ALLIANCE BANK

ANALYST BRIEFING FY2018

31 May 2018

Contents

Summary of FY18 Achievements

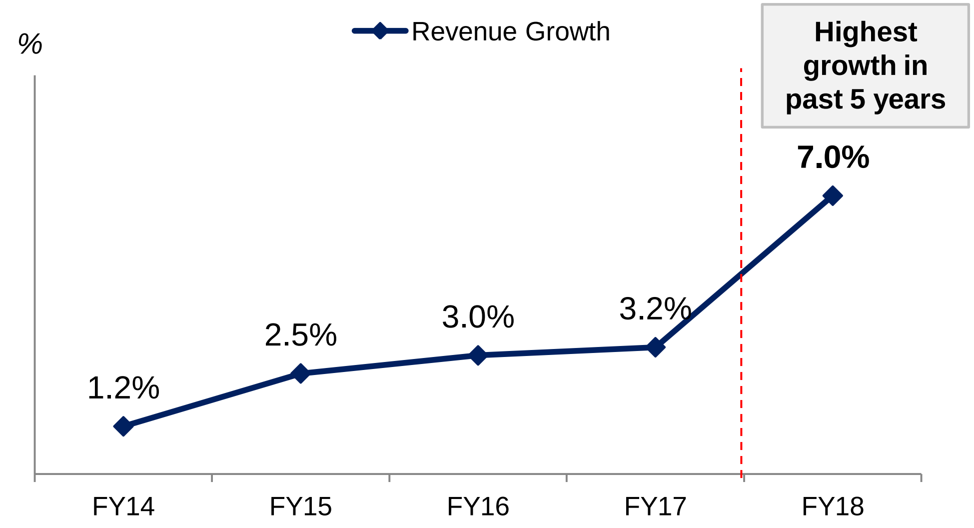
1 **Revenue and Profitability**	▪ **Revenue** up 7.0% y-o-y to RM1.6 billion**, highest growth in the past 5 years** ✓ **Net interest margin** improved 14bps to 2.40%, **top 2 in the industry** ✓ **Better risk-adjusted return ("RAR") loans**, grew 19.3% ✓ Continued growth in **client based fee income** ▪ **Cost to income ratio**: 50.5% (with transformation), lower than guidance (BAU:46.0%)
2 **Effective Risk Management**	▪ **Healthy liquidity coverage ratio** at 160% ▪ **Customer based funding** grew by +4.1% y-o-y (CASA ratio: 37.3%) ▪ **Credit cost** at 23.4 bps (normalised: 32.4bps within guidance) ▪ Sustainable **capital position**
3 **Key Results**	▪ **PBT** at **RM 684.6 million** (0.5% higher than last year) ▪ **NPAT:** -3.7% y-o-y to **RM493.2 million** (better than management target: -6% y-o-y) ▪ **ROE:** 9.5% (BAU: 10.5%), as per guidance ▪ **Proposed 2nd interim dividend of 6.8 sen** (FY18 total dividend: 15.3sen; payout of 48%)
4 **Transformation Progress**	▪ **Alliance One Account**: FY18 loan growth of RM1.0 billion ▪ **SME Expansion**: 4QFY18 loan growth of 2.9% (annualised run rate: 11.6%) ▪ **Alliance@Work**: >10,000 Consumer CASA

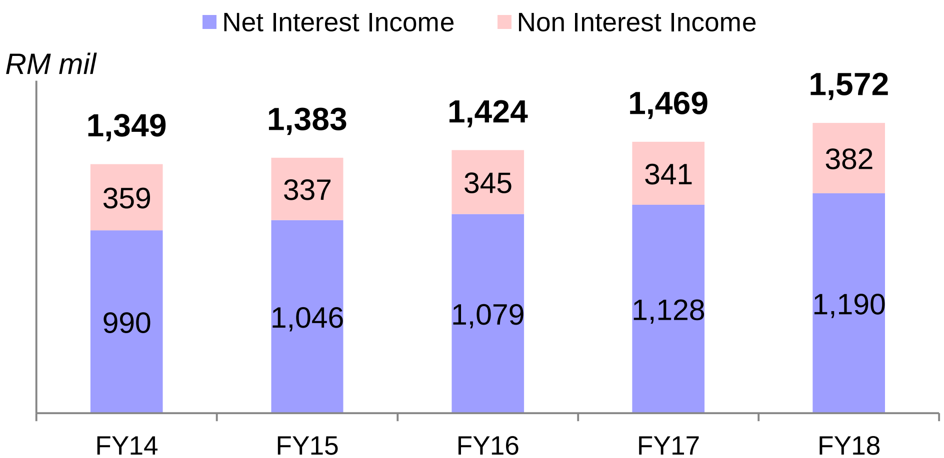
Highest revenue growth in the past 5 years

a) FY18 revenue grew 7.0% y-o-y to RM1.6 billion, the highest growth in the past 5 years:

- +5.5% increase in net interest income , mainly driven by better risk adjusted return ("RAR") loans
- +11.9% improvement in non-interest income, due to:
  - client-based fee income improved 4.4% y-o-y
  - realised gain from available-for-sale investment

Revenue Growth Trend





Note: Revenue and interest income have included Islamic Banking Income

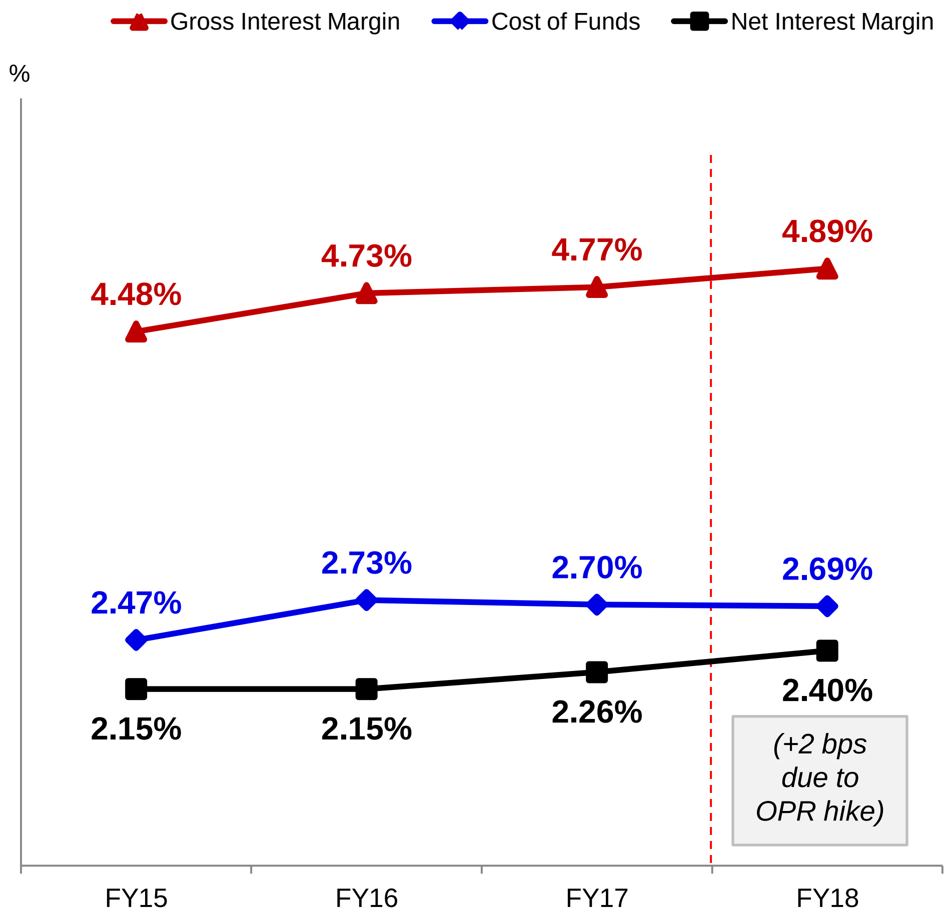
NIM improved to 2.40%, top 2 in the industry

a) NIM: +14 bps y-o-y
(+2bps due to OPR hike on 25 Jan 2018)

b) GIM: +12 bps y-o-y, driven by yield improvement from better RAR loans

c) COF: -1 bp y-o-y due to more efficient funding mix

Interest Margin Trend



Continued focus on better risk adjusted return loans

a) FY18 Y-o-Y loans growth:
- Better risk adjusted return ("RAR") loans: +19.3%
- Lower RAR loans: -5.3%

b) Improved loan mix:
- Better RAR loans: 36% of portfolio
- Strong growth of Alliance One Account

c) Portfolio RAR improved to 1.13% (FY17: 1.04%)

