

# Building Alliances to Improve Lives

## Analyst Briefing 9MFY21

26 February 2021





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- Managing Risk

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# 9MFY21 Performance Highlights

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## Revenue & Franchise Development

- Revenue grew **9.3% y-o-y** to **RM1.37 billion**
- Net interest income grew by **2.0% y-o-y**, despite OPR cut impact
  - ✓ SME & consumer loans growth: **+3.8% & +0.4% y-o-y respectively** (Overall: -0.8% y-o-y)
  - ✓ Net interest margin at **2.23% (-12 bps y-o-y)**
- Non-interest income grew **35.8% y-o-y**
- Customer based funding: **-1.0% y-o-y**, due to funding optimisation (CASA ratio: 44.6%)
- Cost to Income Ratio improved to **41.4%**, **Positive JAWS: +14.8%**
- PPOP grew **22.9% y-o-y** to **RM803.2 million**

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## Managing Risk

- Net credit cost at **91.3 bps** (including management overlay of **51.5 bps**)
- Liquidity and capital positions remained **strong**
  - ✓ Liquidity coverage ratio at **153.0%**
  - ✓ CET-1 ratio: **16.3%**; Total capital ratio: **21.7%**

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## FY21 Strategic Priorities Progress

### COVID-19 Management

- **86%** continued full repayments (12% partial repayments)
- Granted **RM6.3 billion financial assistance** to date:
  - ✓ **82%** Payment Relief Assistance (PRA) (RM5.2 billion) and
  - ✓ **18%** extended moratorium (RM1.1 billion)

### Accelerate digitisation

#### Continued good progress in digitisation initiatives:

- **Business CASA STP** currently accounts for 70% of total account opening
- **eTrade** submissions: near to 30% of trade volume
- **Digital applications for Personal Loans (PL)**: increased to 14% of total PL
- **Digital transaction volume** improved almost 40% y-o-y

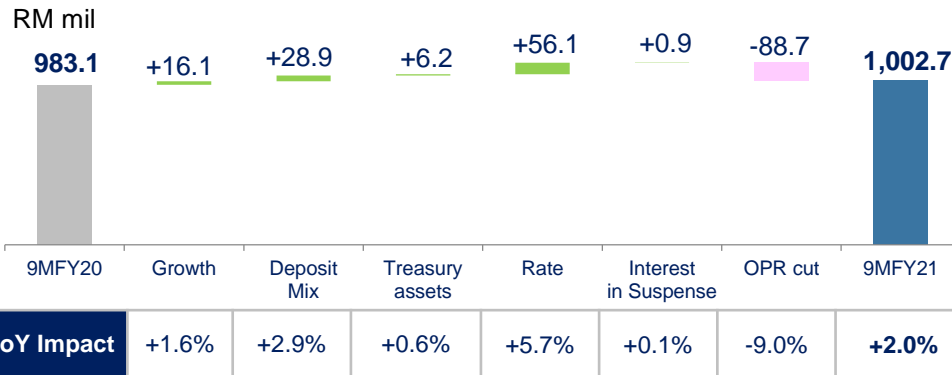
# Revenue up 9.3% y-o-y, PPOP up 22.9% y-o-y

Income Statement	2QFY21 RM mil	3QFY21 RM mil	Q-o-Q Change Better / (Worse)		9MFY20 RM mil	9MFY21 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%			RM mil	%
Net Interest Income	339.4	336.2	(3.2)	(1.0%)	983.1	1,002.7	19.5	2.0%
Non-Interest Income	135.0	139.6	4.5	3.4%	271.8	369.1	97.3	35.8%
<b>Revenue</b>	<b>474.4</b>	<b>475.7</b>	<b>1.3</b>	<b>0.3%</b>	<b>1,254.9</b>	<b>1,371.8</b>	<b>116.8</b>	<b>9.3%</b>
OPEX	190.6	191.2	(0.6)	(0.3%)	601.6	568.5	33.1	5.5%
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>283.8</b>	<b>284.5</b>	<b>0.7</b>	<b>0.2%</b>	<b>653.3</b>	<b>803.2</b>	<b>149.9</b>	<b>22.9%</b>
Net Credit Cost & Impairments	150.9	150.5	0.4	0.3%	215.9	396.5	(180.6)	(83.6%)
- BAU	(0.2)	136.2	(136.4)	(>100%)	215.9	172.9	43.0	19.9%
- Management Overlay	151.1	14.3	136.8	90.5%	-	223.6	(223.6)	(>100%)
<b>Pre-tax Profit</b>	<b>132.9</b>	<b>134.0</b>	<b>1.1</b>	<b>0.8%</b>	<b>437.5</b>	<b>406.8</b>	<b>(30.7)</b>	<b>(7.0%)</b>
<b>Net Profit After Tax</b>	<b>103.9</b>	<b>100.5</b>	<b>(3.5)</b>	<b>(3.4%)</b>	<b>326.2</b>	<b>308.7</b>	<b>(17.5)</b>	<b>(5.4%)</b>

# Net interest income grew by 2.0% y-o-y

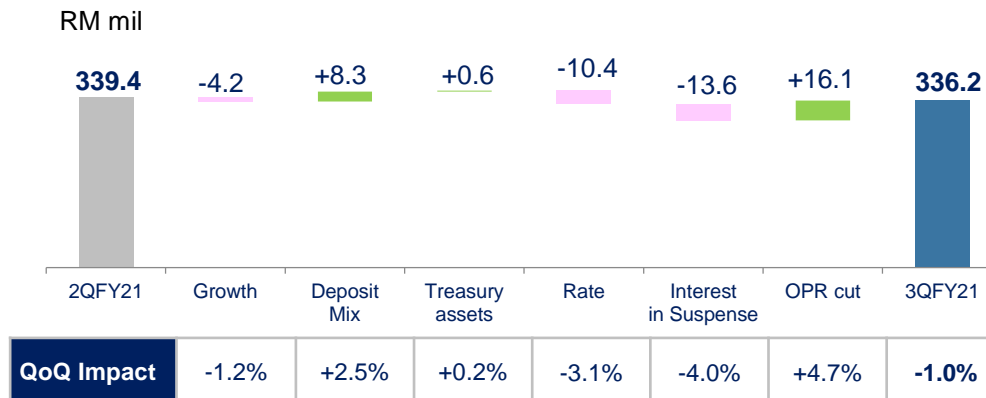
- a) Despite OPR cut impact, net interest income improved 2.0% y-o-y due to lower funding cost and better deposit mix:

## Y-o-Y impact:



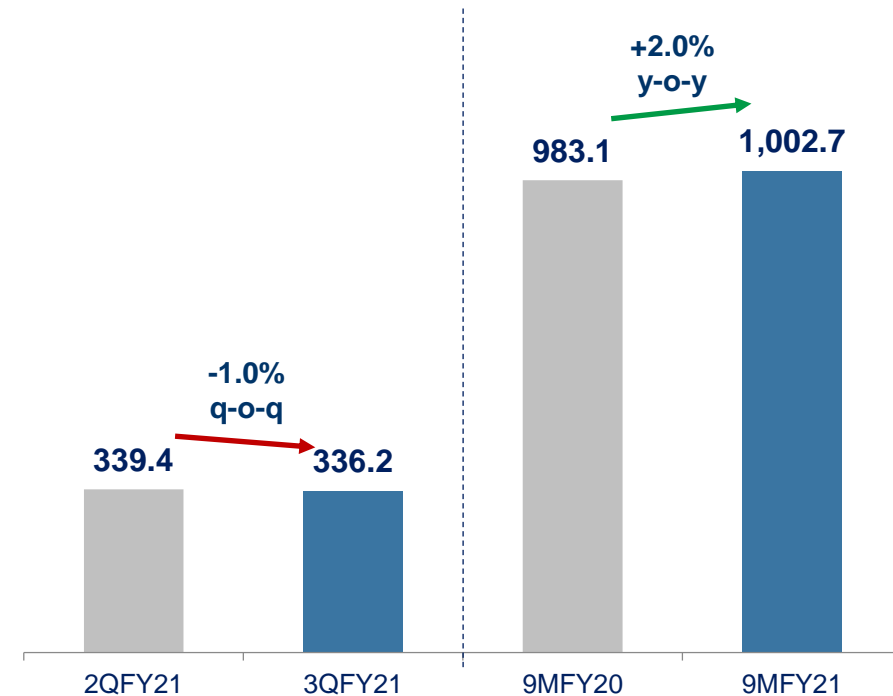
- b) Q-o-Q: dragged by slower loans growth and interest in suspense post-moratorium:

