4.9)	(24.7)	(23.7)



Net Profit



Notes: ^ excluding Islamic Banking Income

** allowance/(write back) for losses on loan & financing and other losses, excluding one-off write back from credit rating scale alignment for corporates*

Income Statement	3QFY17 RM mil	3QFY18 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	218.4	220.3	5.9	2.0%
Islamic Net Financing Income	70.4	74.4		
Islamic Non-Financing Income	4.4	4.4	3.5	3.9%
Non-Interest Income	85.4	88.9		
Net Income *	378.6	388.0	9.4	2.5%
OPEX	174.3	215.3	(41.0)	(23.5%)
OPEX (BAU)	174.3	179.1	(4.8)	(2.8%)
Pre-Provision Operating Profit (PPOP)	**204.3**	**172.7**	**(31.6)**	**(15.5)%**
PPOP (BAU)	**204.3**	**205.8**	**1.5**	**0.9%**
Net Credit Cost ^	32.4	(8.0)	40.4	-
Pre-tax profit	171.9	180.7	8.8	5.1%
Net Profit After Tax	**129.7**	**122.6**	**(7.1)**	**(5.5%)**
Net Profit After Tax (BAU)	**129.7**	**148.0**	**18.3**	**14.1%**

Notes:
* *Revenue*
^ *Allowance/ (Write back) for losses on loans & financing and other losses*
+ *Inclusive of Islamic Banking Income*

- **Revenue** grew 2.5% y-o-y, thanks to:
  - +2.0% increase in net interest income+, driven by higher risk adjusted return ("RAR") loans.
  - +3.9% improvement in non-interest income+
- **Client based fee income** grew RM4.1 million or +5.0% y-o-y was mainly contributed by higher wealth management fees, FX sales and banking services fees.
- **Non client based non-interest income** dropped by RM0.9 million y-o-y due to lower income from financial investment activities.
- **Operating expenses** increased by RM41.0 million y-o-y due to higher transformation investments and admin expenses.
- Lower **credit cost** mainly due to one-off write back from credit rating scale alignment for corporates.

Income Statement	9MFY17 RM mil	9MFY18 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	634.8	668.1	44.6	5.3%
Islamic Net Financing Income	208.4	219.6		
Islamic Non-Financing Income	12.2	15.3	21.8	8.4%
Non-Interest Income	246.8	265.5		
Net Income *	1,102.2	1,168.5	66.3	6.0%
OPEX	510.7	581.9	(71.2)	(13.9%)
OPEX (BAU)	510.7	522.4	(11.7)	(2.3%)
Pre-Provision Operating Profit (PPOP)	**591.4**	**586.6**	**(4.8)**	**(0.8%)**
PPOP (BAU)	**591.4**	**641.7**	**50.3**	**8.5%**
Net Credit Cost ^	68.6	55.8	12.8	18.7%
Pre-tax profit	522.9	530.8	7.9	1.5%
Net Profit After Tax	**394.7**	**380.4**	**(14.3)**	**(3.6%)**
Net Profit After Tax (BAU)	**394.7**	**422.3**	**27.6**	**7.0%**

- **Revenue** grew 6.0% y-o-y, thanks to:
  - +5.3% increase in net interest income+, driven by higher risk adjusted return ("RAR") loans
  - +8.4% improvement in non-interest income+
- **Client based fee income** grew RM9.8 million or +4.1% y-o-y was mainly contributed by higher wealth management fees and banking services fees.
- **Non client based non-interest income** increased RM10.3 million y-o-y due to higher FX trading income and treasury income from derivatives.
- **Operating expenses** increased RM71.2 million y-o-y mainly due to higher transformation investments and other personnel & admin expenses.
- Lower **credit cost** mainly due to one-off write back from credit rating scale alignment for corporates.