Gross Loans Growth

Better RAR loans	FY17 Gross Loans (RM 'mil)	FY18 Gross Loans (RM 'mil)	Current Quarter Loans Growth (RM 'mil)	Y-o-Y Loans Growth %
SME & Commercial	9,451	10,341	564	
Consumer Unsecured	1,837	2,144	64	
Share Margin	898	1,005	(4)	
Alliance One Account	-	1,045	471	
Total	12,186	14,535	1,093	+19.3%
FY15: 27%	31%	36%		

- YoY: better RAR loans growth > lower RAR loans contraction
- 4Q AOA ENR: +471 mil q-o-q > 3Q AOA ENR: +310 mil q-o-q

Lower RAR loans	FY17 Gross Loans (RM 'mil)	FY18 Gross Loans (RM 'mil)	Current Quarter Loans Growth (RM 'mil)	Y-o-Y Loans Growth %
Mortgage	16,802	15,615	(313)	
Biz Premises	3,915	3,884	(3)	
Hire Purchase	755	523	(53)	
Corporate	5,579	5,584	512	
Total	27,051	25,606	143	-5.3%
FY15: 73%	69%	64%		

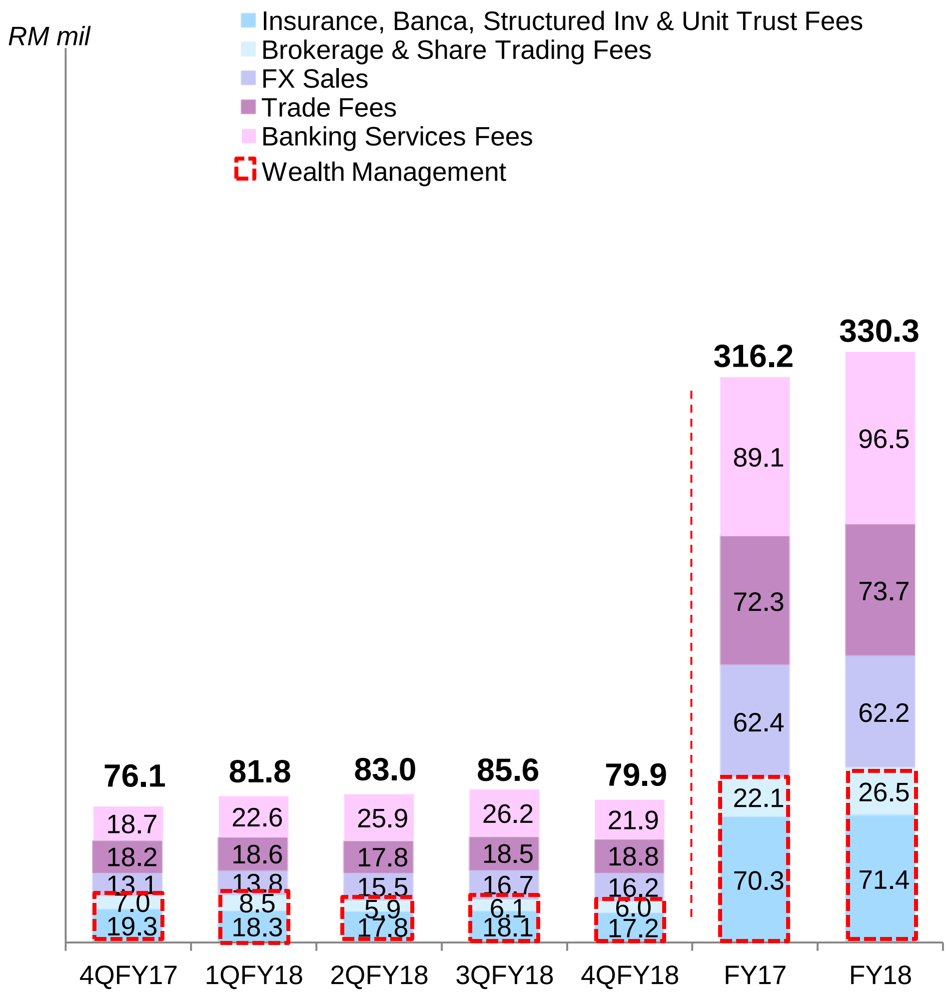
Note: RAR: Net Interest Margin less (Direct Variable Cost + Trailing 12M Credit Cost) ÷ Average Loan Balance

Steady growth in client based fee income

a) FY18 client based fee income grew 4.4% y-o-y, with growth in:

- Wealth Management: +5.9%
- Banking Services fees: +8.3%
- Trade fees: +1.9%

Client Based Fee Income Trend



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

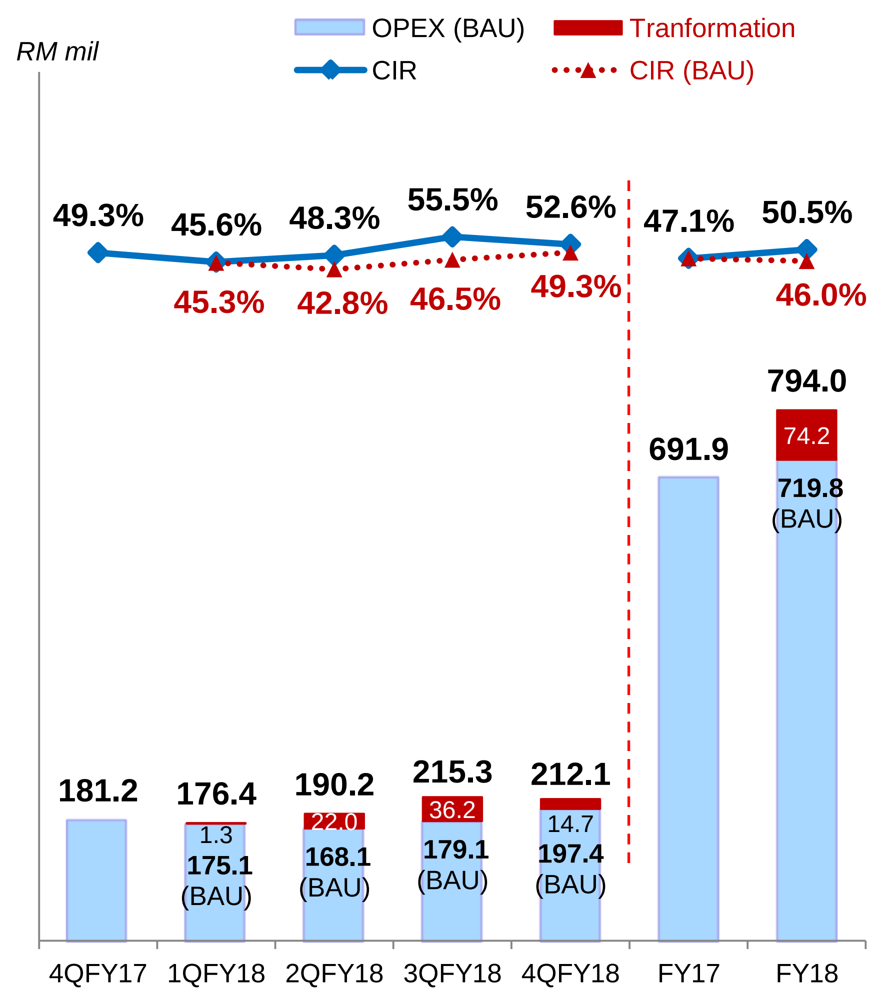
Cost to income ratio: 50.5% (with transformation), lower than guidance

a) FY18 operating expenses up 14.8% y-o-y (BAU: 4.0% y-o-y) due to transformation investments of RM74.2 million, of which:

- net restructuring cost (RM36.4 million)
- scaling-up sales personnel (RM16.1 million)
- marketing expenses (RM10.8 million)

b) FY18 cost to income ratio: 50.5%, lower than guidance (BAU 46.0%)