## Q-o-Q impact:



## Net Interest Income

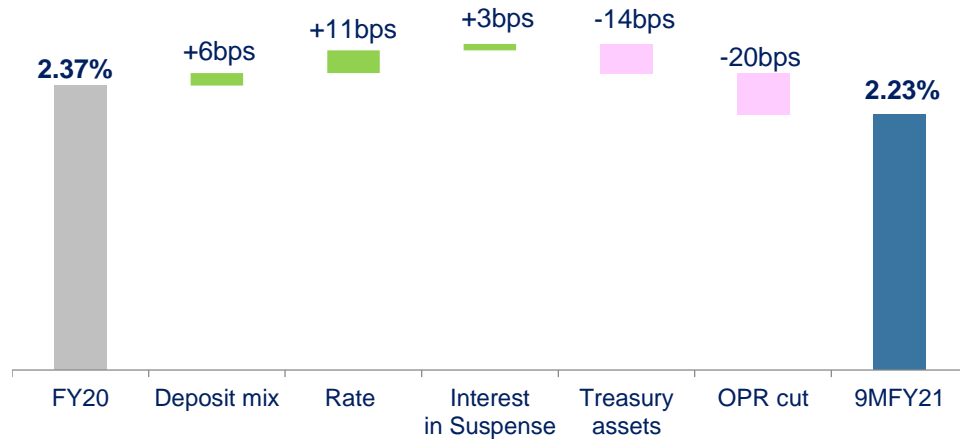
RM mil



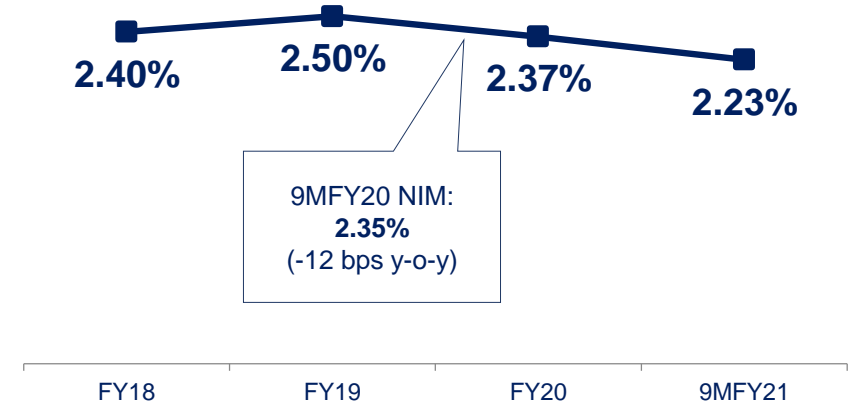


# NIM at 2.23%

- NIM mainly impacted by OPR cuts:

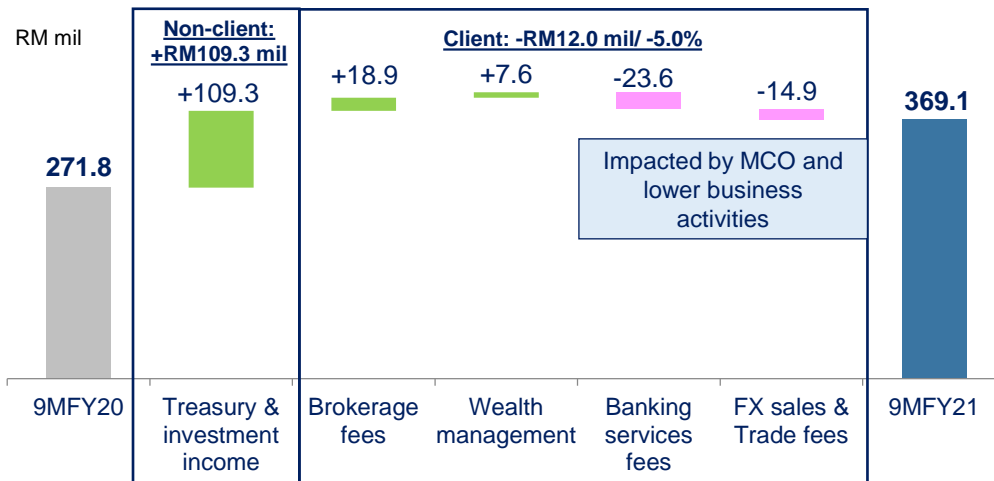


## Net Interest Margin Trend

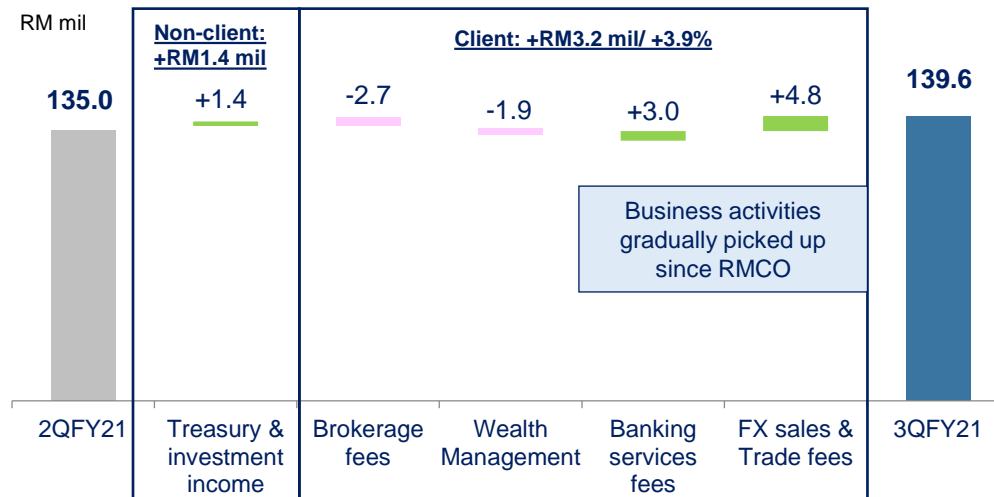


# Non-interest income grew 35.8% y-o-y

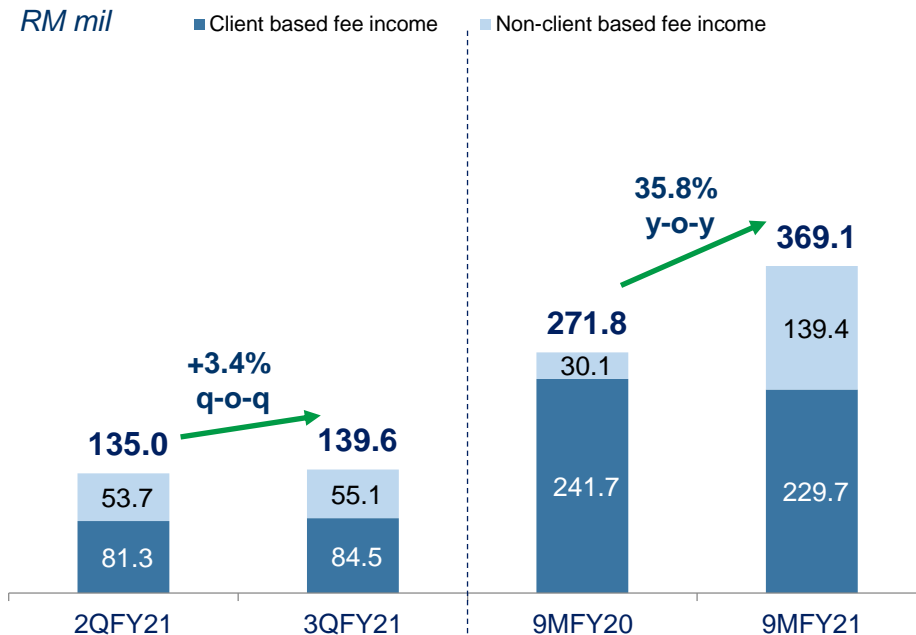
- a) Non-interest income grew 35.8% y-o-y mainly driven by higher treasury income:



