



ALLIANCE BANK

ANALYST BRIEFING

9M FY2019

28 February 2019

**BUILDING
ALLIANCES
TO IMPROVE LIVES**

Contents

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9MFY19 Financial Performance

- Key Results
- Supporting Businesses to Drive SME Growth
- Revenue and Profitability
- Effective Risk Management

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Transformation Progress

- Alliance One Account
- FY19 YTD Progress vs Ambition

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Appendix - Financial Results:

- 9MFY19

9MFY19 Performance Highlights

1

Key Results

- **NPAT** grew **12.0% y-o-y** to **RM425.8 million**
- **ROE** at **10.3%**, better than industry average

2

Supporting Businesses to Drive SME Growth

- **Bank Enterprise Programmes:** BizSmart Challenge, Eco-Biz Dream Project, SME Express Loans, CGC Programme, Better Business Advisory
- **SME Expansion:** 9MFY19 loan disbursements grew by 45% y-o-y to RM1.7 billion
- **Alliance@Work:** Acquired >18,600 employee CASA & >860 company payroll accounts

3

Revenue and Profitability

- **Revenue** grew **4.3% y-o-y**
- **Net interest income**, grew **9.0% y-o-y**
 - ✓ **Gross loans up 6.0% y-o-y** (Better risk-adjusted return loans grew 26.6% y-o-y)
- **Net interest margin improved 8 bps YTD** to 2.48% (industry declined 9 bps YTD)
- **Cost to income ratio** at **46.9%** (guidance: <50%)

4

Effective Risk Management

- **Customer based funding** grew 6.1% y-o-y
- **Liquidity coverage ratio** at 136.0%
- **Net credit cost** at **29.5 bps (annualised)** (guidance: <35 bps)
- **Gross impaired loan ratio** improved to 1.28%, **3rd lowest in the industry**
- Sustainable **capital position**

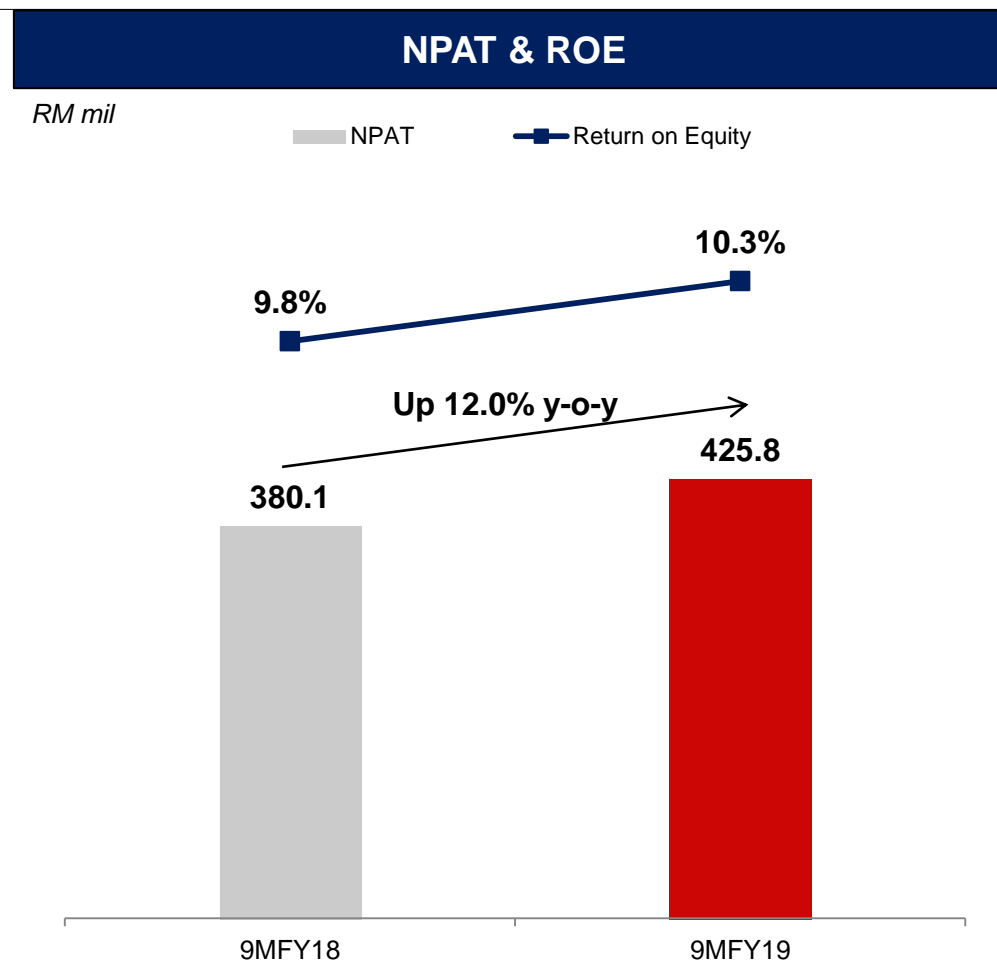
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Alliance One Account

- **Alliance One Account:** Loan balance to >RM 2.7 billion (vs RM1.0 billion in FY18)

NPAT grew 12.0% y-o-y; ROE at 10.3%

- a) NPAT grew 12.0% y-o-y to RM425.8 million
- b) ROE at 10.3%, better than industry average



Helping businesses to succeed**Alliance BizSmart
Challenge**

- Launched in 2013, **aims to support development of high potential SME businesses in Malaysia** through structured business coaching
- **First reality TV business show** with record viewership of 1.06 million on Astro Awani and AXN
- **Attracted over 400 submissions** from SMEs of different industries nationwide
- **Awarded RM1 million in cash and media prizes** to winners
- Extended upto **RM5 million unsecured financing to the Top 20 finalist**
- **Two of the finalists have drawn down RM400k** in unsecured financing to help expand their business

**Eco-Biz
Dream Project**

- **Nurture forward-thinking social entrepreneurs from universities** to help create a positive impact on the economy, environment and community
- Help **revitalise Sungai Kerayong** in the Klang Valley
- **Committing RM200k as seed funding** for the implementation of the winning idea

SME Express Loan

- Short term loans that allows to cover any gaps in working capital
- Simpler application for SME businesses
- Reducing bureaucracy during loan application

Improving customer experience and better advisory**Process STP /
Automation**

- Simple process for staff and customers
- Launched New Loan Origination System Phase 1 (Jul 18) with **95% new cases now originated through the new system**
 - **Phase 2 with OCR capabilities** (Jun 19)
- **Same-day Business Current Account Opening** (Pilot launched in Oct 18)

People / Training

- Introduced **5 days** enhanced on-boarding & **5 days** credit training
- **>70% of RMs** completed the **4 days advanced credit training**
- **Recruited 15 out of 29 additional SME acquisition RMs** in high potential locations
- New SME sales coach on-boarded since Aug 18 to strengthen product knowledge and sales management

**Credit Guarantee
Corporate (“CGC”)
programme**

- A guarantee on a portfolio basis by CGC to **assist SME entrepreneurs with viable businesses** but lack of collateral to obtain the required credit facility
- **Launched in Nov-18** with **portfolio size of RM50 million** (within 3 months of launching, we have fully utilized the portfolio limit)
- In Feb-19, **launch of the extension of CGC PG Scheme** with an additional portfolio limit of **RM100 million**.

**Better Business
Advisory**

- New SME **Alliance Way** (systematic way of approaching customers) since Jan 19
- **Financial Health Calculator:** Launching in 4QFY19 – enhancing financial literacy of business owners

Improving internal processes to balance growth

Better Leads Generation To Target Right Customers

- Targeting **existing non-borrowing customers using propensity models** via partnership with a Fintech that specializes in machine learning
- Initial results by end-Feb 19

Improving Credit Policy To Balance Growth

- Implemented **early warning system** by Oct18, with **3.5X higher predictability** based on observed default rate (ODR)
- **Streamlined and simplified** manual reports **via automation and new dashboard** for both collection and remedial to enable better problem credit management
- **Intensified monthly Collections forum**

SME Expansion: YTD progress update

9MFY19 YTD Progress

9MFY19: Loans disbursements at RM1.7 billion
(+45% vs. 9MFY18)

	9MFY18	9MFY19	Growth (%)
Loan acceptance (YTD)	RM1,620 mil	RM2,090 mil	29%
Loan disbursements (YTD)	RM1,187 mil	RM1,719 mil	45%

Videos



1) SME Customer Testimonial

Youtube Link:

https://youtu.be/2_0vC2ydFac



2) Mobile Application for Biz Account

Youtube Link:

<https://youtu.be/0xv4jsiQmLQ>



3) CASA Straight-Through-Processing

Youtube Link:

<https://www.youtube.com/watch?v=6pf7uqWHoPg>

+12% Y-o-Y growth for SME loan balances vs. stagnant industry growth

ENR (RM mil)