Operating Expenses Trend

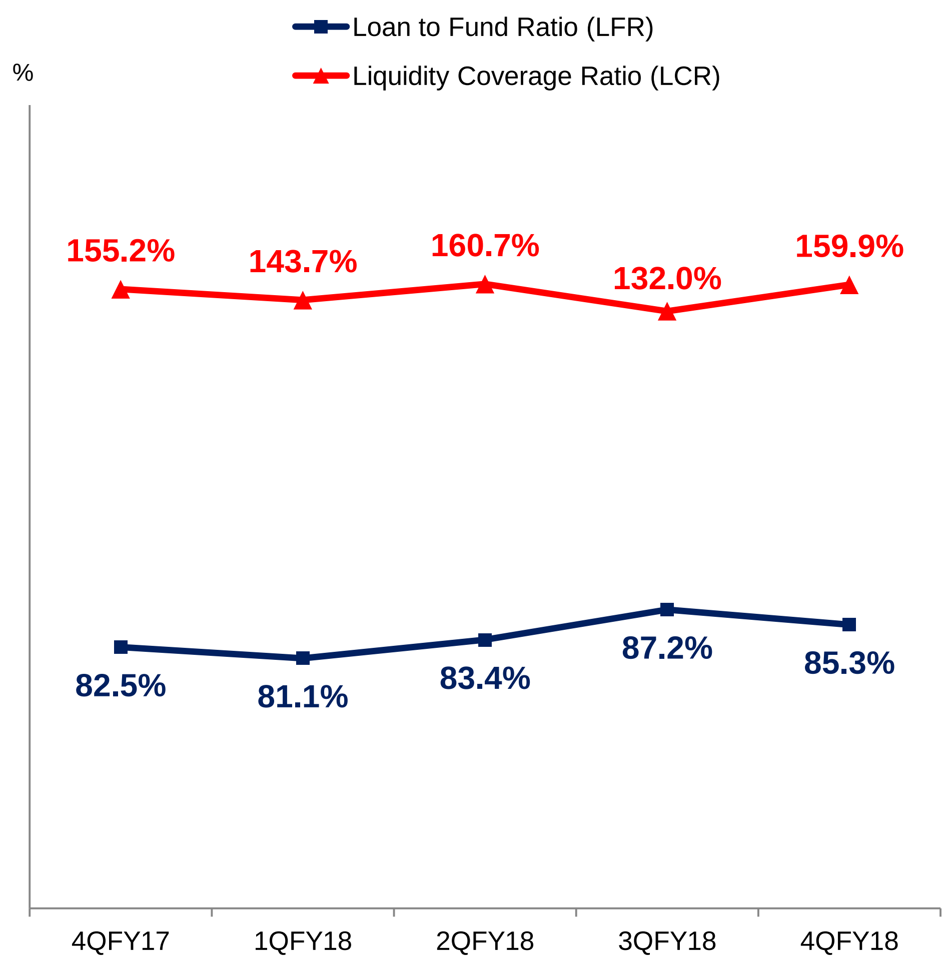


Healthy liquidity coverage ratio at 160%

a) Healthy liquidity position:
- Liquidity coverage ratio[1] at 159.9% (industry*: 140.8%)
- Loan to fund ratio[2] at 85.3% (industry[#]: 85.9%)

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 Mar 2018*
 # Based on Dec'17 local peers' average

Customer based funding grew +4.1% y-o-y

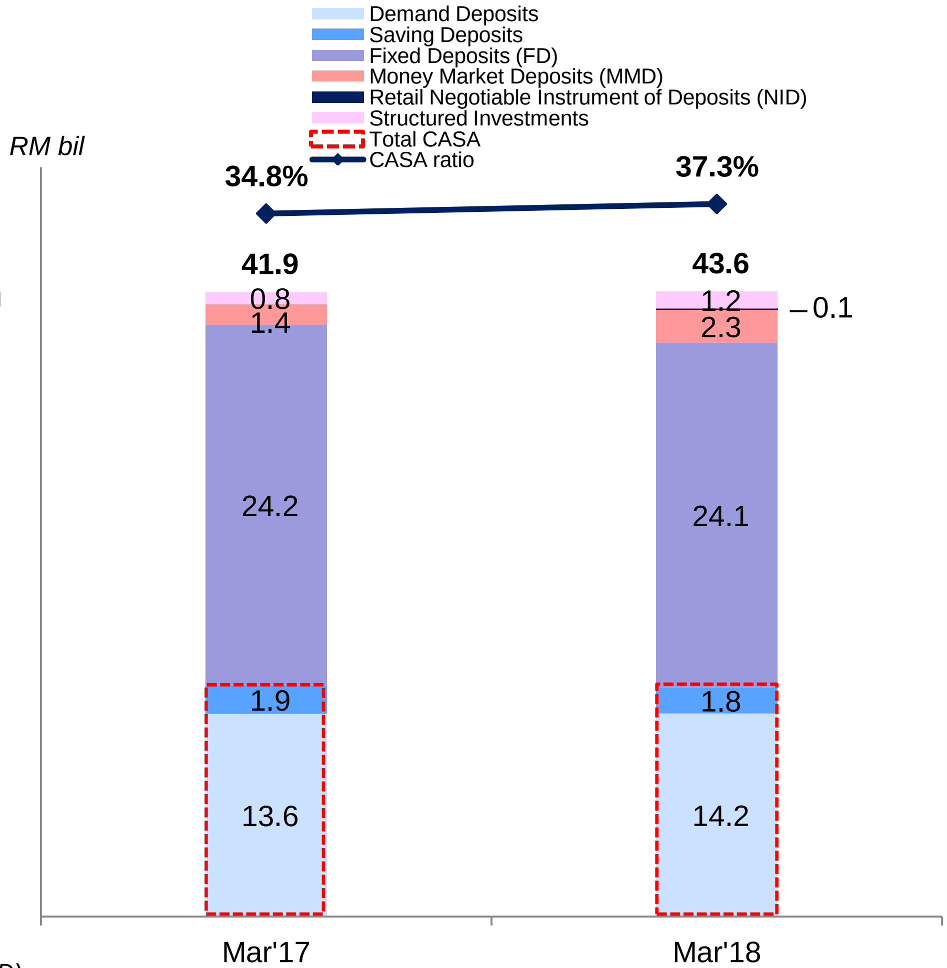
a) Focusing on customer based funding:

- Customer based funding : +4.1% y-o-y
- Structured investments: +51.6% y-o-y
- CASA : +3.1% y-o-y
  (CASA ratio improved to 37.3%)

b) Maintaining effective funding mix (COF: -1bp y-o-y) with key deposits initiatives:

- selective renewal of corporate FDs
- focus on CASA: SavePlus/ Alliance@Work deposits

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 23.4 bps (normalised: 32.4bps within guidance)

a) FY18: net credit cost at 23.4 bps, thanks to one-off write back from credit rating scale alignment for corporates (as reported in 3QFY18)

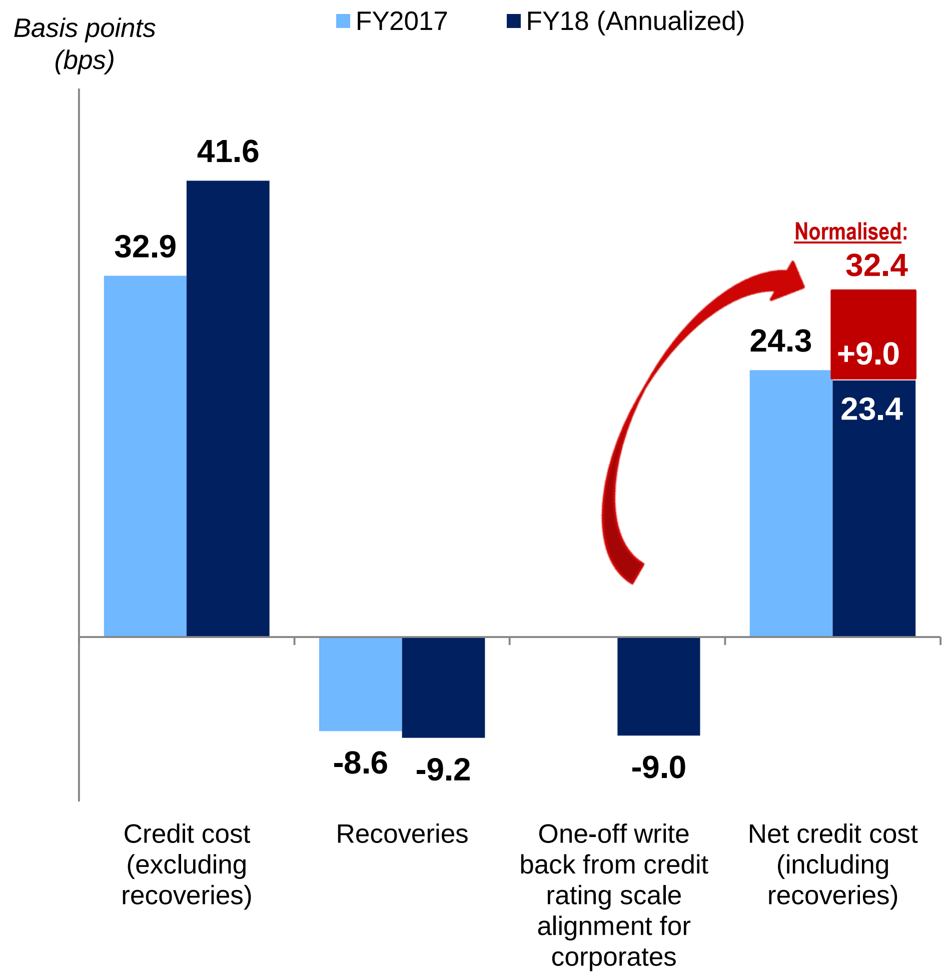
b) Excluding one-off, normalised net credit cost: 32.4 bps

c) Personal financing credit cost continue to stabilise

d) Continue with mitigating proactive actions:
   - strengthened collections & recoveries
   - portfolio debt sale
   - enhanced portfolio management for AOA

e) FY19 credit cost target: around 35 bps

Overall Credit Cost (bps)