Notes:
* *Revenue*
^ *Allowance/ (Write back) for losses on loans & financing and other losses*
\+ *Inclusive of Islamic Banking Income*

Balance Sheet	Sep 17 RM bil	Dec 17 RM bil	Change Q-o-Q	
			RM bil	%
Total Assets	53.5	52.3	(1.2)	(2.3%)
Treasury Assets*	10.4	9.8	(0.6)	(6.3%)
Net Loans	38.6	38.8	0.2	0.5%
CASA Deposits	15.9	15.9	-	-
Customer Based Funding+	43.6	40.8	(2.8)	(6.4%)
Shareholders' Funds	5.3	5.3	-	-
Net Loans Growth (y-o-y)	(0.4%)	(0.4%)		
CASA Deposits Growth (y-o-y)	4.6%	4.3%		
Customer Based Funding+ Growth (y-o-y)	6.0%	0.8%		

- **Net loans** grew 0.5% q-o-q (vs industry: +1.5%^).
- **Better RAR loans** grew 3.9% q-o-q while lower RAR loans contracted 0.3% q-o-q:
  - SME loans growth of 0.5% q-o-q
  - Continued strong build up for Alliance One Account (+RM310 million q-o-q).
- **CASA deposits** maintained q-o-q .
- **Customer based funding** was lower q-o-q mainly due to selective renewal of corporate FD and retail deposit campaigns (SavePlus / FD) to maintain effective funding mix. Competition for deposits remains intensified..
- **Liquidity coverage ratio**: 132.0% (vs industry: 134.5%^).

Notes:
** Treasury assets comprise financial assets (HFT, AFS & HTM), derivative financial assets & placements with Financial Institutions*
+ Customer based funding = CASA + Fixed Deposits + Money Market Deposits + Retail Negotiable Instrument of Deposits + Structured Investments
^ BNM Monthly Statistical Bulletin Dec 2017
 # industry SME loan growth based on Oct 2017 statistics (latest available)

Balance Sheet	Mar 17 RM bil	Dec 17 RM bil	Change YTD	
			RM bil	%
Total Assets	54.1	52.3	(1.8)	(3.3%)
Treasury Assets*	11.6	9.8	(1.8)	(15.6%)
Net Loans	39.0	38.8	(0.2)	(0.5%)
CASA Deposits	15.5	15.9	0.4	3.0%
Customer Based Funding+	41.9	40.8	(1.1)	(2.5%)
Shareholders' Funds	5.1	5.3	0.2	4.1%
Net Loans Growth (y-o-y)	1.5%	(0.4%)		
CASA Deposits Growth (y-o-y)	4.7%	4.3%		
Customer Based Funding+ Growth (y-o-y)	2.8%	0.8%		

- **Net loans** contracted 0.5% YTD (vs industry: +3.2%^).
- **Better RAR loans** grew by 10.3% YTD while lower RAR loans contracted 5.9% YTD:
  - YTD: SME loans growth of 1.6%
  - Continued strong build up for Alliance One Account (+RM574 million YTD).
- **CASA deposits** grew by 3.0% YTD
- **Customer based funding** was lower YTD mainly due to selective renewal of corporate FD and retail deposit campaigns (SavePlus / FD) to maintain effective funding mix (COF: -2 bps YTD). Competition for deposits remains intensified.
- **Liquidity coverage ratio**: 132.0% (vs industry: 134.5%^).

Notes:
** Treasury assets comprise financial assets (HFT, AFS & HTM), derivative financial assets & placements with Financial Institutions*
+ Customer based funding = CASA + Fixed Deposits + Money Market Deposits + Retail Negotiable Instrument of Deposits + Structured Investments
^ BNM Monthly Statistical Bulletin Dec 2017
 # industry SME loan growth based on Oct 2017 statistics (latest available)