Alliance@Work: YTD progress update

9MFY19: CASA balance built up to >RM110 million

- Local employees acquisition: >18,600
- New company payroll accounts: >860



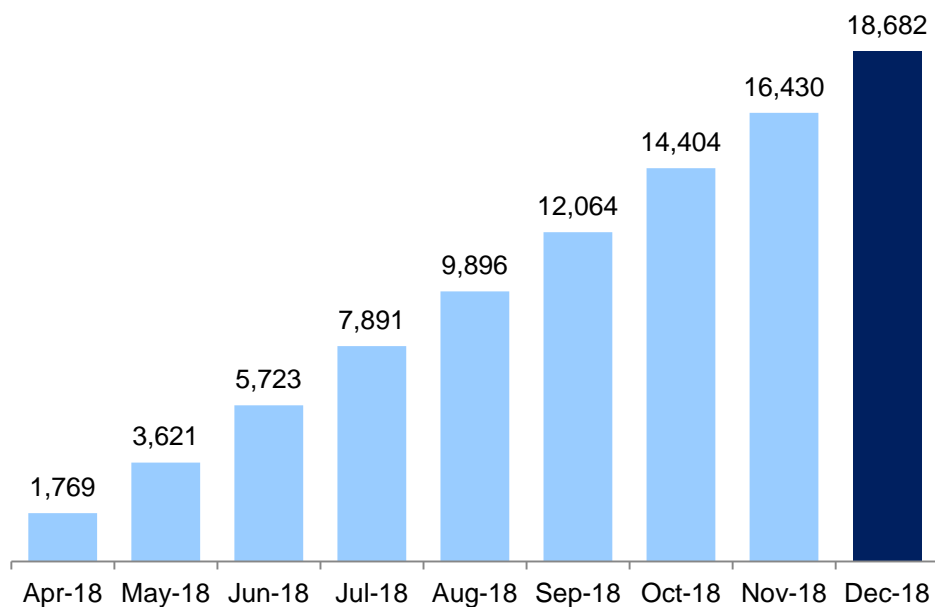
VIDEOS: Alliance@Work

Youtube Link:

<https://youtu.be/kB9ueWFrcog>

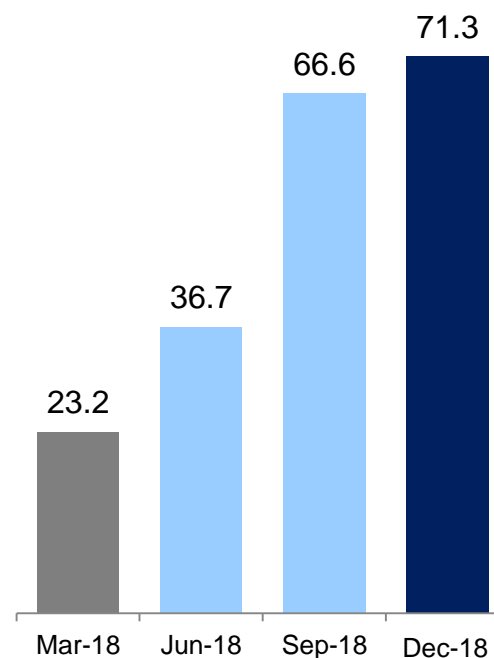
Local Employees CASA Acquisition

- YTD New Local Employee CASA acquisition: >18,600



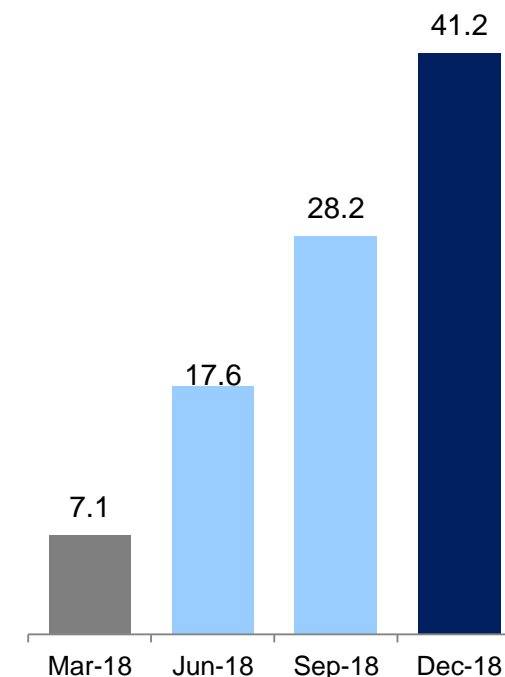
Consumer CASA Balance (Local Employees)

RM 'mil



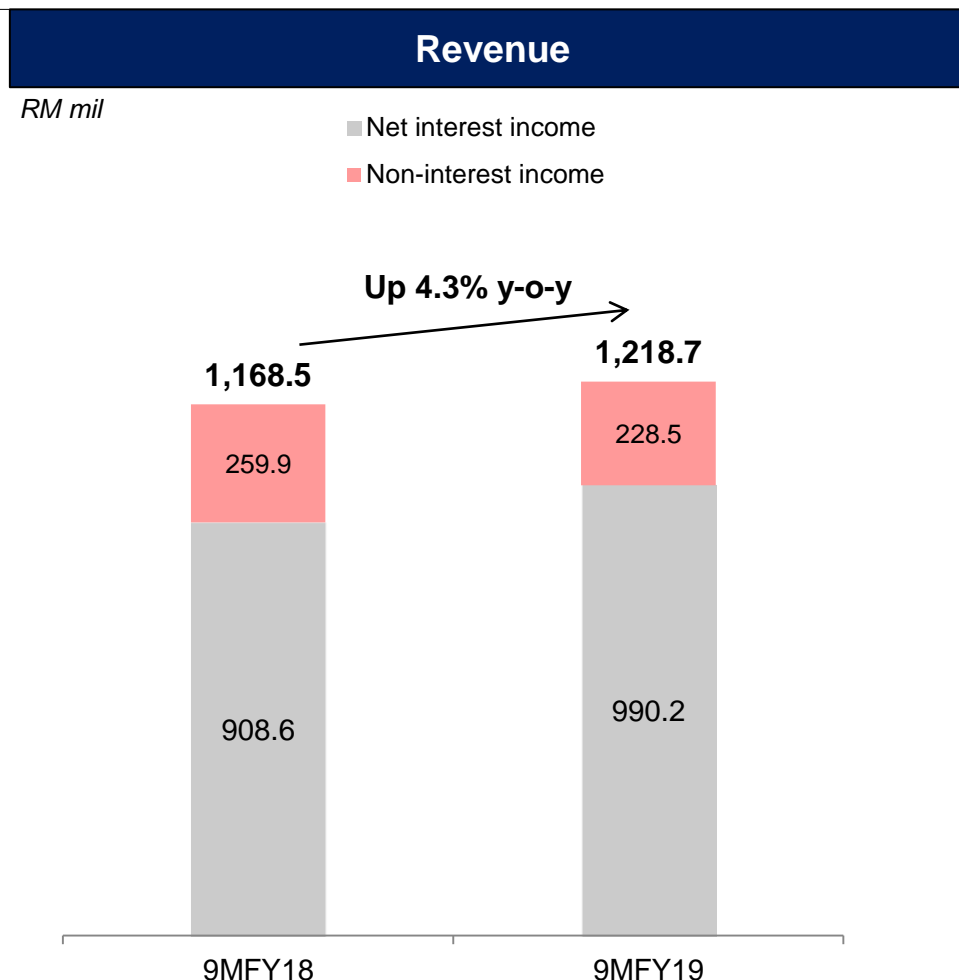
Business CASA Balance

RM 'mil



Revenue grew 4.3% y-o-y

- a) Revenue grew 4.3% y-o-y
- b) Net interest income grew 9.0% y-o-y mainly driven by:
 - Growth in gross loan volume (+2.4%)
 - Improved asset mix from better risk adjusted return ("RAR") loans (+5.3%)
 - Assets re-pricing post OPR hike (+1.3%)
- c) Non-interest income however declined RM31.4 million or 12.1% y-o-y:
 - Lower non-client based non-interest income by RM17.6 million from:
 - Lower treasury and investment income by RM3.6 million
 - Higher net interest expense on Structured Investment by RM14.0 million
 - Lower client based fee income by RM13.8 million mainly due to lower wealth management fee income



Revenue includes Islamic Banking Income

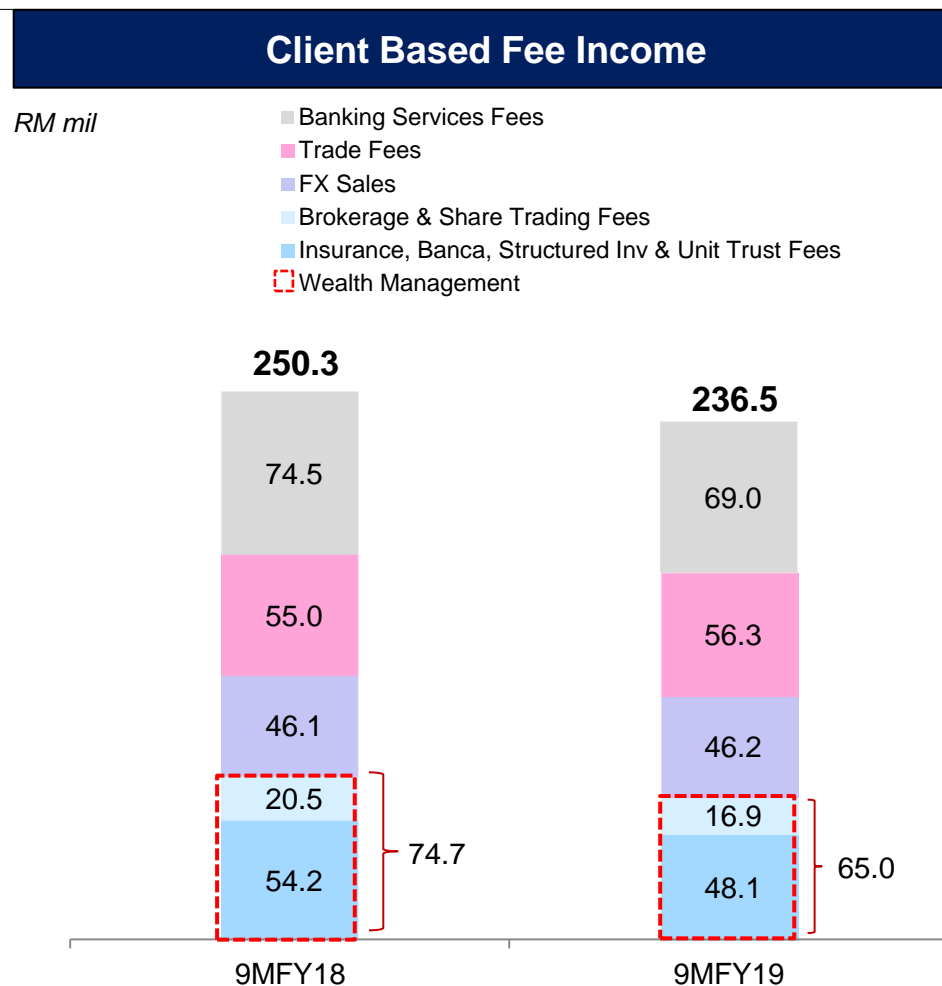
Client based fee income lower amid challenging external environment