MFRS9 day-1 impact will be as guided earlier

a) No material change to MFRS9 day-1 impact as guided earlier:

- Existing provisions: <+25%
- Net asset per share: -10 sen
- Capital ratios: -0.4%

b) Will manage Stage 2 (Under Performing) portfolio more proactively:

- increase monitoring and intensify collections at early delinquent stage
- collections infrastructure upgrade (auto-dialer)

Indicative MFRS 9 Day-1 Impact

Impact to provision	Mar-18 (RM 'mil)	MFRS 9 Day 1 Impact
IA + CA	398.5	<+25% on existing provision
Regulatory reserve (RR)	186.1	
Total provisions	584.6	

Impact to net asset per share		
Net asset per share (RM)	3.53	-10 sen

Impact to capital ratios		
CET 1 ratio	13.4%	around -0.4%
Tier 1 ratio	13.8%	
Total capital ratio	18.3%	

Sustainable capital position

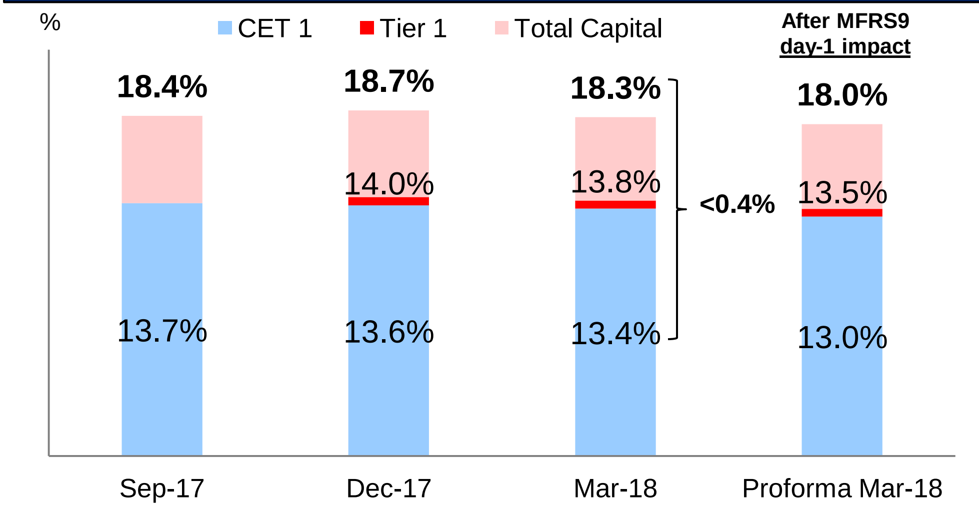
a) Tier-1 capital ratio strengthened to 13.8% after RM150 million Additional Tier-1 Capital Securities issued in November 2017.

b) Strong capital position, with CET-1 ratio at 13.4% and total capital ratio at 18.3%.

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

- supportive of future business expansion
- able to withstand MFRS9 day-1 impact (<0.4% on capital ratios)

Capital Position



Capital Ratios (after proposed dividends)	Alliance Bank Group (ABG)	Alliance Bank (ABMB)	Alliance Islamic Bank (AIS)
CET 1 Capital Ratio	13.4%	11.3%	12.2%
Tier 1 Capital Ratio	13.8%	11.8%	12.2%
Total Capital Ratio	18.3%	16.7%	15.1%

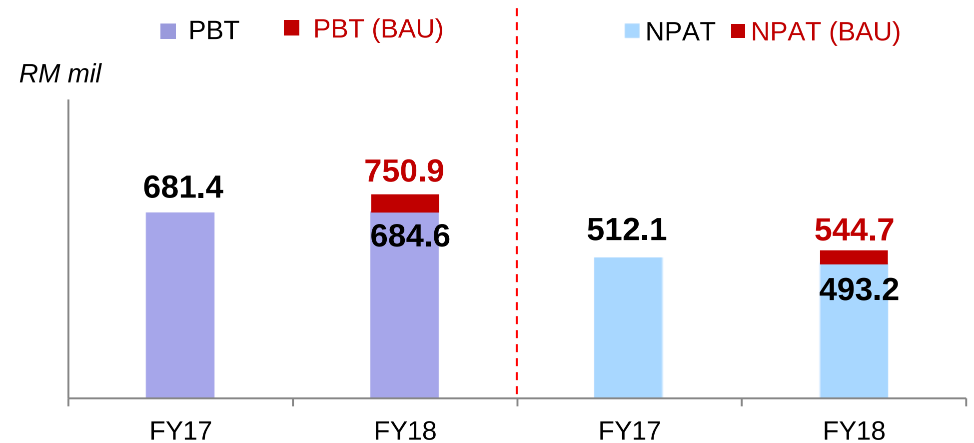
PBT higher than last year; ROE at 9.5%

a) **Profit Before Tax (PBT)**:
+0.5% y-o-y to RM684.6 million
(BAU: +10.2% y-o-y to RM750.9 million)

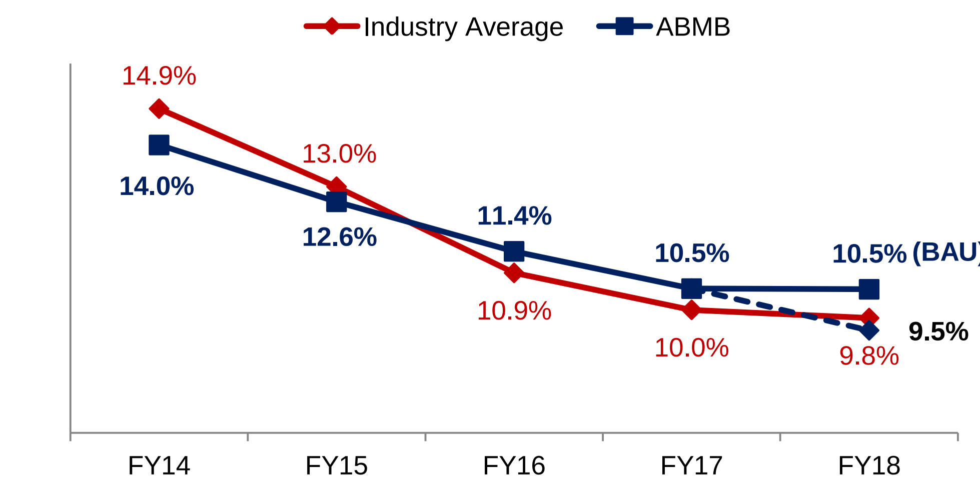
b) **Net Profit After Tax (NPAT)**:
-3.7% (or -RM18.9 million) y-o-y to RM493.2 million (better than management target: -6% y-o-y),
due to RM74.2 million in transformation investments
(BAU: +6.4% y-o-y to RM544.7 million)

c) **ROE**: 9.5% (BAU: 10.5%), as per guidance

PBT & NPAT



Return on Equity



Continue to enhance shareholder value

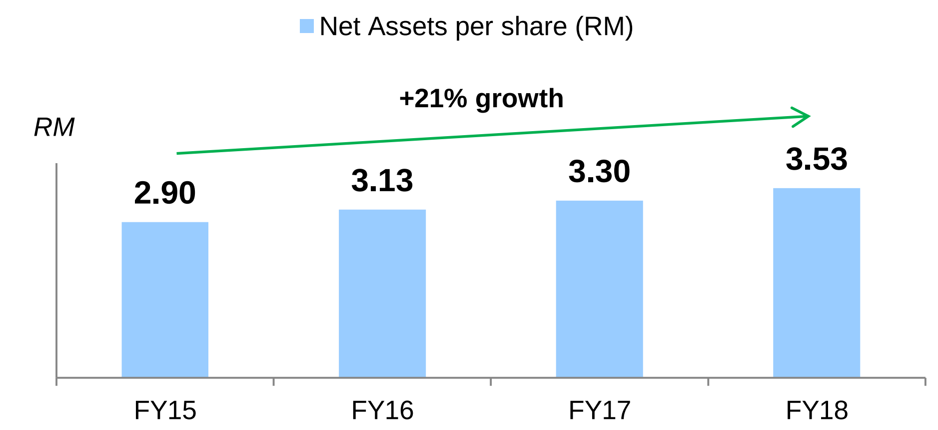
a) Steady increase in net asset per share over the past 4 years to RM3.53

b) Maintain dividend payout at 48%:

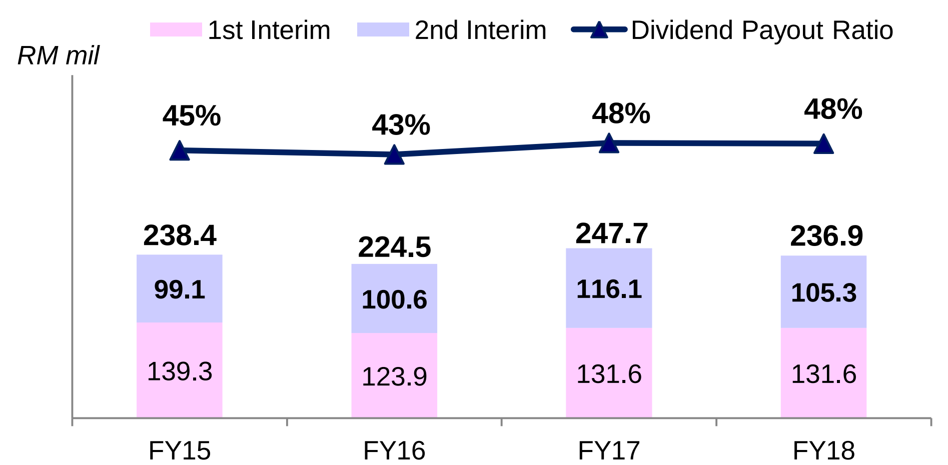
- 1st interim dividend: 8.5 sen
- 2nd interim dividend: 6.8 sen

(FY18 total dividend: 15.3 sen)

Net Assets per share



Dividend Paid and Payout Ratio



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FY19 Focus

Scaling Up for Growth

1. **Alliance One Account (AOA)**
2. **SME Expansion**
3. **Alliance@Work**
4. **Branch Transformation**

Digital / Technology Capabilities

Brand and Financial Metrics

Transformation initiatives gaining traction

	FY18 Achievements	FY19: Scaling Up
1 **AOA**	▪ Loan approval > RM2.4 bil in FY18, with **RAR** that is **3X of normal standalone mortgage** ▪ Ramped up to **~RM1.0 billion in loan balances**	▪ **Ramp up monthly disbursements 3X to RM500 mil** by end of FY19 ▪ Capture 8% of industry market share of new mortgage originations
2 **SME**	▪ 4QFY18 loan growth of 2.9% **(annualised run rate: 11.6%)** ▪ **Increased productivity per staff by 30%** since beginning of FY18	▪ SME **loans growth target of 20% in FY19** ▪ Achieve **RM300 million loan disbursement per month** by end of FY19
3 **Alliance@Work**	▪ **>10,000 new Consumer CASA accounts**	▪ >**60,000 new Consumer CASA accounts**
4 **Branch Transformation**	▪ Completed VSS/ MSS programme with RM42.6 million ▪ **Annualized savings (PBT impact) of more than RM20 million per year**	▪ **Digitizing key processes at branches** to improve customer experience (e.g. CASA STP account opening) ▪ **Automation of branch operations** to drive efficiency

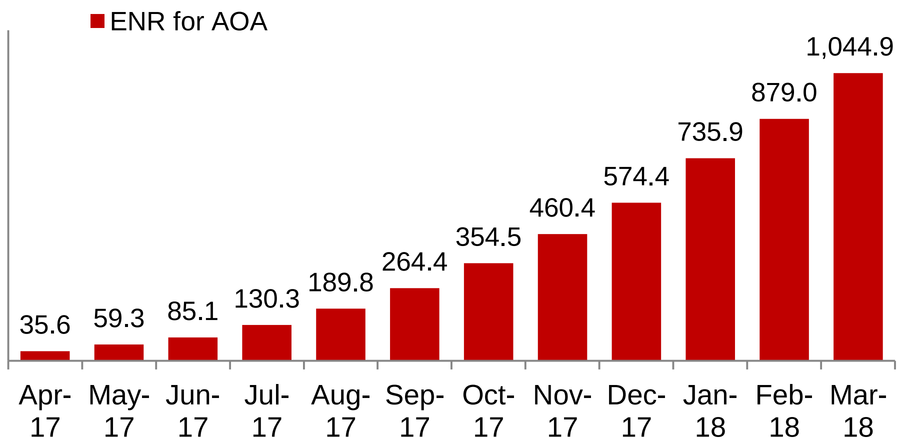
1 Alliance One Account (Loan Consolidation)

FY18 Achievements

- Loans approval: > RM2.4 bil YTD, with RAR that is 3X of a normal standalone mortgage
- 4Q FY18 Loan balances: ~ RM1.0 bil (+RM471 mil q-o-q)

Loan Balances (RM mil)

- > 80% from new-to-bank customers



FY19: Scaling Up

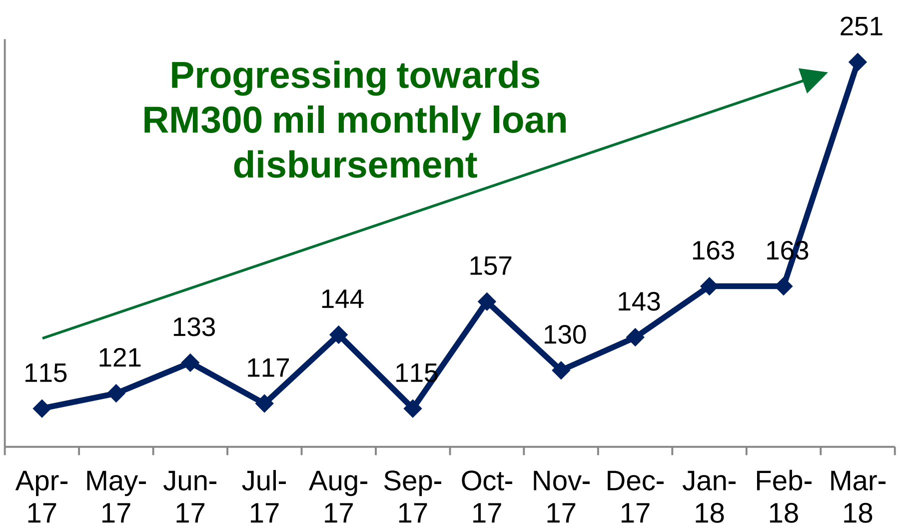
- Scaling up sales force and productivity to achieve RM500 mil disbursement per month by end FY19 (8% of new industry originations)
- Targeting affluent and emerging affluent consumers; to account for 70% of new bookings
- Better leads generation through Partners and Digital Marketing
- Loan process automation to reduce turnaround time

2 SME Expansion

FY18 Achievements

- 4QFY18 loan growth of 2.9% (annualised run rate: 11.6%)
- Increased productivity per staff by 30% since beginning of FY18

Loan Disbursement (RM'mil)



FY19: Scaling Up

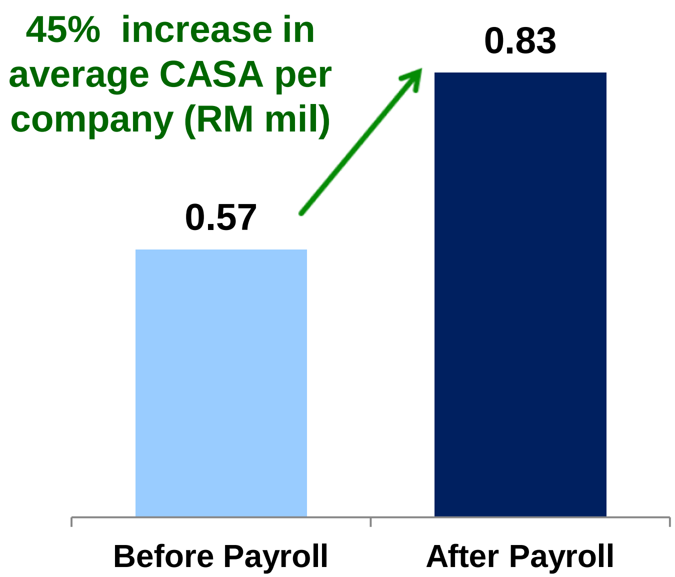
- SME loans growth target of 20% in FY19
- Achieve RM300 million loan disbursements per month by end of FY19
- Loan process automation through a new origination system to free up time for sales
  - Processing time: 15 hours to 6 hours
  - Loan approval turnaround time: <5 days vs 10 days (industry average)
- Additional Hunter teams in high potential locations

3 Alliance@Work

FY18 Achievements

- Acquired >10,000 Alliance@Work employee (local and foreign) accounts
- Average CASA per company increased by 45% after acquiring payroll