- b) Q-o-Q: non-interest income grew 3.4% mainly from pick-up in client-based fee income:

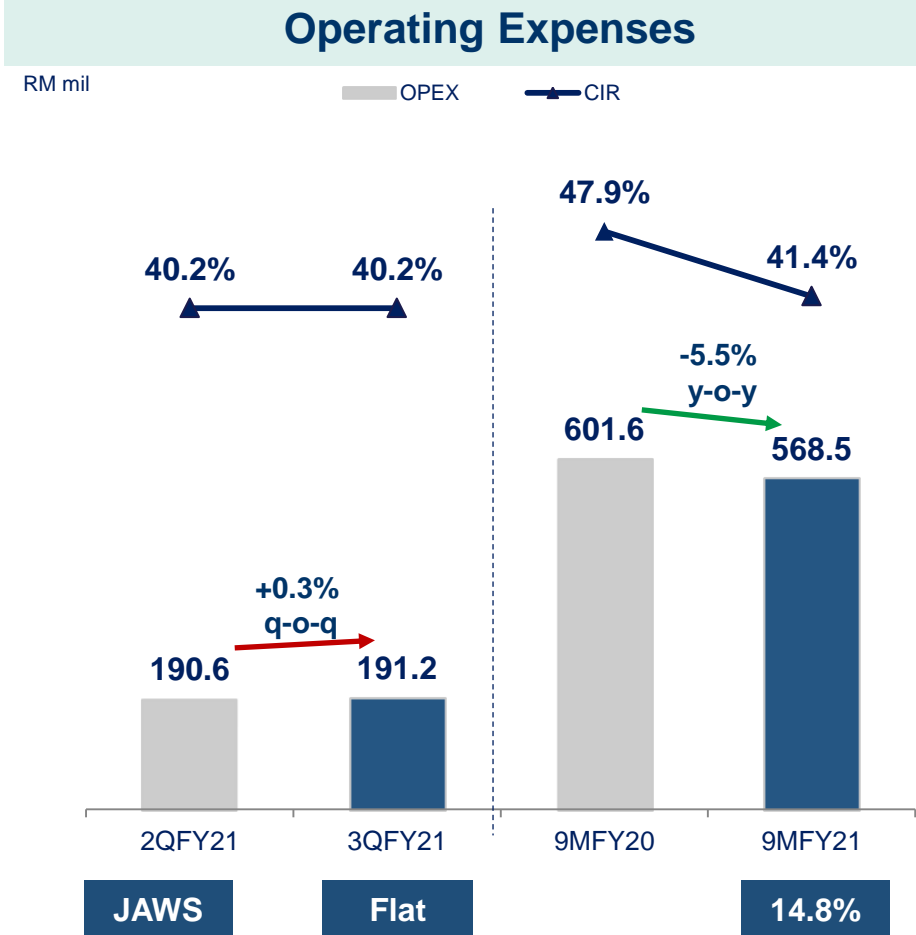


## Non-interest income



# Cost to Income Ratio improved to 41.4%

- a) 9MFY21 cost to income ratio improved to 41.4%
- b) Lower operating expenses by 5.5% y-o-y:
  - Lower personnel expenses from moderated compensation and restricted hiring
  - Continue to lower discretionary expenses in IT & professional fees
- c) QoQ: Cost to income ratio remained stable at 40.2% (3QFY21 OPEX includes higher marketing cost)
- d) FY21 OPEX guidance:  $\leq$  FY20 level

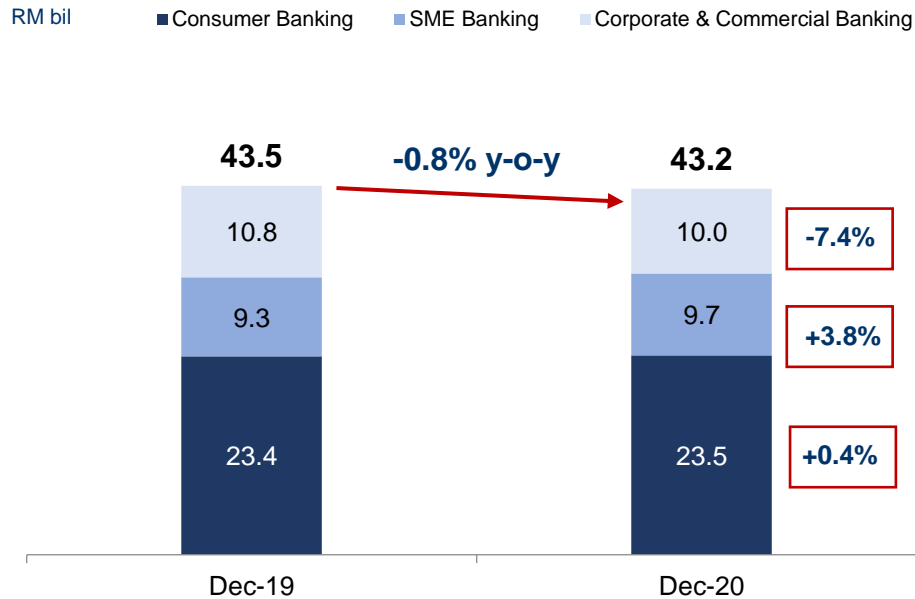






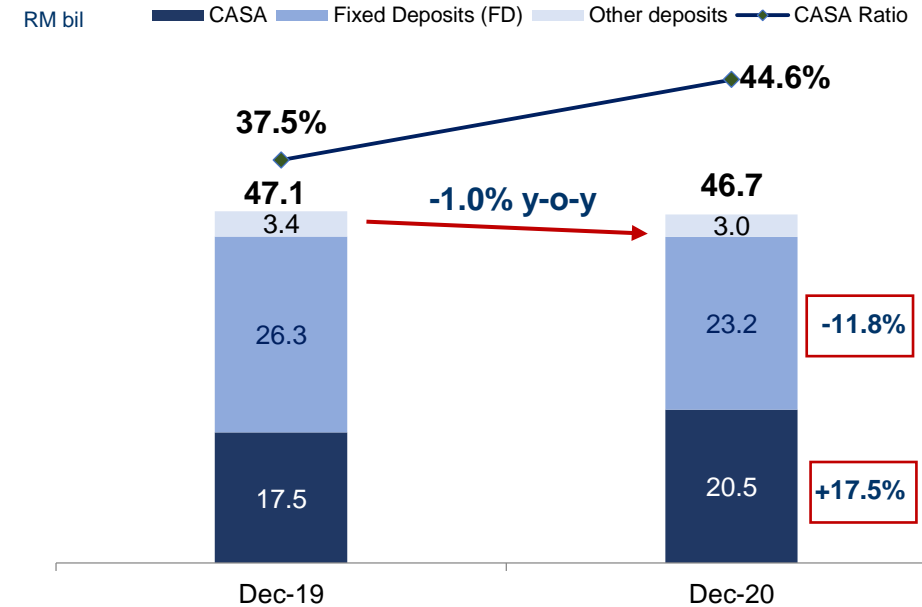
# Loans and funding declined marginally, but mix improved

## Gross Loans



- Gross loans: -RM340 mil or -0.8% y-o-y
  - SME: +3.8% y-o-y (mainly SRF +RM559.5 mil)
  - Consumer Banking: +0.4%/ +RM0.1 bil y-o-y
    - Alliance One Account: +RM0.8 bil y-o-y
    - Personal Financing: +RM52.0 mil y-o-y
  - GCC: -7.4% / -RM0.8 bil y-o-y