a) Client based fee income declined RM13.8 million y-o-y:

- Lower wealth management fee by RM9.7 million:
 - Structured Investment fees: -RM7.9 million
 - Brokerage & share trading fees: -RM3.6 million
- Lower credit card fee by RM6.5 million:
 - Lower card base since SST implementation
 - Lower regulatory interchange rate: -RM3.3 million

b) Initiatives to increase fee income:

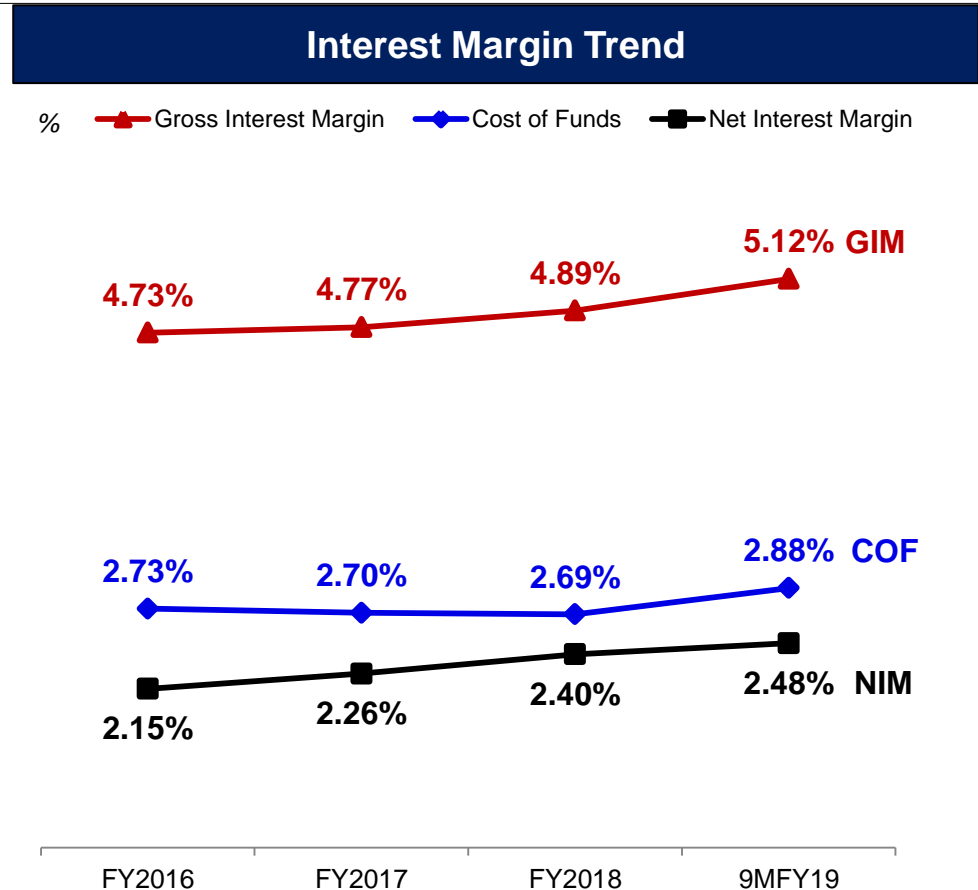
- Introducing new Structured Investment products
- Scaling up sales force for Bancassurance



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

NIM improved +8 bps YTD (Industry declined -9 bps YTD)

- a) YTD NIM: +8bps to 2.48% (better than guidance)
- b) YTD GIM: +23 bps, due to yield improvement from:
 - Better RAR loans mix (+13 bps)
 - OPR hike impact since (Jan-18) (+10 bps)
- c) YTD COF: +19 bps
 - OPR hike impact (+7 bps)
 - YTD effect of end-FY18 FD initiatives (+5 bps)
 - Higher SME CASA rates & Saveplus (+5 bps)

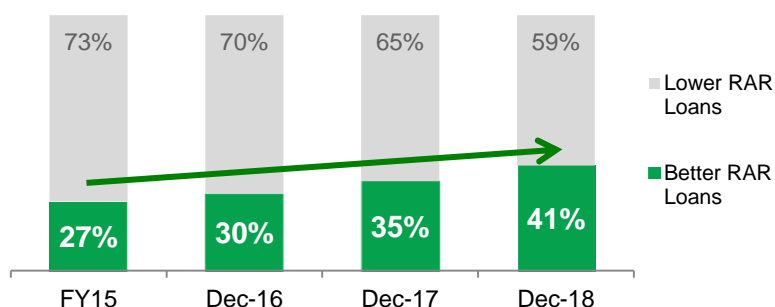


Better risk adjusted return loans grew 26.6% y-o-y (mix: 41% of portfolio)

a) Y-o-Y overall loans growth (+6.0%):

- Better risk adjusted return ("RAR") loans: +26.6%
- Lower RAR loans: -4.6%

b) Improving loan mix:

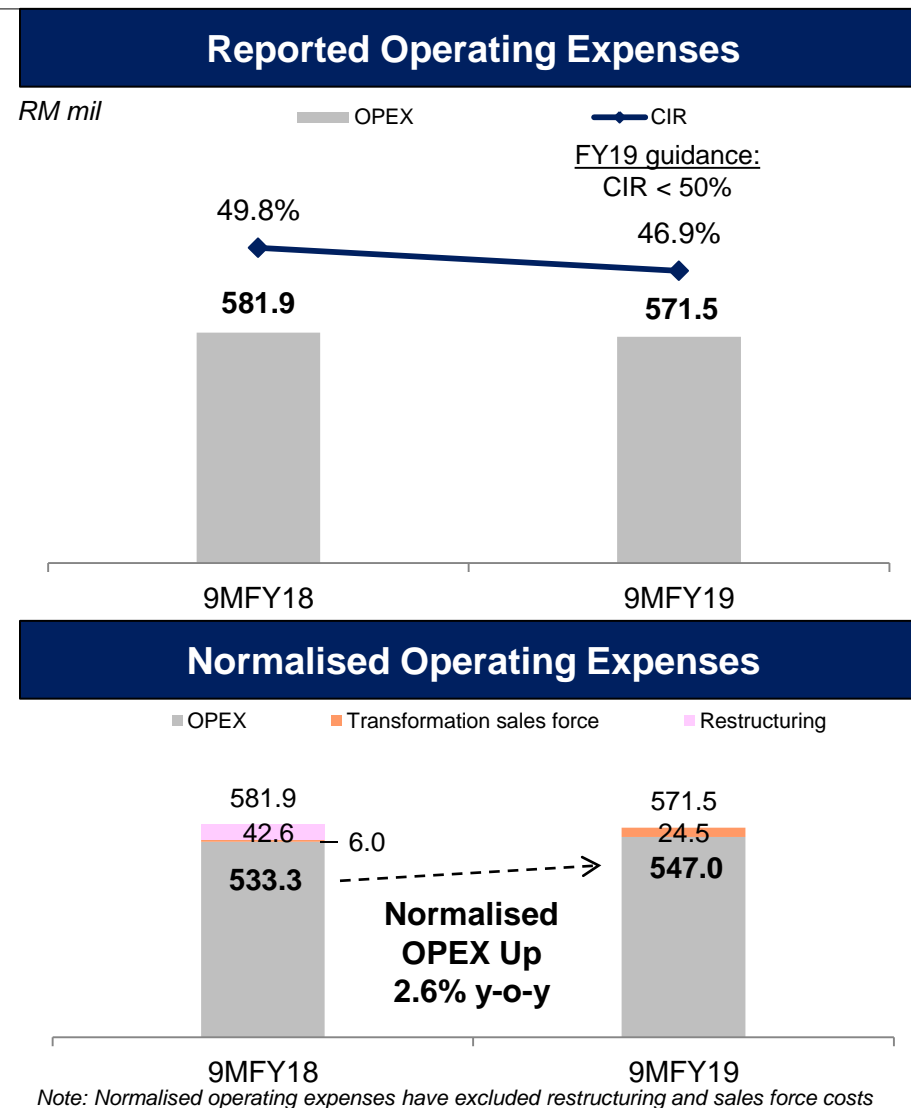


Gross Loans				
(RM'bil)	Dec-17	Dec-18	Δ YoY	Δ YoY(%)
SME & Commercial	9.8	10.9	1.1	
Consumer Unsecured	2.1	2.5	0.4	
Share Margin	1.0	0.9	(0.1)	
Alliance One Account	0.6	2.8	2.2	
Better RAR loans	13.5	17.1	3.6	+26.6%
Mortgage	17.1	15.8	(1.3)	
Biz Premises	2.7	2.7	-	
Hire Purchase	0.6	0.4	(0.2)	
Corporate	5.1	5.3	0.2	
Lower RAR Loans	25.5	24.3	(1.3)	-4.6%
Total Gross Loans	39.0	41.4	2.4	+6.0%