Business CASA growth after acquiring company's payroll



FY19: Scaling Up

- Acquisition of >60,000 new Consumer CASA accounts
  - **<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: June'18)

    1) Paperless, mass on-boarding
    2) Account opening in less than 10 minutes
    3) Instant activation of Alliance Online and Alliance Mobile at the same time

4 Branch Transformation

FY18 Achievements

- Completed VSS/ MSS program with RM42.6 million
- Consolidated five branches in FY18 bring total branches to 82
- Annualized savings (PBT impact) of more than RM20 million per year

FY19 Focus

- Digitizing key processes at branches:
  - CASA Straight Through Processing (STP) account opening in less than 10 minutes (Launch: 3Q FY19)
  - STP personal loan approval in less than 15 minutes (Launch: 4Q FY19)
  - Automation and streamlining of branch operations

FY19 Focus

Scaling Up for Growth

1. **Alliance One Account (AOA)**
2. **SME Expansion**
3. **Alliance@Work**
4. **Branch Transformation**

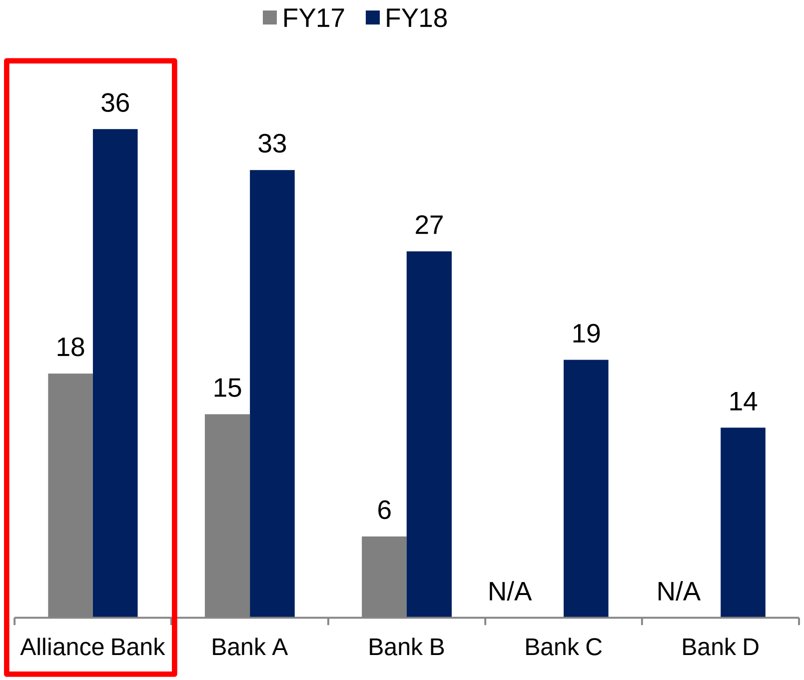
Digital / Technology Capabilities

Brand and Financial Metrics

#1 in NPS for SME & #1 in Innovation (Brand Health)

Top-Down Net Promoter Score (NPS) for SME Segment

"Highest NPS for 2 consecutive years, driven by strengths in Relationship Management"



Brand Attributes Ranking (Innovation)

Innovative products and services

FY17	FY18
1. Bank A	**1. Alliance Bank** / Bank A
2. Bank B	2. Bank C
3. Bank C / Bank D	3. Bank B / Bank E
4. Alliance Bank	4. Bank G / Bank H
5. Bank E	5. Bank F / Bank D
6. Bank F	
7. Bank G	
8. Bank H	

Alliance Bank – Attribute Scores

12%	21%

We are scaling up for growth in FY19

		Investing in Transformation	Scaling Up for Growth	Acceleration
Growth Y-o-Y	**FY17**	**FY18**	**FY19**	**FY20 Onwards^**
Gross loans	1.5%	2.5%	> 10%	> 10%
Revenue	3.2%	7.0%	> 6%	7% - 10%
PPOP	5.8%	0.1%	> 10%	9% -13%
NPAT	-1.9%	-3.7%	> 10%	8% - 14%
Cost to income ratio	47.1%	50.5%	<50%	
ROE	10.5%	9.5%	~10%	10.5% – 12.0%
Progress Update		Transformation Investment (Phase 1): ▪ Gross = **RM80.4 million** ○ Restructuring (RM42.6mil) ○ Sales force (RM16.1mil) ○ Technology & Marketing (>RM22mil) ▪ Net (after cost savings from restructuring) = **RM74.2 million** Transformation revenue: ▪ **RM7.9 million**	Transformation Investment (Phase 2): ▪ Gross = **RM70 million**: ○ Sales force (RM45mil) ○ Technology & Marketing (>RM25mil) ▪ Net (after cost savings from restructuring) = **RM50 million** Transformation revenue: ▪ **>RM50 million** new revenue stream	FY20 - FY22: ▪ Accelerated growth towards NPAT > RM700 million

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

FY19: Targets

FY19 Management Guidance

1. >10% loans growth
2. NIM to maintain ~2.4%
3. Cost to Income Ratio: <50%
4. Net credit cost: around 35 bps
5. ROE at ~10%
6. Maintain dividend payout policy

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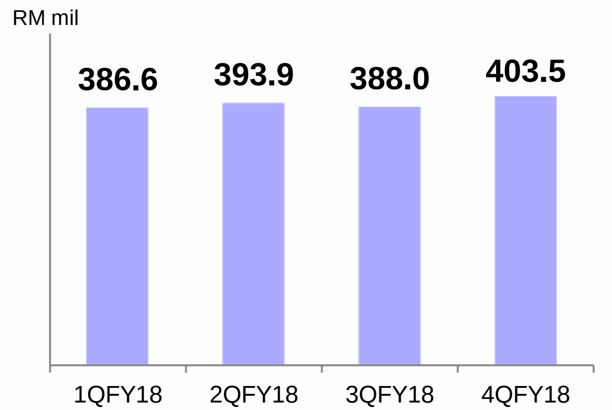
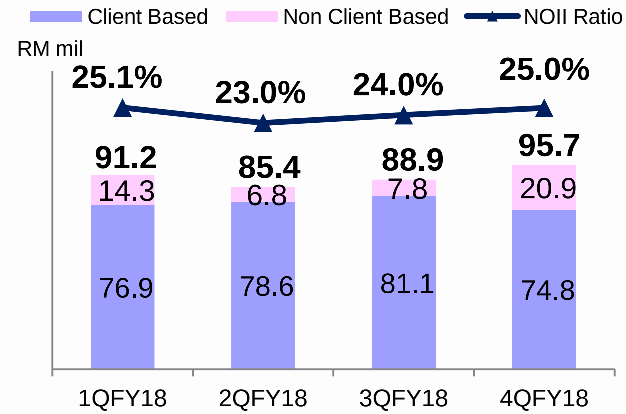
Net profit after tax: RM112.9 million