## Customer Based Funding

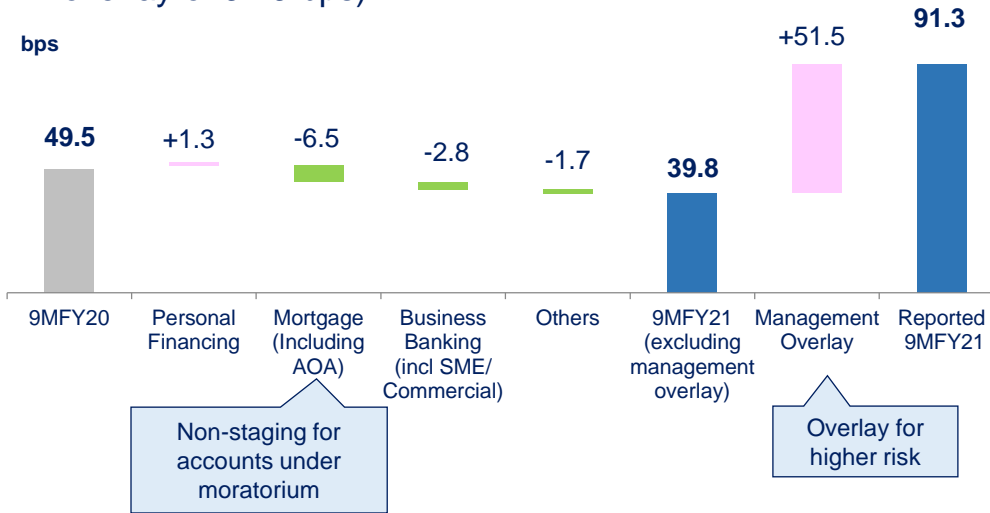


- Customer based funding: -RM0.5 bil or -1.0% y-o-y
  - Fixed deposits: -11.8% due to funding optimisation
- CASA: +RM3.1 bil or 17.5% y-o-y, thanks to:
  - Alliance SavePlus: +RM1.5 bil y-o-y
  - Alliance@Work: +RM0.3 bil y-o-y
  - Other CASA: RM1.2 bil y-o-y

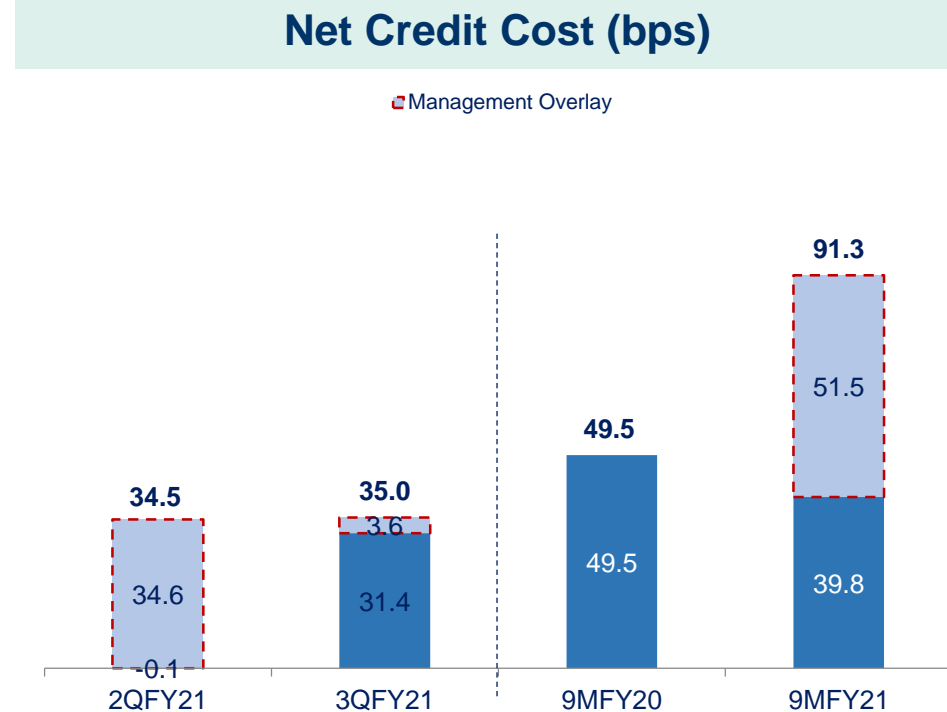


# Net credit cost at 91.3bps (management overlay 51.5 bps)

a) 9MFY21 net credit cost = 91.3bps (includes management overlay of 51.5 bps):



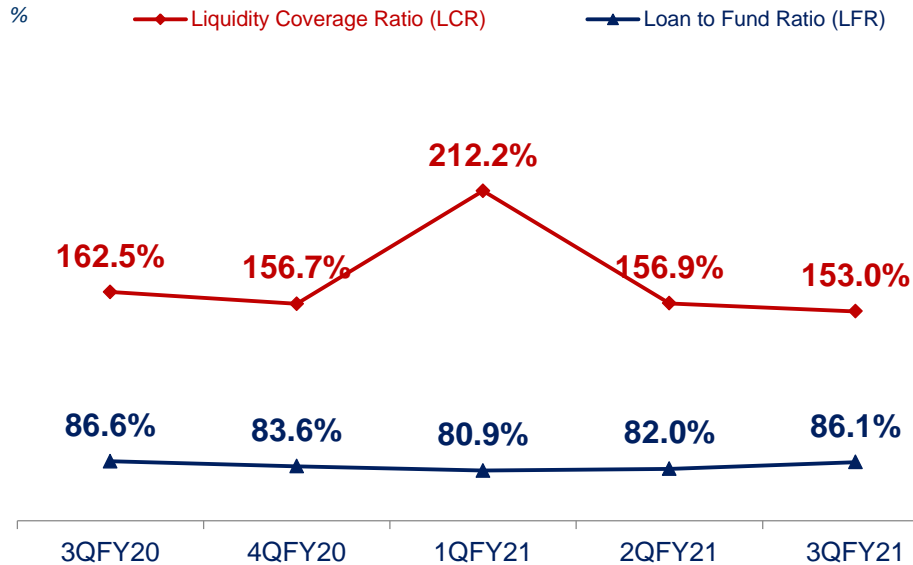
b) Revised net credit cost guidance: around 120 bps - 125 bps





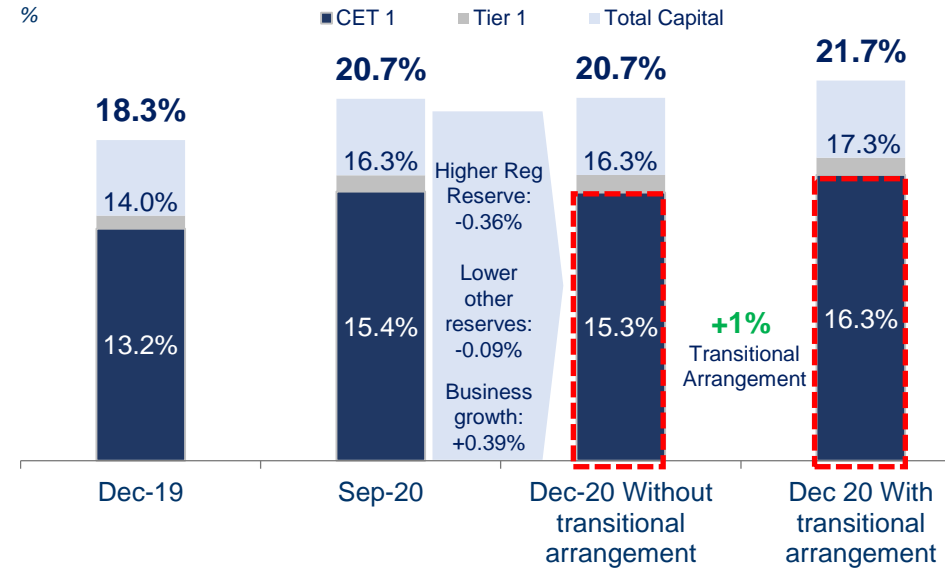
# Liquidity and capital position remained strong

## Liquidity: LCR, LFR



- Liquidity coverage ratio (LCR) remained high at 153.0% (industry\*: 148.2%)
- Loan to fund ratio at 86.1% (industry\*: 82.5%)
- Net stable funding ratio (NSFR) at 124.2%

## Capital Position



- Capital position improved by 1.0% with the adoption of transitional arrangement\*:
- Continue to prioritise capital conservation to support future business expansion:
  - Continue to conserve CET1 capital through earnings retention
  - Successfully refinanced all the existing Tier-2 sub-debts of RM1.2 billion in 3QFY21

\* Transitional arrangement:-

Financial institutions which elect to apply the transitional arrangement are allowed to add back a portion of the S1 and S2 for ECL to CET1 over a four-year period from FY beginning 2020 or a three-year period from FY beginning 2021.