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

Cost to income ratio at 46.9%, better than industry average

- a) 9MFY19 cost to income ratio (CIR) at 46.9%, better than industry average
- b) Excluding restructuring & transformation sales force costs, Normalised operating expenses up 2.6% y-o-y mainly due to higher personnel & marketing expenses
- c) For 9MFY19, investment of RM24.5 million in transformation sales force generated revenue of RM37.1 million



Customer based funding grew 6.1% y-o-y

a) Customer based funding grew 6.1% y-o-y:

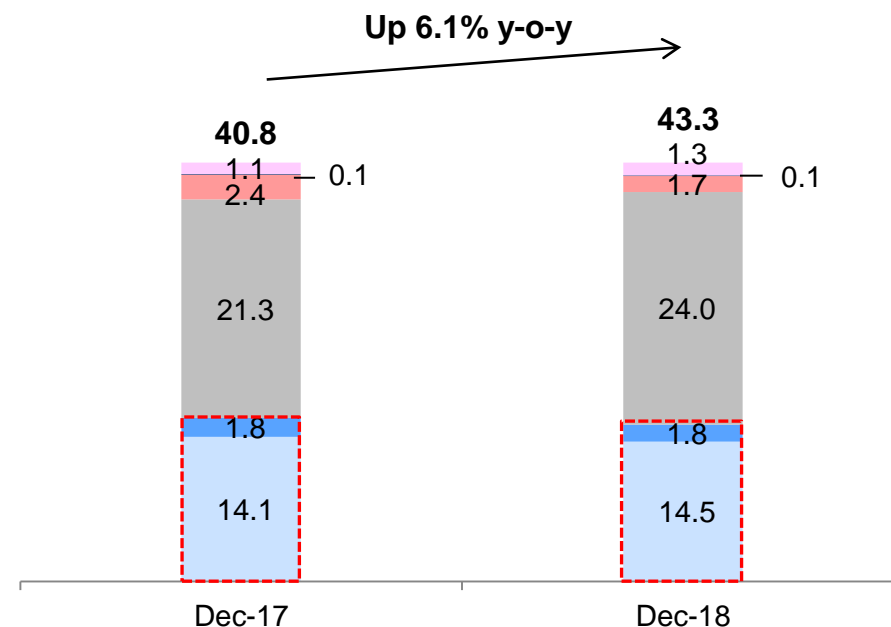
- CASA ratio at 38.1% (Dec-17: 39.5%)
- FD growth mostly from consumer, utilised to fund AOA and Personal Financing (“PF”) growth

b) Key deposit initiatives:

- Alliance Saveplus: +RM584 million YTD
- Alliance@Work (Payroll & CASA): +RM82 million YTD

RM bil

Customer Based Funding



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

Liquidity coverage ratio at 136.0%

a) Healthy liquidity position:

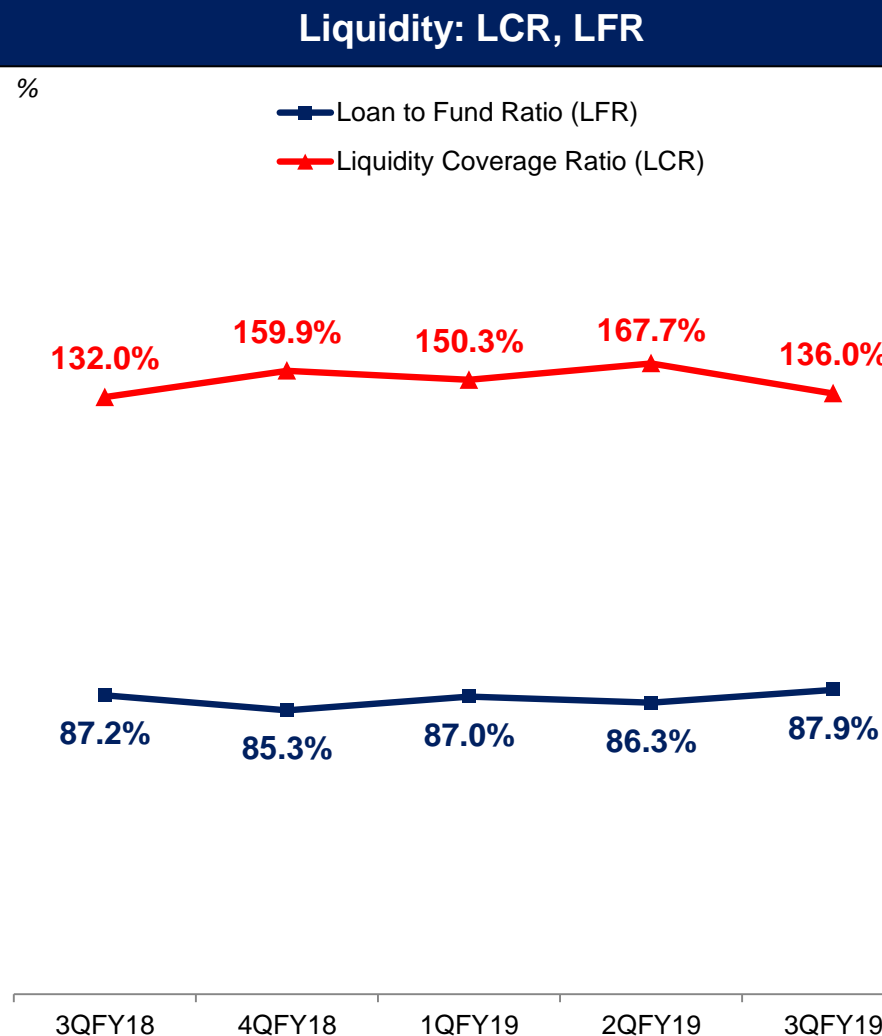
- Liquidity coverage ratio at 136.0% (industry*: 143.2%)
- Loan to fund ratio at 87.9% (industry#: 85.9%)

b) Net stable funding ratio (NSFR):

- Proforma NSFR is already above 100%

c) LCR optimisation to improve asset yield:

- Swapped RM530 million to lower recognised HQLA for >40 bps yield improvement (NIM impact: +0.8 bps)



Notes:

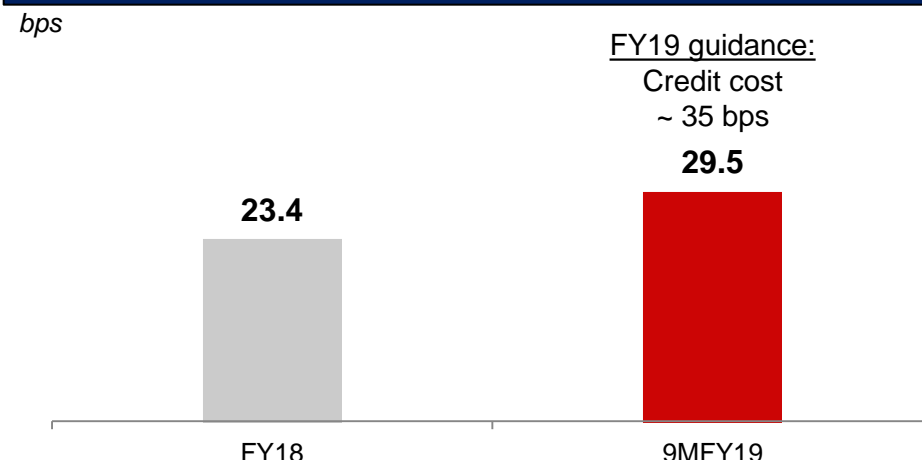
* Based on BNM Monthly Statistical Bulletin December 2018

Based on Sep'18 local peers' average

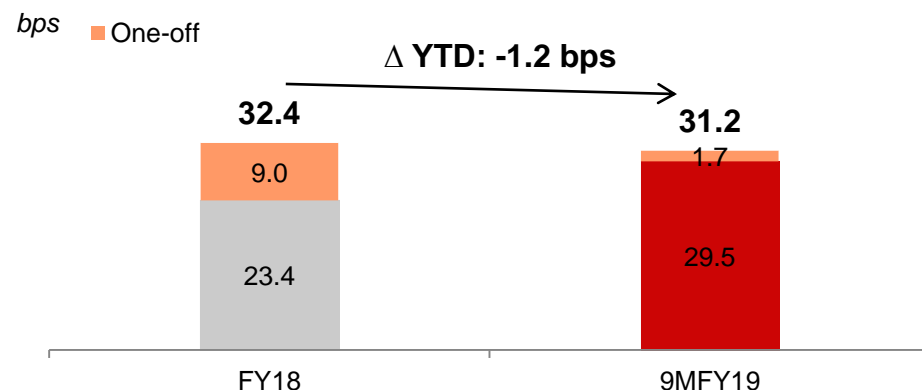
Net credit cost at 29.5 bps, within guidance