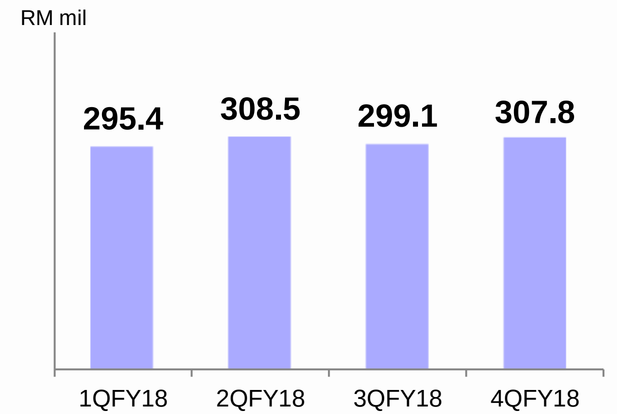
Revenue



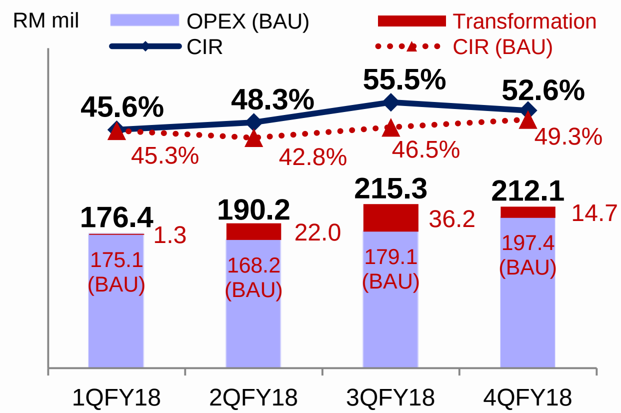
Non Interest Income^ & NOII Ratio



Net Interest Income & Islamic Banking Income



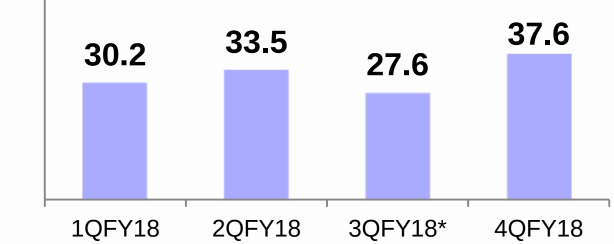
Operating Expenses & CIR Ratio



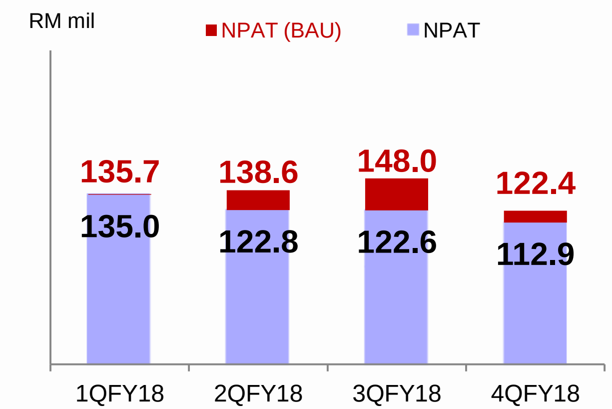
Credit Cost

RM mil

	1QFY18	2QFY18	3QFY18*	4QFY18
IA & CA	33.2	36.6	26.4	44.9
Others	6.6	6.1	6.1	6.1
Recovery	(9.6)	(9.2)	(4.9)	(13.4)



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*

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4Q FY18: Q-o-Q Income Statement

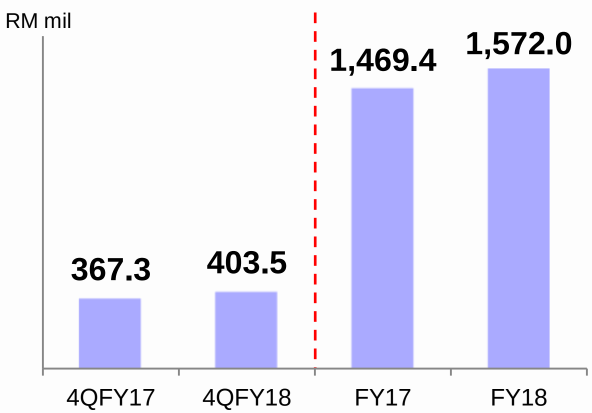
Income Statement	3QFY18 RM mil	4QFY18 RM mil	Q-o-Q Change Better / (Worse)	
			RM mil	%
Net Interest Income	220.3	224.4	7.9	2.7%
Islamic Net Financing Income	74.4	78.2		
Islamic Non-Financing Income	4.4	5.2	7.6	8.2%
Non-Interest Income	88.9	95.7		
Net Income *	388.0	403.5	15.5	4.0%
OPEX	215.3	212.1	3.2	1.5%
OPEX (BAU)	179.1	197.4	(18.3)	(10.2%)
Pre-Provision Operating Profit (PPOP)	**172.7**	**191.4**	**18.7**	**10.8%**
PPOP (BAU)	**205.8**	**202.8**	**(3.0)**	**(1.5%)**
Net Credit Cost ^	(8.0)	37.6	(45.7)	(>100%)
Pre-tax profit	**180.7**	**153.7**	**(27.0)**	**(14.9%)**
Pre-tax profit (BAU)	**213.8**	**165.1**	**(48.7)**	**(22.8%)**
Net Profit After Tax	**122.6**	**112.9**	**(9.7)**	**(7.9%)**
Net Profit After Tax (BAU)	**148.0**	**122.4**	**(25.6)**	**(17.3%)**

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

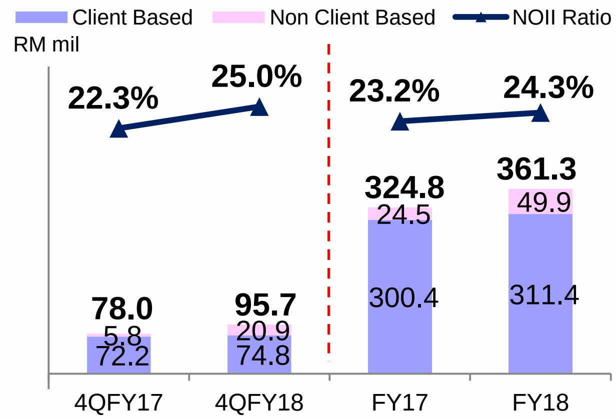
- **Revenue** grew 4.0% y-o-y, thanks to:
  - +2.7% increase in net interest income+, driven by better risk adjusted return (“RAR”) loans
  - +8.2% improvement in non-interest income+
- **Client based fee income** declined by RM5.7 million or 6.6% q-o-q due to lower banking services fees and wealth management fees.
- **Non client based non-interest income** increased by RM13.3 million q-o-q mainly due to realised gain from available-for-sale investment offset by lower FX trading income.
- **Operating expenses** lower by RM3.2 million q-o-q mainly due to lower transformation investments and savings from restructuring.
- Higher **credit cost** mainly due to impairment charges from several large business accounts and intensified R&R remedial action for business accounts.

FY18 net profit after tax: RM493.2 million

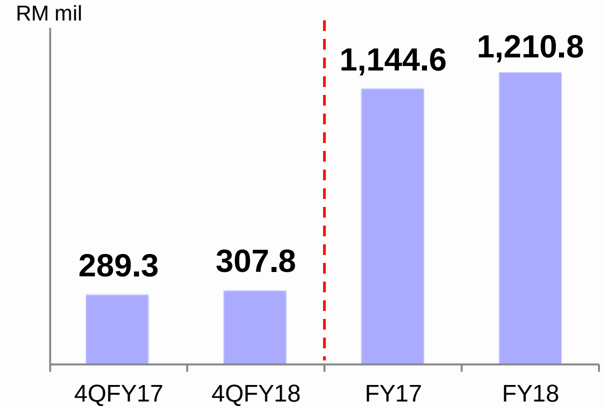
Revenue



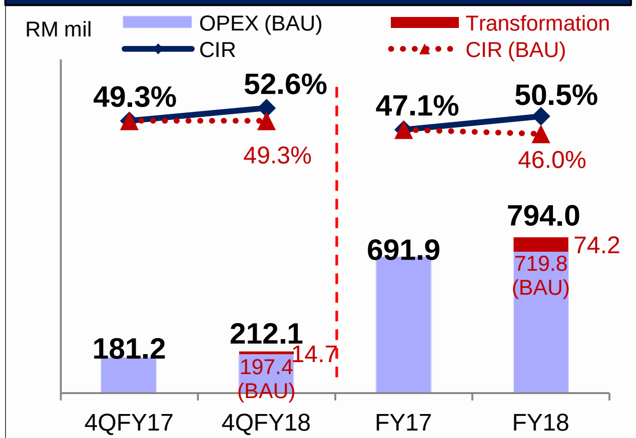
Non Interest Income ^ & NOII Ratio



Net Interest Income & Islamic Banking Income



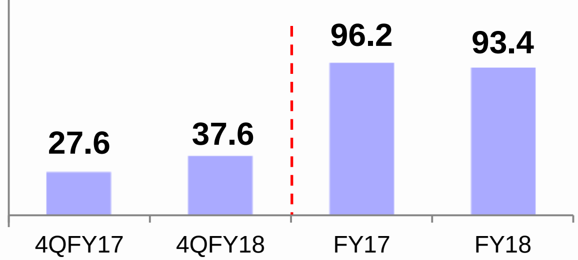
Operating Expenses & CIR Ratio



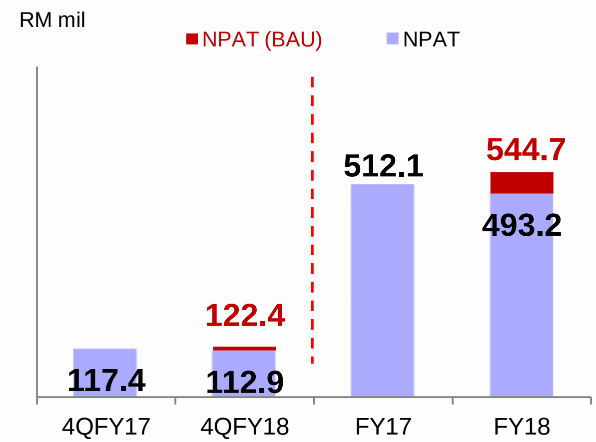
Credit Cost

RM mil

	4QFY17	4QFY18	FY17	FY18
IA & CA	28.7	44.9	103.9	105.6
Others	7.8	6.1	25.9	24.9
Recovery	(8.9)	(13.4)	(33.6)	(37.1)