# Contents

## 1 9MFY21 Financial Performance

- Revenue & Franchise Development
- Effective Risk Management

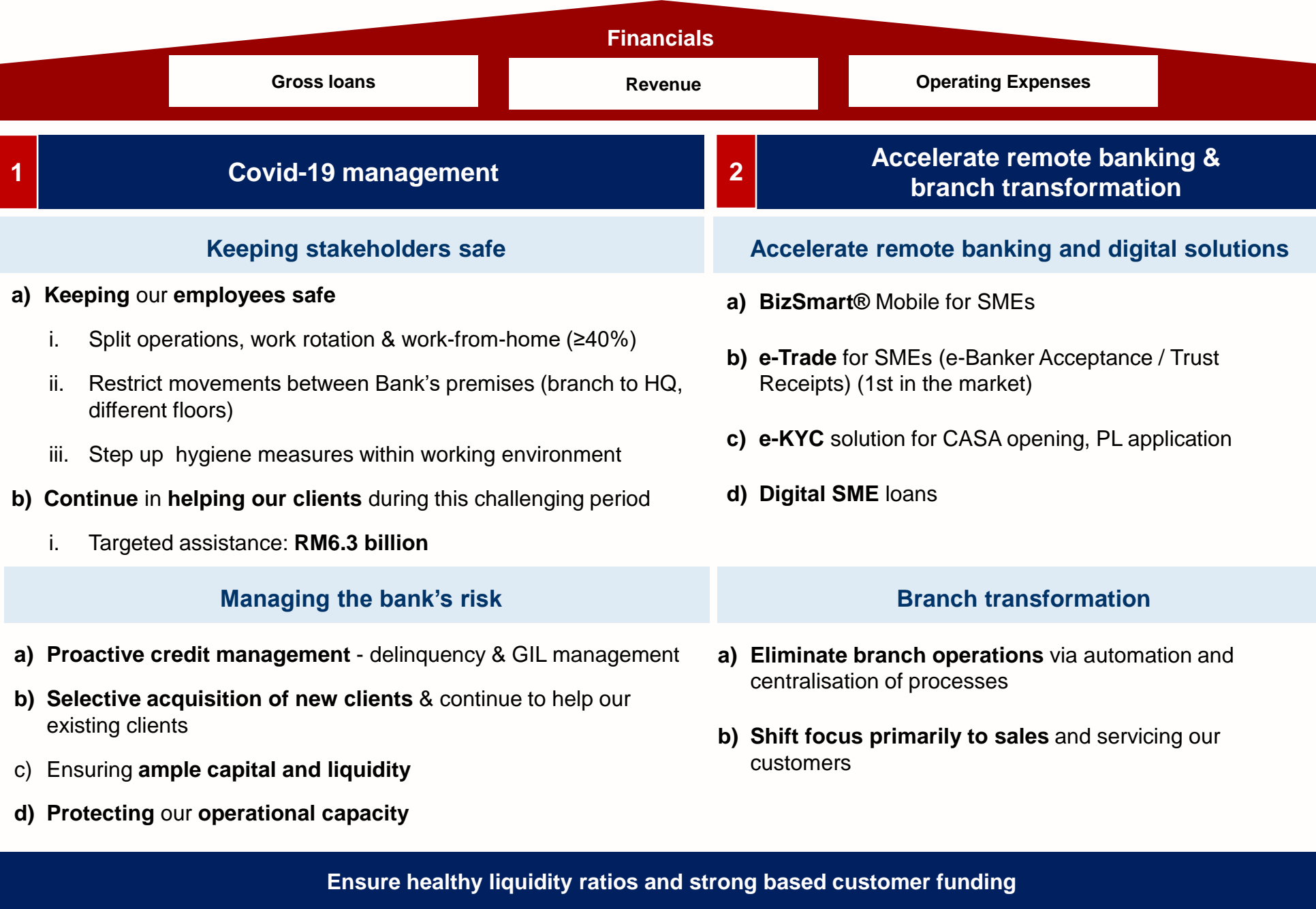
## 2 Going Forward

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  - FY21 Strategic Priorities
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# FY21 Strategic Priorities

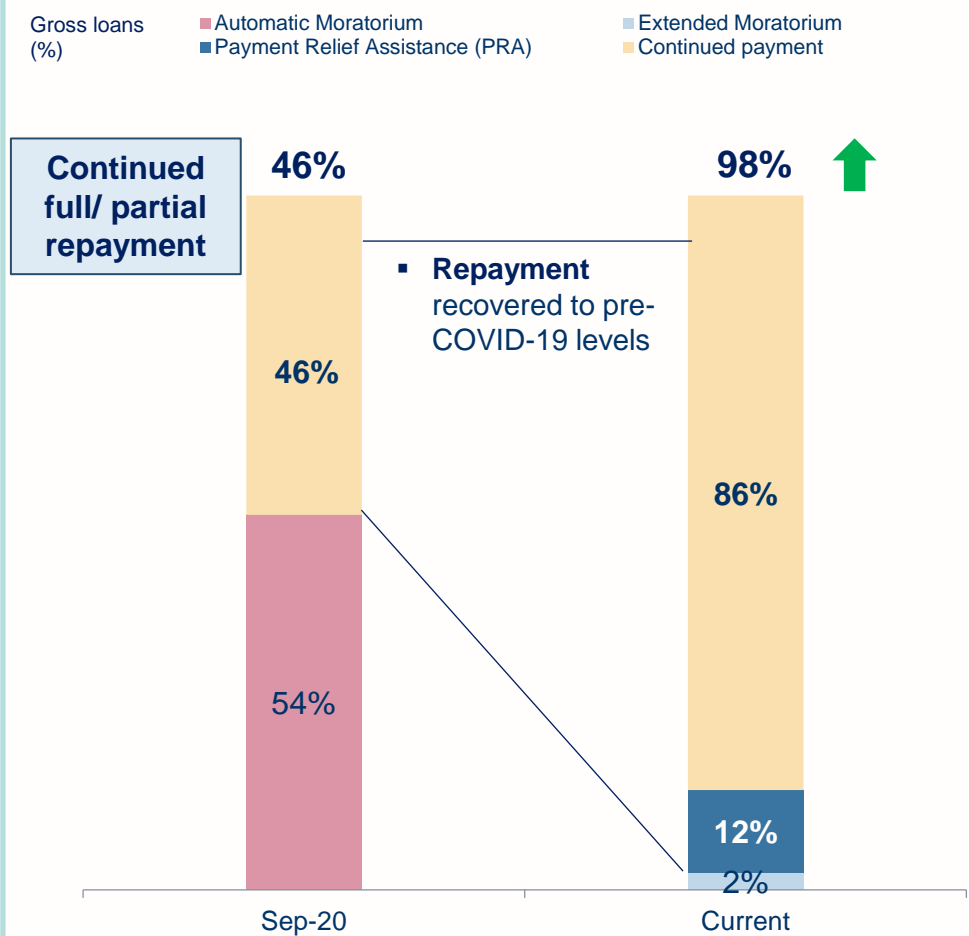




# Targeted assistance increased to RM6.3 billion mainly from payment relief assistance

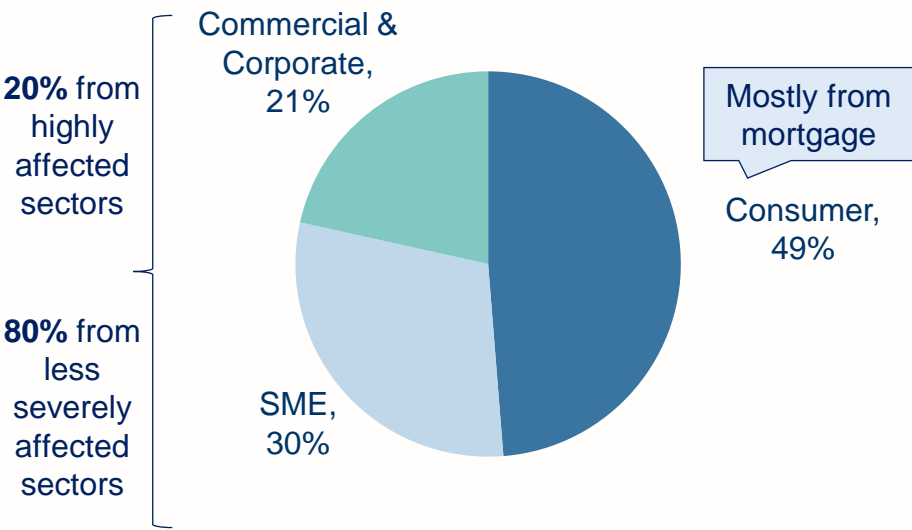
FY21 Strategic Priorities:  
Covid-19 Management  
Payment Relief Assistance (PRA)