Balance Sheet	Dec 16 RM bil	Dec 17 RM bil	Change Y-o-Y	
			RM bil	%
Total Assets	53.8	52.3	(1.5)	(2.8%)
Treasury Assets*	11.9	9.8	(2.1)	(17.6%)
Net Loans	38.9	38.8	(0.1)	(0.4%)
CASA Deposits	15.3	15.9	0.6	4.3%
Customer Based Funding+	40.5	40.8	0.3	0.8%
Shareholders' Funds	5.0	5.3	0.3	6.6%
Net Loans Growth (y-o-y)	1.6%	(0.4%)		
CASA Deposits Growth (y-o-y)	0.2%	4.3%		
Customer Based Funding+ Growth (y-o-y)	4.5%	0.8%		

- **Net loans** contracted 0.4% y-o-y (vs industry: +4.1%^).
- **Better RAR loans** grew 12.4% y-o-y while lower RAR loans contracted 6.6% y-o-y:
  - SME loans grew 4.2% y-o-y
  - Continued strong build up for Alliance One Account (+RM574 million y-o-y).
- **CASA deposits** grew by 4.3% y-o-y
- **Customer based funding** was slightly higher y-o-y due to selective renewal of corporate FD and retail deposit campaigns (SavePlus / FD) to maintain effective funding mix. Competition for deposits remains intensified.
- **Liquidity coverage ratio**: 132.0% (vs industry: 134.5%^).

Notes:
** Treasury assets comprise financial assets (HFT, AFS & HTM), derivative financial assets & placements with Financial Institutions*
+ Customer based funding = CASA + Fixed Deposits + Money Market Deposits + Retail Negotiable Instrument of Deposits + Structured Investments
^ BNM Monthly Statistical Bulletin Dec 2017
 # industry SME loan growth based on Oct 2017 statistics (latest available)

Key Financial Ratios

	Financial Ratios	3QFY17	2QFY18	3QFY18	9MFY17	9MFY18
Shareholder Value	Return on Equity	10.4%	9.4%	9.3%	10.8%	9.8%
	Earnings per Share	8.5sen	8.0sen	8.0sen	25.9sen	24.7sen
	Net Assets per Share	RM3.22	RM3.43	RM3.44	RM3.22	RM3.44
Efficiency	Net Interest Margin	2.31%	2.38%	2.38%	2.25%	2.36%
	Non-Interest Income Ratio	23.7%	23.0%	24.0%	23.5%	24.0%
	Cost to Income Ratio	46.0%	48.3%	55.5%	46.3%	49.8%
Balance Sheet Growth	Net Loans (*RM bil)*	38.9	38.6	38.8	38.9	38.8
	Total Deposits (*RM bil)*	44.8	42.7	40.4	44.8	40.4
Asset Quality	Credit cost (basis points) (annualised)	32.8	34.1	(8.1)	22.9	18.9
	Gross Impaired Loans Ratio	1.0%	1.2%	1.2%	1.0%	1.2%
	Net Impaired Loans Ratio	0.6%	0.8%	0.8%	0.6%	0.8%
	Loan Loss Coverage Ratio ^	137.1%	116.9%	116.2%	137.1%	116.2%
Liquidity	CASA Ratio	34.1%	37.3%	39.5%	34.1%	39.5%
	Loan to Deposit Ratio	87.6%	91.1%	96.8%	87.6%	96.8%
	Loan to Fund Ratio	82.1%	83.4%	87.2%	82.1%	87.2%
	Liquidity Coverage Ratio	128.6%	160.7%	132.0%	128.6%	132.0%
Capital	Common Equity Tier 1 Capital Ratio	12.5%	13.7%	13.6%	12.5%	13.6%
	Tier 1 Capital Ratio	12.5%	13.7%	14.0%	12.5%	14.0%
	Total Capital Ratio	17.1%	18.4%	18.7%	17.1%	18.7%

Note:
^ Loan Loss Coverage includes Regulatory Reserve provision; excluding Regulatory Reserve, 76.2% at 3QFY18 (vs. 84.5% at 2QFY18)

THANK YOU

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