- a) 9MFY19 annualised net credit cost: 29.5 bps, within guidance (~35 bps)
- b) Excluding one-off, normalised net credit cost: 31.2 bps
- c) Normalised credit cost lower by 1.2 bps YTD, mainly driven by write back from repayment of several major business accounts from secured non-residential properties portfolio
- d) 3QFY19 GIL ratio improved by 15 bps YTD to 1.28%, 3rd lowest in the industry

Reported Annualised Net Credit Cost (bps)



Normalised Net Credit Cost (bps)



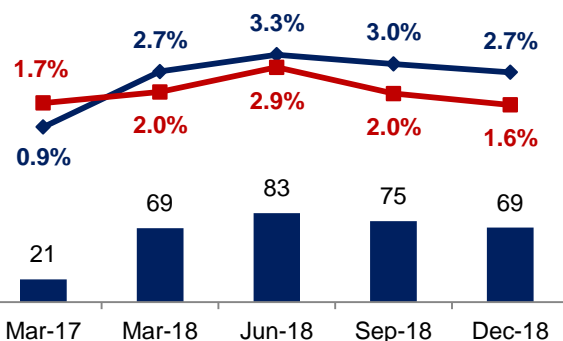
Note: Excluding one-off write back from credit rating scale alignment for corporates (9.0 bps) in 3QFY18 and one-off debt-sale (1.7 bps) in 1QFY19

Asset quality has shown improvement

1

Business Premises Financing

■ GIL (RM mil) ■ GIL% ■ 30+ dpd %



- Impairment continues to improve due to repayment from several major business accounts (GIL ratio improved to 2.7%)
- Delinquency trend continue to be on a downtrend
- Continue to limit new bookings for investment purpose

Portfolio Overview

Mitigating Proactive Actions

a

Origination

- Tightened Margin of Financing for investment related financing
- Increased DSR threshold

b

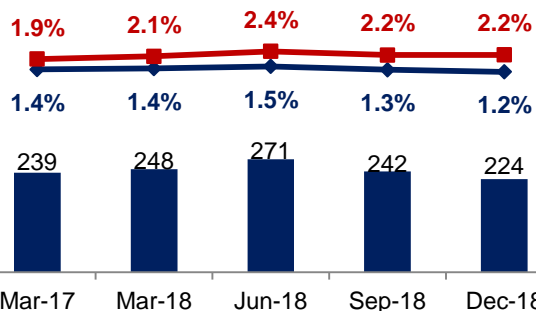
Portfolio Management

- Up-scaling resources to manage and enhance SME data quality and analytics capability

2

Mortgages (including AOA)

■ GIL (RM mil) ■ GIL% ■ 30+ dpd %



- The proactive collection programme has helped to improve the repayment in mortgage impairment accounts (GIL ratio improved to 1.2%)
- Delinquency trend continue to stabilise for mortgage and AOA portfolio

a

Origination

- Stricter valuation requirements
- Revised overdraft amortization policy
- Revised Debt-Service-Ratio (DSR) computation for refinancing

b

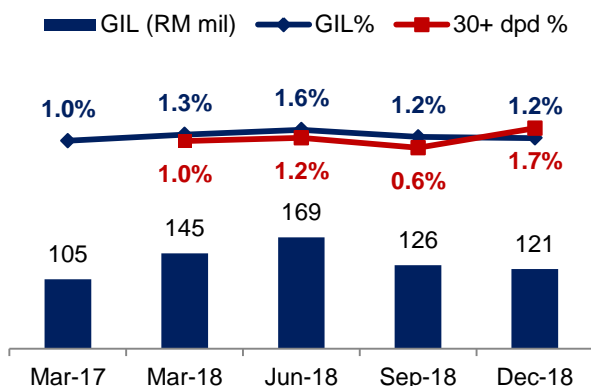
Portfolio Management

- Continued with the proactive collection programme

Continue proactive credit management practices

3

Corporate & Commercial



- Impairment continues to improve due to repayment from several major business accounts (GIL ratio improved to 1.2%)
- Uptick in delinquency in Dec-18 mainly from construction sector
- Real estate exposure has reduced from 20% in Dec17 to 14% in Dec18

Portfolio Overview

Mitigating Proactive Actions

a

Origination

- Very selective in new property and construction-related proposals
- Enhanced underwriting standards for real estate in line with BNM Credit Policy

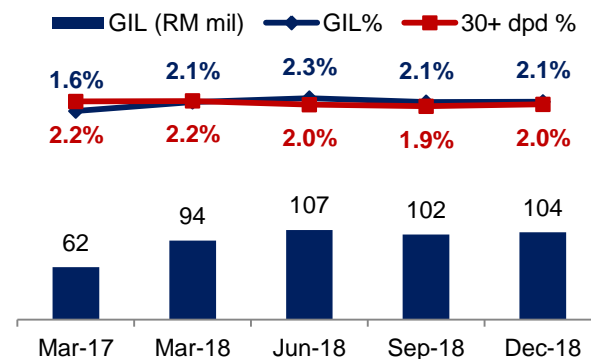
b

Portfolio Management

- Ongoing portfolio reviews, particularly in real estate and construction

4

SME Programme



- The delinquency and impairment trend has continued to stabilise post Jun-18

a

Origination

- Implemented new SME scorecard which covers SME Program (working capital) and mono products

b

Portfolio Management

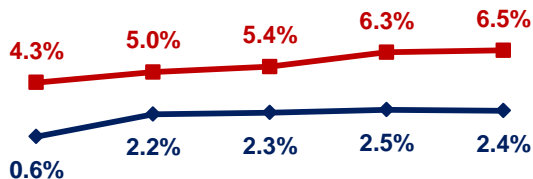
- Enhanced early warning process with new triggers
- Continue to intensify monthly collection efforts

Continue proactive credit management practices

5

Equipment Hire Purchase

■ GIL (RM mil) ■ GIL% ■ 30+ dpd %



- EHP is a relatively small portfolio with only RM0.5 billion loan balances in Dec-18
- GIL were mainly from construction related industry
- No major concern in EHP portfolio, EHP new bookings tapered down by 19% y-o-y

Portfolio Overview

Mitigating Proactive Actions

a

Origination

- Customer group exposure capped at RM10mil
- Introduced risk tiered maximum exposure limit

b

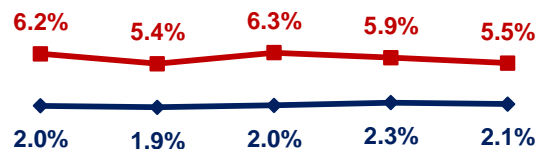
Portfolio Management

- Enhanced early warning process with new triggers
- Intensified monthly collection efforts

6

Personal Financing

■ GIL (RM mil) ■ GIL% ■ 30+ dpd lagged %



- Lagged indicators are better proxy for a growing portfolio
- Delinquency trend continue to improve and stabilise
- We continue to grow this portfolio

a

Origination

- Tightened underwriting policies for higher risk segments
- Implementation of Unsecured CTOS bureau score version 2

b

Portfolio Management

- Increased front-end collections capacity
- To implement collections auto-dialer

Continue to sustain capital position

a) Capital position remained strong:

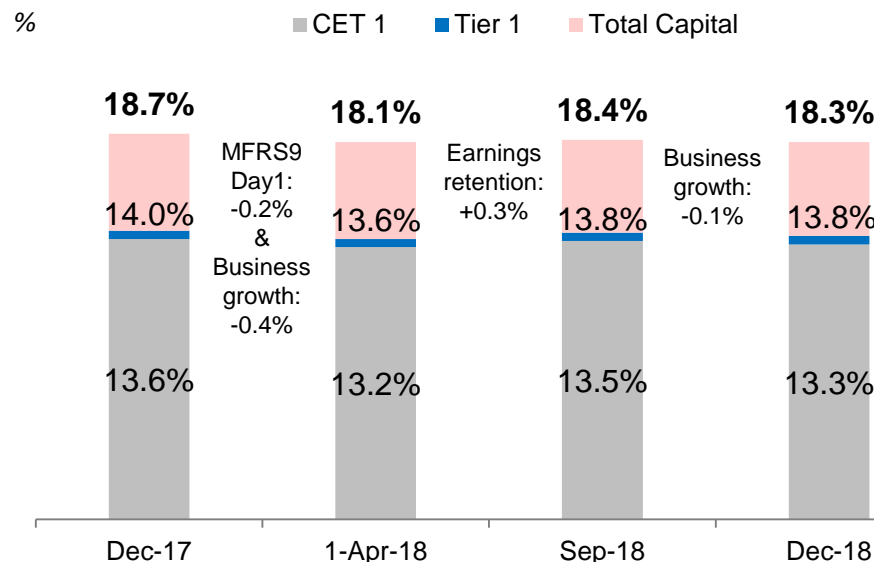
- CET-1 ratio: 13.3%
- Tier 1 ratio: 13.8%
- Total capital ratio: 18.3%

b) Proforma CET 1 ratio (including 3QFY19 profit) at Dec-18: 13.7% (+40bps)

c) Continue to support future business expansion:

- Conserving CET 1 capital through earnings retention net of dividend
- Capital programmes to manage Additional Tier 1 and Total Capital

Capital Position



Capital Ratios (after proposed dividends)	Alliance Bank Group (ABG)	Alliance Bank (ABMB)	Alliance Islamic Bank (AIS)	Alliance Investment Bank (AIB)
CET 1 Capital Ratio	13.3%	11.5%	11.6%	93.9%
Tier 1 Capital Ratio	13.8%	12.0%	11.6%	93.9%
Total Capital Ratio	18.3%	17.0%	14.5%	94.9%

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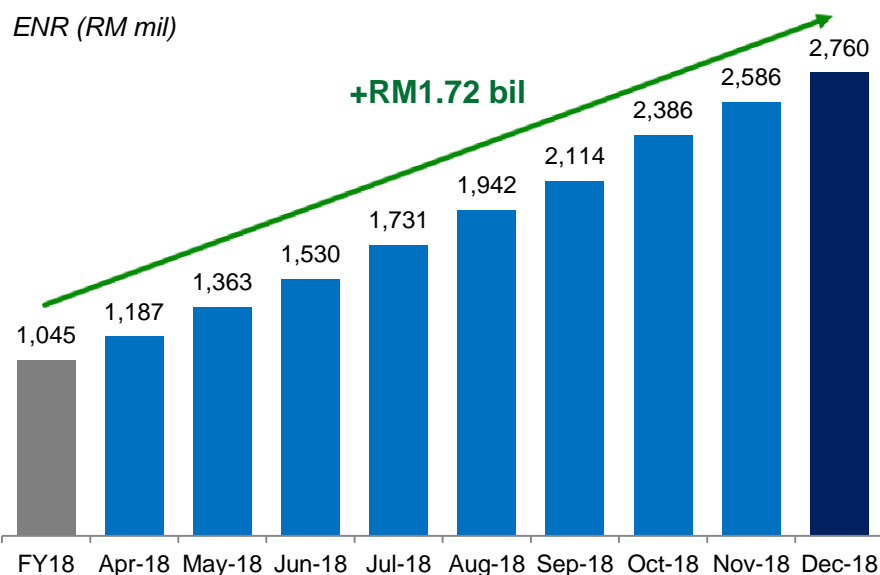
- 9MFY19

1 Alliance One Account: YTD progress update

9MFY19 YTD Progress

9MFY19: Accelerated AOA loan balances to >RM2.7 bil from RM1.0 bil in Mar 18

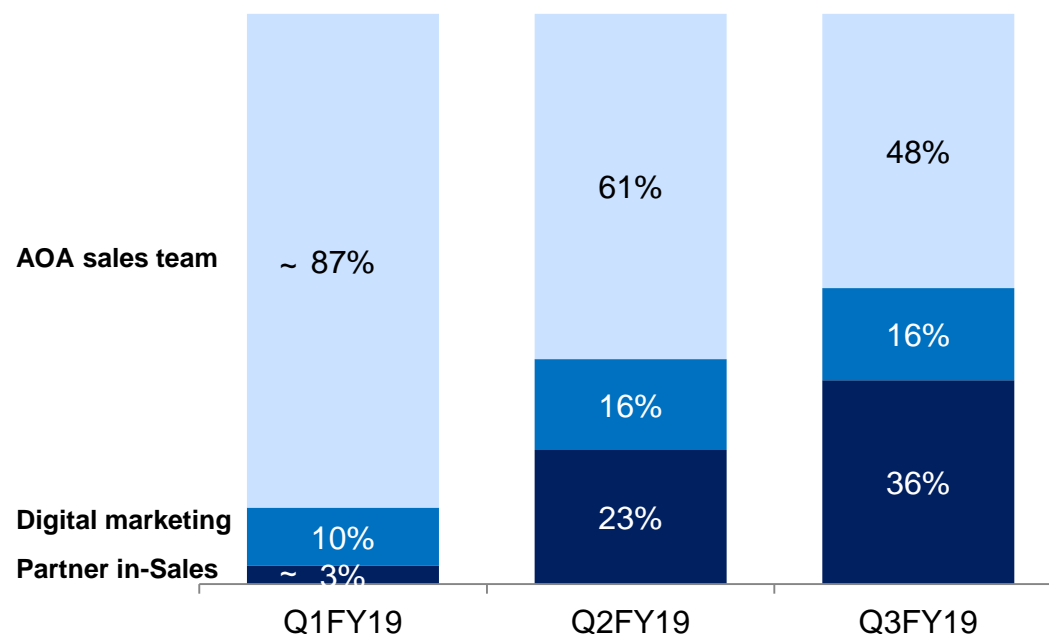
ENR (RM mil)



	9MFY18	9MFY19	Growth (%)
Loan approval (YTD)	RM1,559 mil	RM2,690 mil	73%
Loan disbursements (YTD)	RM685 mil	RM1,914 mil	179%

More than half of AOA bookings from our partners in-sales & Digital Marketing

% AOA approval of by channel



No. of Partner in-Sales	Q1FY19	Q2FY19	Q3FY19
	455	798	963

Where we are in the transformation journey

	FY19 Ambition		9MFY19 YTD Progress
1 AOA	<ul style="list-style-type: none"> Loan balances of RM4.2 billion in FY19 Loan disbursements of RM4.16 billion 	➤	<ul style="list-style-type: none"> Accelerated AOA loan balances to >RM2.7 billion from RM1.0 billion in Mar 18 YTD 9MFY19 loan disbursement at RM1.9 billion; about 3X higher than YTD 9MY18 Guidance: 3X higher y-o-y in loan balances (RM3.35 billion)
2 SME	<ul style="list-style-type: none"> Loan balances of RM9.4 billion in FY19 Loan disbursement of RM3.4 billion 	➤	<ul style="list-style-type: none"> +12% Y-o-Y growth for SME loan balances vs. stagnant industry growth YTD 9MFY19 loans disbursements at RM1.7 billion (+45% vs. 9MFY18) Guidance: +10.5% Y-o-Y in loan balances (RM8.7 billion)
3 Alliance@Work	<ul style="list-style-type: none"> >20,000 new local employee CASA accounts >1,000 new company payroll accounts 	➤	<ul style="list-style-type: none"> YTD 9MFY19: >18,600 new local employee accounts opened Acquired >860 new company payroll accounts YTD CASA balance built up to >RM110 million
4 Digital	<ul style="list-style-type: none"> Digitizing key processes at branches to improve customer experience (e.g. CASA STP account opening) Driving mobile banking usage 	➤	<ul style="list-style-type: none"> Piloted CASA STP account opening since Oct 18. Full launch in 4QFY19 <ul style="list-style-type: none"> Paperless, <15 minutes turnaround time YTD: >38,000 mobile banking users

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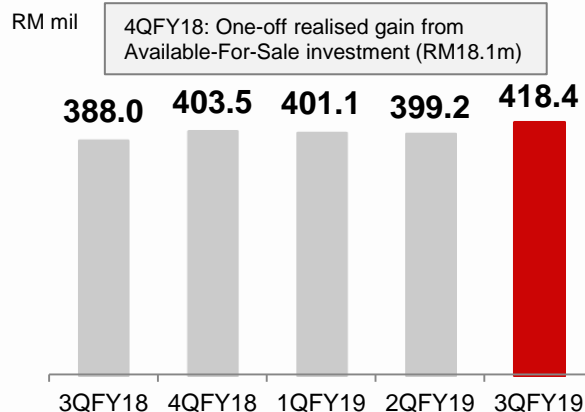
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Appendix - Financial Results:

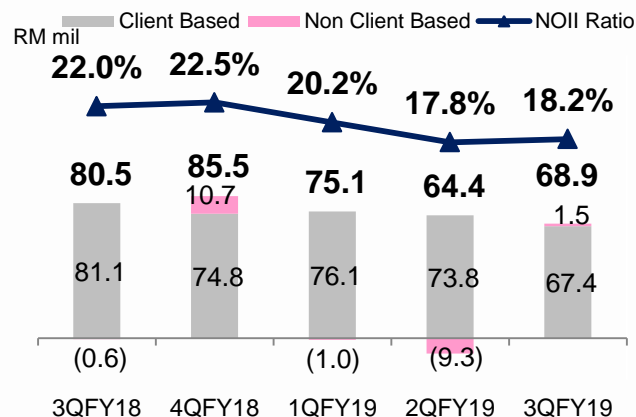
- 9MFY19

Net profit after tax: RM148.9 million

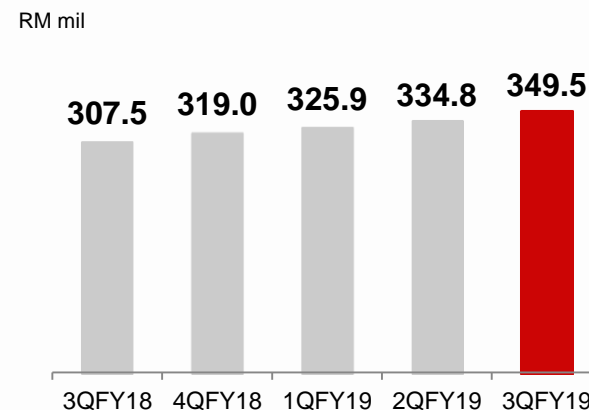
Revenue



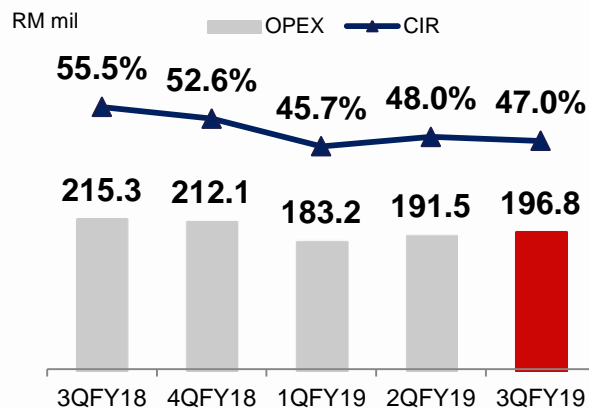
Non Interest Income^ & NOII Ratio



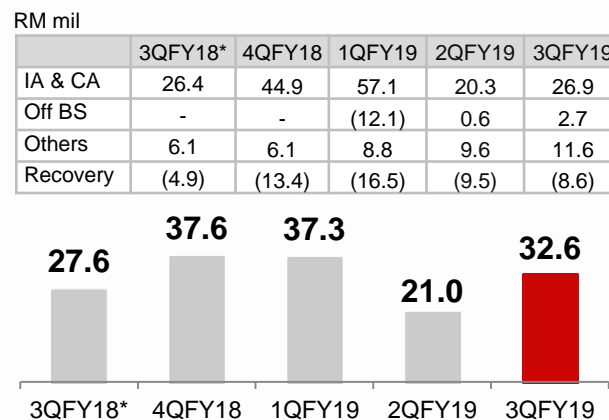
Net Interest Income & Islamic Banking Income



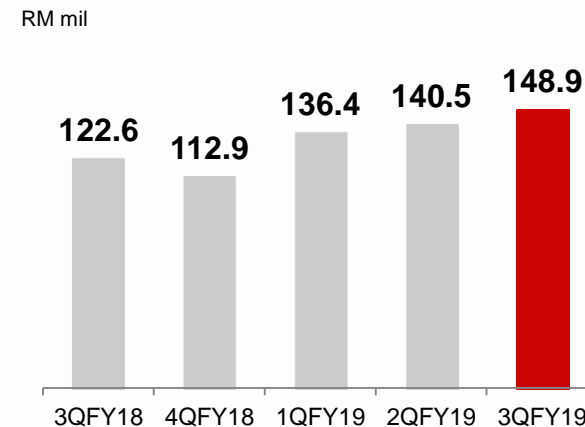
Operating Expenses & CIR Ratio



Credit Cost *



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	2QFY19 RM mil	3QFY19 RM mil	Q-o-Q Change Better / (Worse)	
			RM mil	%
Net Interest Income	246.7	254.9	14.5	4.4%
Islamic Net Financing Income	81.0	87.3		
Islamic Non-Financing Income	7.0	7.3	4.7	6.6%
Non-Interest Income	64.5	68.9		
Net Income *	399.2	418.4	19.2	4.8%
OPEX	191.5	196.8	(5.3)	(2.8%)
Pre-Provision Operating Profit (PPOP)	207.7	221.6	13.9	6.7%
Net Credit Cost & impairment^	20.9	32.4	(11.5)	(55.0%)
Pre-tax profit	186.8	189.2	2.4	1.3%
Net Profit After Tax	140.5	148.9	8.4	6.0%

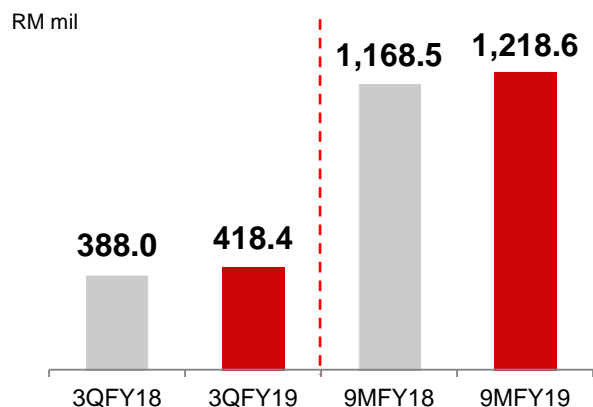
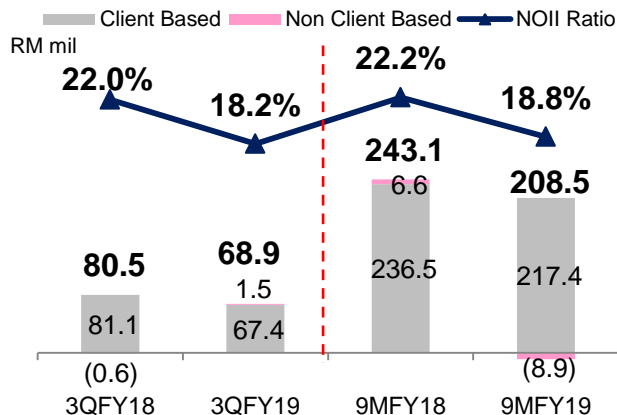
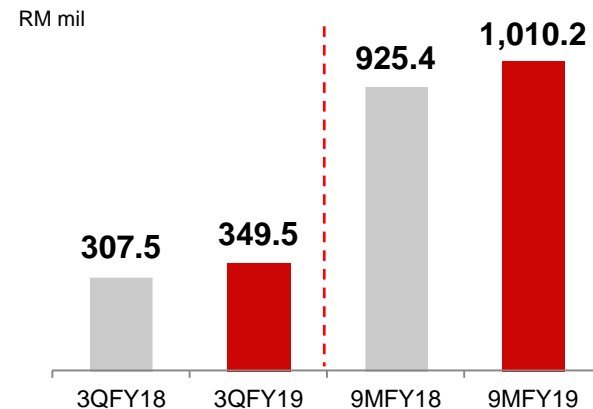
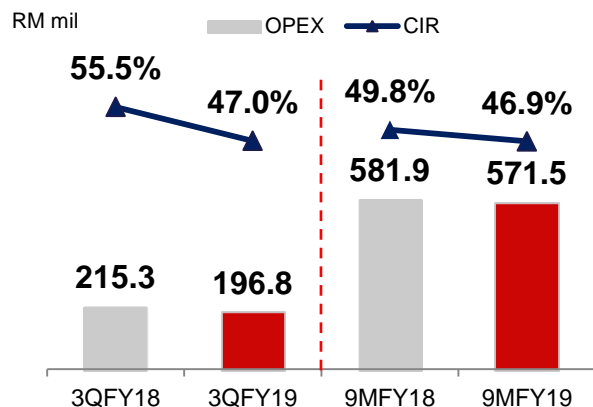
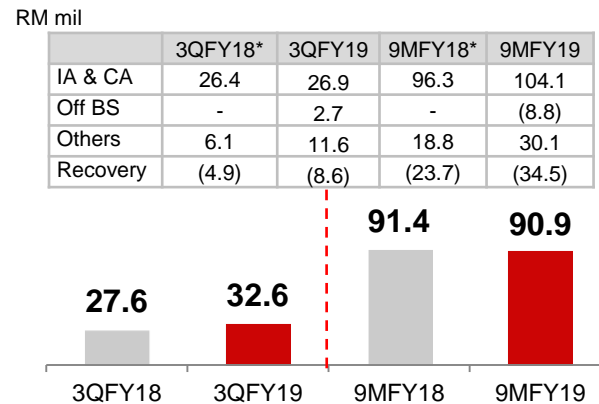
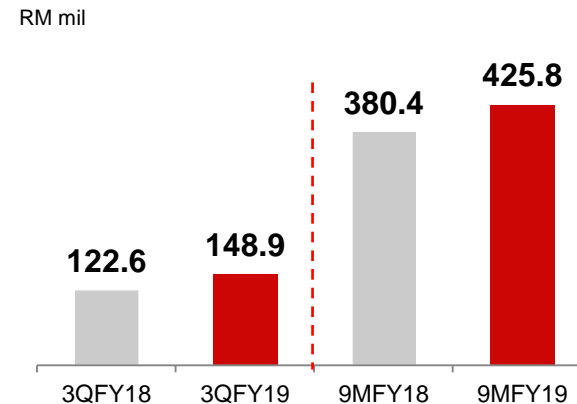
- ❑ **Net profit after tax** increased by RM8.4 mil or 6.0% q-o-q, driven by:
 - **Higher revenue** of RM19.2 mil or 4.8% q-o-q :
 - Higher net interest income on higher net interest margin (+11 bps q-o-q)
 - Higher non-interest income on higher realised gain of financial investments
 - Partly offset by **higher operating expenses** mainly due to higher establishment expenses
 - **Higher net credit cost** mainly due to provision of several business accounts

Notes:

* Revenue

^ Allowance/ (Write back) for losses on loans & financing and other assets

* Inclusive of Islamic Banking Income

9MFY19 net profit after tax: RM425.8 million
Revenue

Non Interest Income^ & NOII Ratio

Net Interest Income & Islamic Banking Income

Operating Expenses & CIR Ratio

Credit Cost *

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	3QFY18 RM mil	3QFY19 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	228.7	254.9	39.6	13.0%
Islamic Net Financing Income	73.7	87.3		
Islamic Non-Financing Income	4.9	7.3	(9.2)	(10.7%)
Non-Interest Income	80.5	68.9		
Net Income *	388.0	418.4	30.4	7.8%
OPEX	215.3	196.8	18.5	8.6%
Pre-Provision Operating Profit (PPOP)	172.7	221.6	48.9	28.3%
Net Credit Cost & impairment^	(8.0)	32.4	(40.4)	(505.0%)
Pre-tax profit	180.7	189.2	8.5	4.7%
Net Profit After Tax	122.6	148.9	26.3	21.5%

□ **3QFY19 net profit after tax** surged RM26.3 mil or 21.5% y-o-y, driven by:

- **Revenue** growth of RM30.4mil or 7.8% y-o-y:
 - increase in net interest income⁺ on improved asset mix from better risk adjusted return (“RAR”) loans and OPR hike impact
 - Partly offset by lower non-interest income:
 - Lower fee income from wealth management
 - Lower fee income from credit card business
- **Lower operating expenses** mainly due to the absence of one-off restructuring cost incurred in previous corresponding quarter
- Partly offset by **higher net credit cost** mainly due to provision of several business accounts in contrast to one-off write back from credit rating scale alignment for corporates in previous corresponding quarter.