## Targeted Assistance: RM6.3 billion

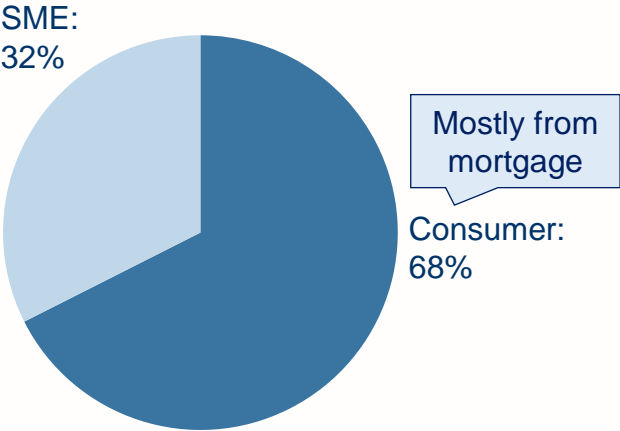


Note: Excludes gross impaired loans

## Payment Relief Assistance (PRA): RM5.2 billion (82%)

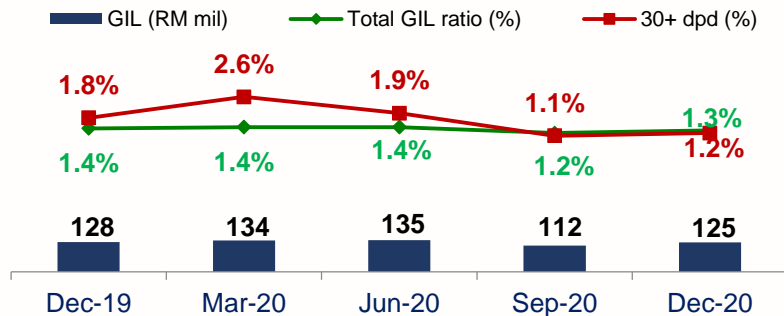


## Moratorium: RM 1.1 billion (18%)



# Stable business banking asset quality post moratorium

## SME



- **Asset quality continue to be healthy**
- **GIL ratio remained stable at 1.3% year-to-date** with no major impairment
- **Remained cautious on COVID-19 affected sectors** (e.g tourism, hotel etc)

## How are we mitigating these risks?

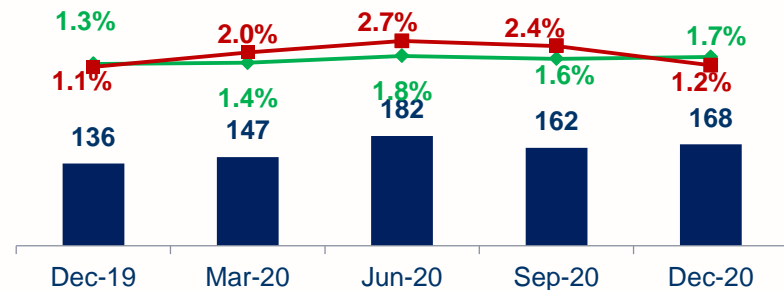
### Origination

- **Focus on government guaranteed loans**
- **Enhanced policy** to include income projection using latest bank statement on new booking
- New booking to focus on less COVID-19 affected sectors

### Portfolio Management

- **Continue to provide PRA** for customers affected by COVID-19.
- **Proactive remedial measures**
- **Improve early warning process**
- **Create upselling campaign** for ETB customer

## Corporate & Commercial



- **Slight uptick in GIL from real estate sector** but **GIL ratio remained stable at 1.7% year-to-date**
- **Remained cautious on COVID-19 related sectors** (e.g tourism, hotel etc)

### Origination

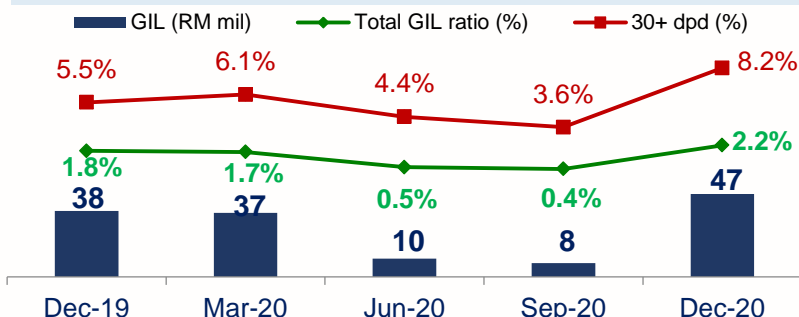
- **Tighter credit criteria** for customers in the high risk segment.
- **Enhanced project financing assessment** via more selective & stringent new customer bookings
- **Enhanced stress testing** on borrowers' financial capability

### Portfolio Management

- **Continue to provide PRA** for customers affected by COVID-19.
- **Improved early warning process:**
  - Increase frequency of financial assessment for PLC under Watchlist
  - Increase portfolio reviews frequency

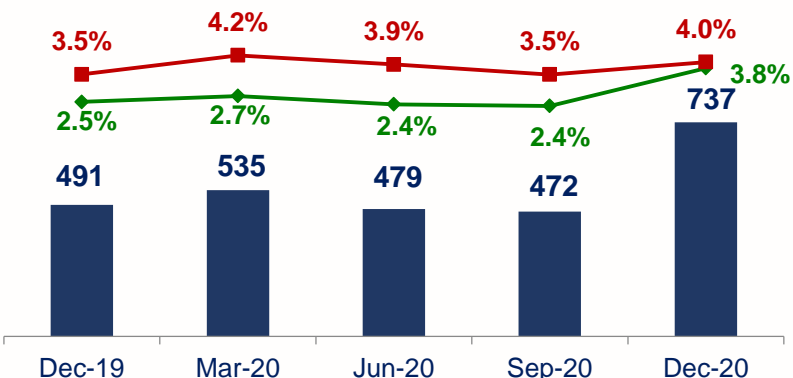
# Uptick in consumer banking impairment post moratorium

## Personal Financing



- Low impairment and delinquency in Jun20 & Sep20 due to non-staging during moratorium while GIL continue to be charged off after 180+ dpd
- Dec-20 delinquency increased to ~2% (vs pre-Mora) mainly from **COVID-19 affected customers** with difficulty to pay after auto moratorium

## Classic Mortgage & AOA



- Mortgage **GIL ratio increased** post-moratorium mainly from **COVID-19 affected customers** (e.g. job loss, pay cut, business close down, etc.)
- Uptick in AOA are mainly from the older **vintage** (post-duo score vintage: better quality)

## How are we mitigating these risks?

### PF Origination

- Implemented enhanced application duo score in Jan19 further improved booking quality
- Introduced temporary tightening measures in anticipation of heightened risk especially self-employed segment

### Portfolio Management

- Focus on **COVID-19 impacted customers**
- Options to assist customers based on **different segments** (eg loss job, B40/M40)
- Booked RM3.8bil PRA** in 3QFY21 (Mortgage: RM3.3bil; PL: RM0.5bil)
- Loans that are now in GIL of RM737mil for Mortgage & AOA has been **provisioned** to cover LGD
- Management overlay** provides cover for potential losses amounting to about 20% of PRA