Net Profit



Notes: ^ excluding Islamic Banking Income

4Q FY18:
Y-o-Y Income Statement

Income Statement	4QFY17 RM mil	4QFY18 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	212.8	224.4	17.3	6.1%
Islamic Net Financing Income	72.5	78.2		
Islamic Non-Financing Income	4.0	5.2	18.9	23.2%
Non-Interest Income	78.0	95.7		
Net Income *	367.3	403.5	36.2	9.9%
OPEX	181.2	212.1	(30.9)	(17.1%)
OPEX (BAU)	181.2	197.4	(16.2)	(8.9%)
Pre-Provision Operating Profit (PPOP)	**186.1**	**191.4**	**5.3**	**2.9%**
PPOP (BAU)	**186.1**	**202.8**	**16.7**	**9.0%**
Net Credit Cost ^	27.6	37.6	(10.1)	(36.6%)
Pre-tax profit	**158.5**	**153.7**	**(4.8)**	**(3.0%)**
Pre-tax profit (BAU)	**158.5**	**165.1**	**6.6**	**4.2%**
Net Profit After Tax	**117.4**	**112.9**	**(4.5)**	**(3.8%)**
Net Profit After Tax (BAU)	**117.4**	**122.4**	**5.0**	**4.3%**

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

- **Revenue** grew 9.9% y-o-y, thanks to:
  - +6.1% increase in net interest income+, driven by better risk adjusted return ("RAR") loans
  - +23.2% improvement in non-interest income+
- **Client based fee income** grew RM3.8 million or +5.0% y-o-y was mainly contributed by higher banking services fees and FX sales.
- **Non client based non-interest income** increased by RM15.2 million q-o-q mainly due to realised gain from available-for-sale investment offset by lower FX trading income.
- **Operating expenses** increased by RM30.9 million y-o-y due to higher transformation investments and other personal & marketing expenses.
- Higher **credit cost** mainly due to impairment charges from several large business accounts and intensified R&R remedial action for business accounts.

FY18: Y-o-Y Income Statement

Income Statement	FY17 RM mil	FY18 RM mil	Y-o-Y Change Better / (Worse) RM mil	%
Net Interest Income	847.5	892.5	62.0	5.5%
Islamic Net Financing Income	280.9	297.8		
Islamic Non-Financing Income	16.2	20.5	40.8	11.9%
Non-Interest Income	324.8	361.3		
Net Income *	1,469.4	1,572.0	102.6	7.0%
OPEX	691.9	794.0	(102.1)	(14.8%)
OPEX (BAU)	691.9	719.8	(27.9)	(4.0%)
Pre-Provision Operating Profit (PPOP)	**777.5**	**778.0**	**0.5**	**0.1%**
PPOP (BAU)	**777.5**	**844.4**	**66.9**	**8.6%**
Net Credit Cost ^	96.2	93.4	2.8	2.9%
Pre-tax profit	**681.4**	**684.6**	**3.2**	**0.5%**
Pre-tax profit (BAU)	**681.4**	**750.9**	**69.5**	**10.2%**
Net Profit After Tax	**512.1**	**493.2**	**(18.9)**	**(3.7%)**
Net Profit After Tax (BAU)	**512.1**	**544.7**	**32.6**	**6.4%**

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

- **Revenue** grew 7.0% y-o-y, thanks to:
  - +5.5% increase in net interest income+, driven by better risk adjusted return ("RAR") loans
  - +11.9% improvement in non-interest income+
- **Client based fee income** grew RM14.1 million or +4.4% y-o-y was mainly contributed by higher banking services fees, wealth management fees and trade fees.
- **Non client based non-interest income** increased by RM26.7 million y-o-y mainly due to realised gain from available-for-sale investment and treasury income from derivatives.
- **Operating expenses** increased RM102.1 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.

Q-o-Q Summarised Balance Sheet

Balance Sheet	Dec 17 RM bil	Mar 18 RM bil	Change Q-o-Q	
			RM bil	%
Total Assets	52.3	53.9	1.6	3.0%
Treasury Assets*	9.8	9.0	(0.8)	(7.7%)
Net Loans	38.8	40.0	1.2	3.2%
CASA Deposits	15.9	16.0	0.1	0.1%
Customer Based Funding+	40.8	43.6	2.8	6.8%
Shareholders' Funds	5.3	5.5	0.2	2.6%
Net Loans Growth (y-o-y)	(0.4%)	2.6%		
CASA Deposits Growth (y-o-y)	4.3%	3.1%		
Customer Based Funding+ Growth (y-o-y)	0.8%	4.1%		

- **Net loans** grew 3.2% q-o-q (vs industry: +1.2%^).
- **Better RAR loans** grew by 8.1% q-o-q while lower RAR loans grew by 0.6% q-o-q:
  - SME loans growth of 2.9% q-o-q
  - Continued strong build up for Alliance One Account (+RM471 million q-o-q).
- **CASA deposits** increased by 0.1%.
- **Customer based funding** grew by 6.8% q-o-q contributed by CASA and structured investments growth, and successful FD campaigns in 4QFY18.
- **Liquidity coverage ratio**: 159.9% (vs industry: 140.8%^).

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 Mar 2018

Balance Sheet	Mar 17 RM bil	Mar 18 RM bil	Change Y-o-Y	
			RM bil	%
Total Assets	54.1	53.9	(0.2)	(0.3%)
Treasury Assets*	11.6	9.0	(2.6)	(22.1%)
Net Loans	39.0	40.0	1.0	2.6%
CASA Deposits	15.5	16.0	0.5	3.1%
Customer Based Funding+	41.9	43.6	1.7	4.1%
Shareholders' Funds	5.1	5.5	0.4	6.8%
Net Loans Growth (y-o-y)	1.5%	2.6%		
CASA Deposits Growth (y-o-y)	4.7%	3.1%		
Customer Based Funding+ Growth (y-o-y)	2.8%	4.1%		

- **Net loans** grew 2.6% y-o-y (vs industry: +4.4%^).
- **Better RAR loans** grew 19.3% y-o-y while lower RAR loans contracted 5.3% y-o-y:
  - SME loans grew 4.6% y-o-y
  - Continued strong build up for Alliance One Account (+RM1.0 billion y-o-y).
- **CASA deposits** grew by 3.1% y-o-y.
- **Customer based funding** grew by 4.1% contributed by CASA and structured investments growth, and successful FD campaigns in 4QFY18.
- **Liquidity coverage ratio**: 159.9% (vs industry: 140.8%^).

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 Mar 2018

Key Financial Ratios

	Financial Ratios	4QFY17	3QFY18	4QFY18	FY17	FY18
Shareholder Value	Return on Equity	9.5%	9.3%	8.6%	10.5%	9.5%
	Earnings per Share	7.7sen	8.0sen	7.3sen	33.5sen	31.9sen
	Net Assets per Share	RM3.30	RM3.44	RM3.53	RM3.30	RM3.53
Efficiency	Net Interest Margin	2.30%	2.38%	2.50%	2.26%	2.40%
	Non-Interest Income Ratio	22.3%	24.0%	25.0%	23.2%	24.3%
	Cost to Income Ratio	49.3%	55.5%	52.6%	47.1%	50.5%
Balance Sheet Growth	Net Loans (*RM bil)*	39.0	38.8	40.0	39.0	40.0
	Total Deposits (*RM bil)*	44.4	40.4	42.7	44.4	42.7
Asset Quality	Credit cost (basis points) (annualised)	28.5	(8.1)	38.5	24.3	23.4
	Gross Impaired Loans Ratio	1.0%	1.2%	1.4%	1.0%	1.4%
	Net Impaired Loans Ratio	0.6%	0.8%	1.0%	0.6%	1.0%
	Loan Loss Coverage Ratio ^	136.7%	116.2%	96.7%	136.7%	96.7%
Liquidity	CASA Ratio	34.2%	39.5%	37.3%	34.2%	37.3%
	Loan to Deposit Ratio	87.0%	96.8%	94.3%	87.0%	94.3%
	Loan to Fund Ratio	82.5%	87.2%	85.3%	82.5%	85.3%
	Liquidity Coverage Ratio	155.2%	132.0%	159.9%	155.2%	159.9%
Capital	Common Equity Tier 1 Capital Ratio	13.0%	13.6%	13.4%	13.0%	13.4%
	Tier 1 Capital Ratio	13.0%	14.0%	13.8%	13.0%	13.8%
	Total Capital Ratio	17.7%	18.7%	18.3%	17.7%	18.3%

Note: ^ Loan Loss Coverage includes Regulatory Reserve provision [excluding Regulatory Reserve: 64.5% at 4QFY18 (vs. 76.2% at 3QFY18)]

THANK YOU

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