Notes:

* Revenue

^ Allowance/ (Write back) for losses on loans & financing and other assets

* Inclusive of Islamic Banking Income

Income Statement	9MFY18 RM mil	9MFY19 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	690.5	744.8	81.6	9.0%
Islamic Net Financing Income	218.1	245.4		
Islamic Non-Financing Income	16.8	20.0	(31.4)	(12.1%)
Non-Interest Income	243.1	208.5		
Net Income *	1,168.5	1,218.7	50.2	4.3%
OPEX	581.9	571.5	10.4	1.8%
Pre-Provision Operating Profit (PPOP)	586.6	647.2	60.6	10.3%
Net Credit Cost & impairment^	55.8	90.1	(34.3)	(61.5%)
Pre-tax profit	530.8	557.1	26.3	5.0%
Net Profit After Tax	380.4	425.8	45.4	12.0%

□ **Net profit after tax** grew RM45.4 mil or 12.0% y-o-y, driven by:

- **Higher revenue of RM50.2 mil or 4.3% y-o-y::**
 - increase in net interest income⁺ on improved asset mix with better risk adjusted return (“RAR”) loans growth (+26.6% y-o-y) and higher rate due to OPR hike
 - Partly offset by **lower non-interest income**:
 - Lower treasury and investment income
 - Higher net interest expense on structured investment (fair value option)
 - Lower fee income from wealth management and credit card business
- **Lower operating expenses** mainly due to the absence of one-off restructuring cost incurred in previous year and savings from Goods & Services Tax (GST) abolishment
- Partly offset by **higher net credit cost** mainly due to the absence of one-off write back from credit rating scale alignment for corporates undertaken in previous year

Notes:

* Revenue

^ Allowance/ (Write back) for losses on loans & financing and other assets

* Inclusive of Islamic Banking Income

Balance Sheet	Sep 18 RM bil	Dec 18 RM bil	Q-o-Q Change	
			RM bil	%
Total Assets	54.3	54.3	-	-
Treasury Assets*	9.4	9.5	0.1	1.0%
Net Loans	40.6	41.0	0.4	1.1%
CASA Deposits	16.0	16.2	0.2	1.4%
Customer Based Funding ⁺	44.0	43.3	(0.7)	(1.5%)
Shareholders' Funds	5.6	5.6	-	-
Net Loans Growth (y-o-y)	5.1%	5.8%		
CASA Deposits Growth (y-o-y)	0.6%	1.9%		
Customer Based Funding ⁺ Growth (y-o-y)	0.7%	6.1%		

- **Net loans** increased 1.1% to RM41.0 bil (vs industry: +1.4%^).
- **Better RAR loans** grew 5.7% q-o-q while lower RAR loans contracted 1.8% q-o-q:
 - SME loans growth of 1.5% q-o-q (vs industry: -0.1%#)
 - Continued strong build up for Alliance One Account (+RM646 mil or 30.6% q-o-q).
- **CASA deposits** grew by 1.4% (industry: 2.9%^).
- **Customer based funding** decreased by 1.5% q-o-q mainly on lower fixed deposits
- **Liquidity coverage ratio:** 136.0% (vs 167.7% in September 2018, industry: 143.2%^).

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 December 2018

industry SME loan growth based on December 2018 statistics

Balance Sheet	Mar 18 RM bil	Dec 18 RM bil	YTD Change	
			RM bil	%
Total Assets	53.9	54.3	0.4	0.7%
Treasury Assets*	9.0	9.5	0.5	5.5%
Net Loans	40.0	41.0	1.0	2.6%
CASA Deposits	16.0	16.2	0.2	1.8%
Customer Based Funding ⁺	43.6	43.3	(0.3)	(0.7%)
Shareholders' Funds	5.5	5.6	0.1	2.1%
Net Loans Growth (y-o-y)	2.6%	5.8%		
CASA Deposits Growth (y-o-y)	3.1%	1.9%		
Customer Based Funding ⁺ Growth (y-o-y)	4.1%	6.1%		

- **Net loans** increased by 2.6% year-to-date (YTD)
- **Better RAR loans** grew 18.4% YTD while lower RAR loans contracted 5.7%:
 - SME loans growth of 4.7% YTD (industry: -0.5%#)
 - Continued strong build up for Alliance One Account (+RM1.7 bil)
 - Personal Financing growth of 21.5% YTD
- **CASA deposits** grew 1.3% YTD (industry: +1.9%^).
- **Customer based funding** decreased by 0.7% YTD mainly on lower money market deposits
- **Liquidity coverage ratio:** 136.0% (vs 159.9% in March 2018, industry: 143.2%^).

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 December 2018

industry SME loan growth based on December 2018 statistics

Balance Sheet	Dec 17 RM bil	Dec 18 RM bil	Y-o-Y Change	
			RM bil	%
Total Assets	52.3	54.3	2.0	3.8%
Treasury Assets*	9.8	9.5	(0.3)	(2.6%)
Net Loans	38.8	41.0	2.2	5.8%
CASA Deposits	15.9	16.2	0.3	1.9%
Customer Based Funding ⁺	40.8	43.3	2.5	6.1%
Shareholders' Funds	5.3	5.6	0.3	4.7%
Net Loans Growth (y-o-y)	(0.4%)	5.8%		
CASA Deposits Growth (y-o-y)	4.3%	1.9%		
Customer Based Funding ⁺ Growth (y-o-y)	0.8%	6.1%		

- **Net loans** grew 5.8% y-o-y (vs industry: +5.6%^).
- **Better RAR loans** grew 26.6% y-o-y while lower RAR loans contracted 4.6% y-o-y:
 - SME loans grew 7.8% y-o-y (vs industry: +0.1%#)
 - Continued strong build up for Alliance One Account (AOA) (+RM2.2 bil y-o-y)
 - Personal Financing grew 28.7% y-o-y
- **CASA deposits** grew 1.9% y-o-y (industry: +1.2%^)
- **Customer based funding** rose 6.1% mainly contributed by fixed deposits growth to fund AOA and Personal Financing growth.
- **Liquidity coverage ratio:** 136.0% (vs 159.9% in December 2017, industry: 143.2%^).

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 December 2018

industry SME loan growth based on December 2018 statistics

	Financial Ratios	3QFY18	2QFY19	3QFY19	9MFY18	9MFY19
Shareholder Value	Return on Equity	9.3%	10.3%	10.7%	9.8%	10.3%
	Earnings per Share	8.0sen	9.1sen	9.6sen	24.7sen	27.5sen
	Net Assets per Share	RM3.44	RM3.59	RM3.60	RM3.44	RM3.60
Efficiency	Net Interest Margin	2.38%	2.45%	2.56%	2.36%	2.48%
	Non-Interest Income Ratio	22.0%	17.8%	18.2%	22.2%	18.8%
	Cost to Income Ratio	55.5%	48.0%	47.0%	49.8%	46.9%
Balance Sheet Growth	Net Loans (<i>RM bil</i>)	38.8	40.6	41.0	38.8	41.0
	Total Deposits (<i>RM bil</i>)	40.4	42.9	42.6	40.4	42.6
Asset Quality	Credit cost (basis points) (annualised)	(8.1)	20.5	31.4	18.9	29.5
	Gross Impaired Loans Ratio	1.2%	1.4%	1.3%	1.2%	1.3%
	Net Impaired Loans Ratio	0.8%	0.9%	0.8%	0.8%	0.8%
	Loan Loss Coverage Ratio^	116.2%	114.9%	125.9%	116.2%	125.9%
Liquidity	CASA Ratio	39.5%	37.3%	38.1%	39.5%	38.1%
	Loan to Deposit Ratio	96.8%	95.5%	97.2%	96.8%	97.2%
	Loan to Fund Ratio	87.2%	86.3%	87.9%	87.2%	87.9%
	Liquidity Coverage Ratio	132.0%	167.7%	136.0%	132.0%	136.0%
Capital	Common Equity Tier 1 Capital Ratio	13.6%	13.5%	13.3%	13.6%	13.3%
	Tier 1 Capital Ratio	14.0%	13.9%	13.8%	14.0%	13.8%
	Total Capital Ratio	18.7%	18.4%	18.3%	18.7%	18.3%

THANK YOU

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