### Mortgage & AOA Origination

- Back-testing** of current policy (from Day-1) has proven improved quality
- Introduced temporary tightening measures in anticipation of heightened risk especially self-employed segment

### GIL Management

- Increased collection call capacity and intensity
- Offer interest rebate for payment made



# We have built a good suite of industry-leading digital innovation with good progress to-date

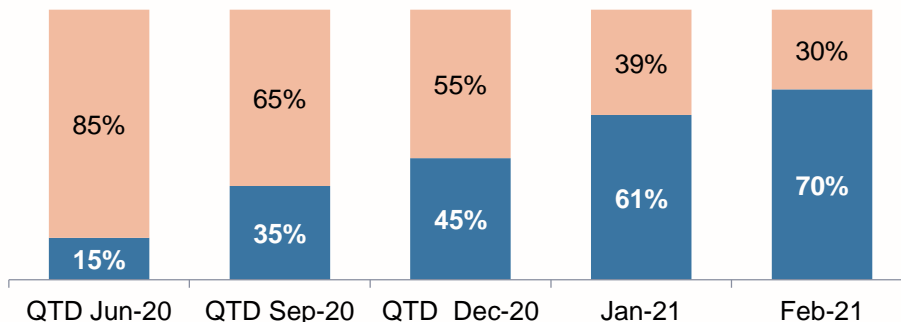


Business Banking		Target / Launch Date	Description
	1 Business CASA STP	✓ Pilot: Nov19 ✓ Nationwide: Dec20	<ul style="list-style-type: none"> <li>"1-day 1-visit" account opening process for SMEs will be one of the fastest in the industry</li> <li>Business CASA STP comprises of <b>70% of account opening</b> now</li> </ul>
	2 BizSmart Mobile	✓ Pilot: Jun20 ✓ Jul20	<ul style="list-style-type: none"> <li>Allows business owner to manage business on the go</li> </ul>
	3 Digital Banker Acceptance & Trust Receipts	✓ Pilot: Jun20 ✓ Aug20	<ul style="list-style-type: none"> <li>First in the market to allow Banker Acceptance / Trust Receipts application via mobile</li> </ul>
	4 SME Digital Lending	✓ Pilot: Nov20	<ul style="list-style-type: none"> <li>Web application for SME loans</li> </ul>

## Business Business CASA STP

No of account opened (%) ■ STP ■ Non-STP

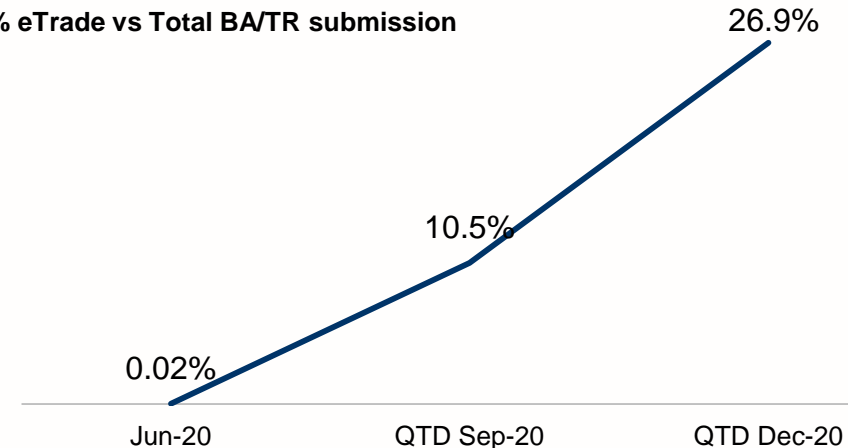
*Despite CMCO, >20% higher monthly run rate vs. FY20*



## eTrade

Number of submission: +200% q-o-q

% eTrade vs Total BA/TR submission

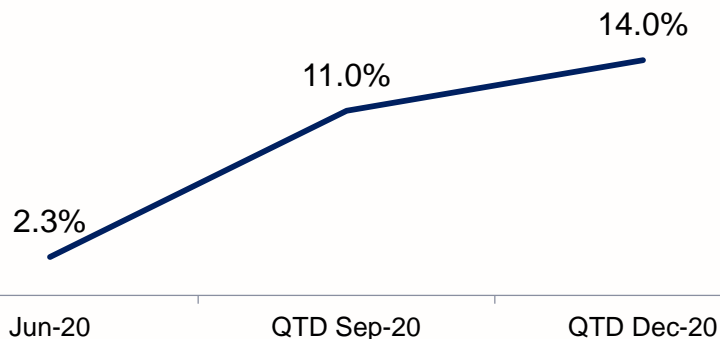


# We have built a good suite of industry-leading digital innovation with good progress to-date

		Target / Launch Date	Description
Consumer Banking	<b>1 Consumer CASA STP</b>		
	▪ Current account	✓ Mar19	▪ Account opening in less than 15 mins; e-kyc allows fully remote account opening
	▪ Savings account	✓ Jan20	
	▪ E-KYC account opening	✓ Pilot: Nov20	
	<b>2 Personal Loan STP</b>		
	▪ Semi-STP via Web	✓ Dec19	▪ Web/mobile application with 1 day approval and disbursement
	▪ STP via e-KYC		

## Digital PL 14% digital applications (improved from 11%)

% digital vs Total PL (# of cases)

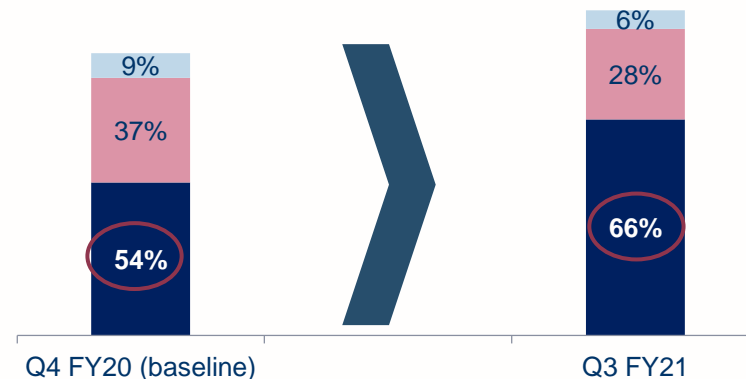


Froze new bookings (Apr and May) during MCO and only restarted in June

## Digital transaction volume improved ~40% y-o-y; >60% transaction done digitally

Account Transactions by Channel Type (#'000)

■ Digital ■ SST ■ OTC



Transaction volume

Total: +14%

Digital: +38%



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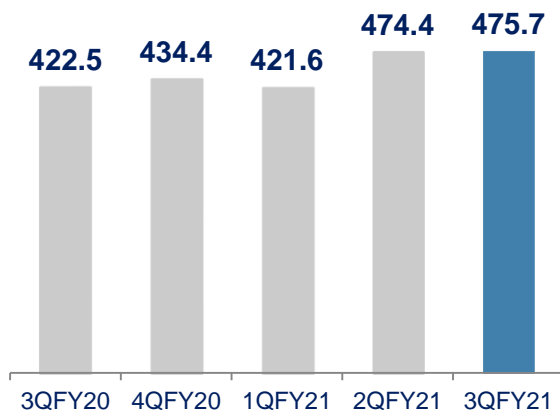
## 3 Appendix – Financial Results

- 3QFY21
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# 3QFY21 PPOP grew 33.5% y-o-y to RM284.5 mil

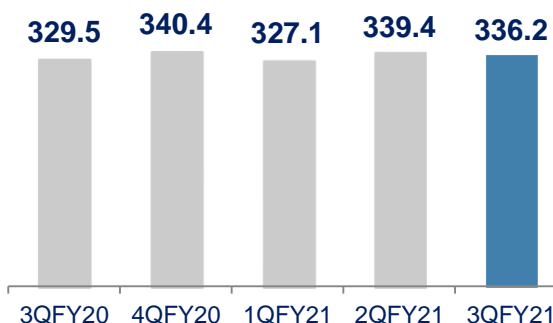
## Revenue

RM mil



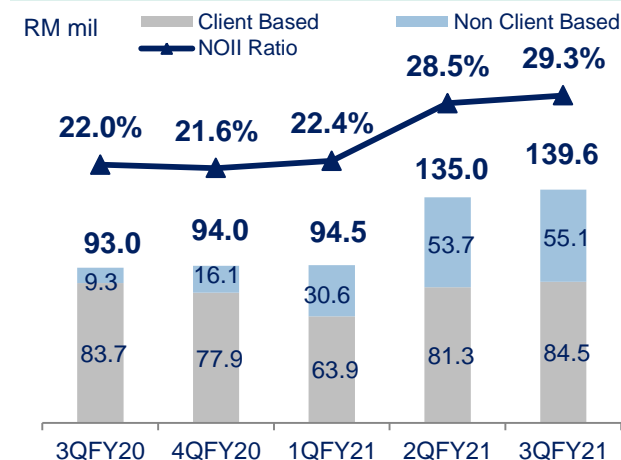
## Net Interest Income & Islamic Net Financing Income

RM mil



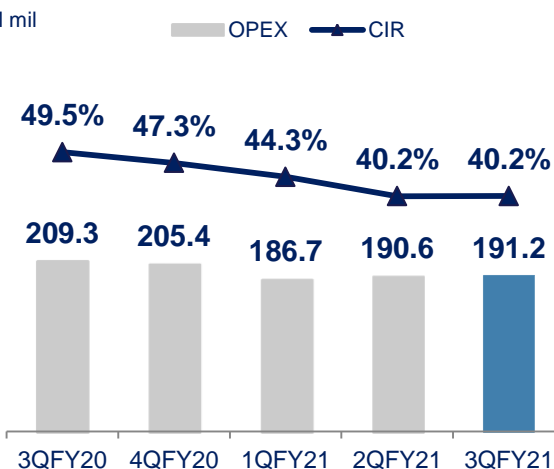
## Non Interest Income & NOII Ratio

RM mil



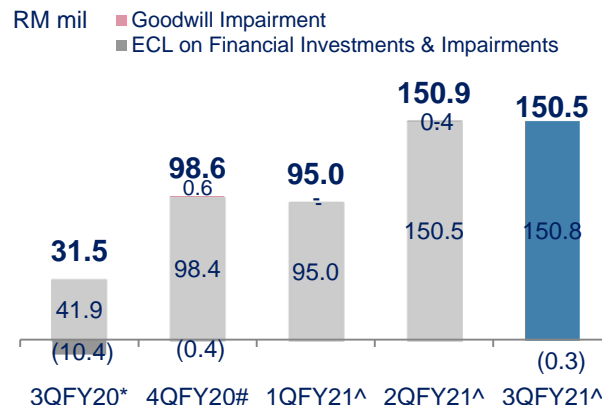
## Operating Expenses & CIR Ratio

RM mil



## Expected Credit Losses ("ECL") & Goodwill Impairments

RM mil



3QFY20\* 4QFY20# 1QFY21^ 2QFY21^ 3QFY21^

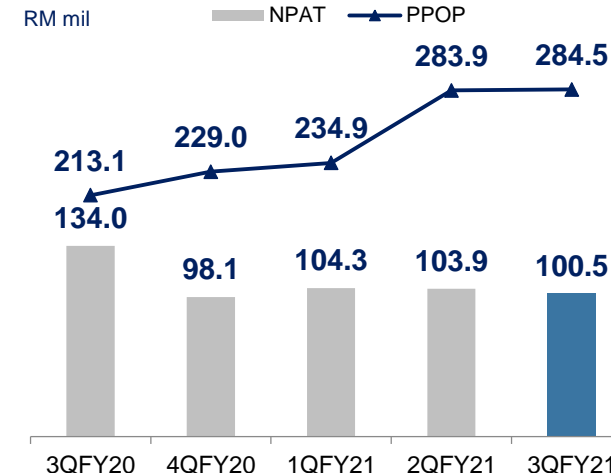
\*Recoveries of RM9.6m from one large legacy account

#ECL model review & early Covid-19 impact of RM49.2m

^1QFY21 included RM58.2m management overlay for high risk sector; 2QFY21 included RM150m management overlay for borrowers under 3 months extended moratorium and payment relief assistance; 3QFY21 included RM14.3m management overlay for high risk sector

## Pre-Provision Operating Profit & Net Profit

RM mil



Note: Revenue and non interest income includes Islamic banking income





Income Statement	2QFY21 RM mil	3QFY21 RM mil	Q-o-Q Change Better / (Worse)	
			RM mil	%
Net Interest Income	254.9	253.2	(3.2)	(1.0%)
Islamic Net Financing Income	84.5	83.0		
Islamic Non-Financing Income	8.1	10.2	4.5	3.4%
Non-Interest Income	127.0	129.3		
<b>Net Income*</b>	<b>474.4</b>	<b>475.7</b>	<b>1.3</b>	<b>0.3%</b>
OPEX	190.6	191.2	(0.6)	(0.3%)
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>283.8</b>	<b>284.5</b>	<b>0.7</b>	<b>0.2%</b>
Net Credit Cost	150.5	150.8	(0.3)	(0.2%)
Expected Credit Losses on Financial Investments	0.4	(0.3)	0.7	>100%
<b>Pre-tax Profit</b>	<b>132.9</b>	<b>134.0</b>	<b>1.1</b>	<b>0.8%</b>
<b>Net Profit After Tax</b>	<b>103.9</b>	<b>100.5</b>	<b>(3.5)</b>	<b>(3.4%)</b>

- **Revenue** grew by 0.3% q-o-q:
  - Net interest income: -RM3.2mil or -1.0% q-o-q.
  - Non-interest income: +RM4.5mil q-o-q:
    - ✓ Higher client based fee income (+RM3.2mil)
    - ✓ Higher treasury & investment income (+RM1.4mil)
- **Operating expenses** higher by RM0.6mil mainly due to higher marketing expenses from promotion activities
- **Pre-provision Operating Profit (PPOP)** marginally grew 0.2% q-o-q to RM284.5mil
- Higher **net credit cost** of RM0.3mil mainly due to higher BAU expected credit losses (ECL) for personal loans and mortgage
- As a result of provisioning, **net profit after tax** declined 3.4% q-o-q

Notes:

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



Income Statement	3QFY20 RM mil	3QFY21 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	240.3	253.2	6.7	2.0%
Islamic Net Financing Income	89.2	83.0		
Islamic Non-Financing Income	11.7	10.2	46.6	50.1%
Non-Interest Income	81.3	129.3		
<b>Net Income*</b>	<b>422.5</b>	<b>475.7</b>	<b>53.2</b>	<b>12.6%</b>
OPEX	209.3	191.2	18.1	8.7%
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>213.1</b>	<b>284.5</b>	<b>71.4</b>	<b>33.5%</b>
Net Credit Cost	41.9	150.8	(108.9)	(>100%)
Expected Credit Losses on Financial Investments	(10.4)	(0.3)	10.1	>100%
Impairment Losses on Non-Financial Assets	-	-	-	-
<b>Pre-tax Profit</b>	<b>181.7</b>	<b>134.0</b>	<b>(47.7)</b>	<b>(26.2%)</b>
<b>Net Profit After Tax</b>	<b>134.0</b>	<b>100.5</b>	<b>(33.5)</b>	<b>(25.0%)</b>

- **Revenue** grew 12.6% y-o-y despite OPR cut and COVID-19 impact:
  - Net interest income: +RM6.7mil, thanks to lower funding cost and better deposit mix
  - Non-interest income: +RM46.6mil y-o-y:
    - ✓ Higher client based fee income (+RM0.2mil)
    - ✓ Higher treasury & investment income (+RM109.3mil)
- Lower **operating expenses** by RM18.1mil, mainly from lower personnel cost and professional fees.
- **Pre-provision Operating Profit (PPOP)** grew 33.5% y-o-y (**positive JAW: 21.3%**)
- Higher **net credit cost** y-o-y mainly due to:
  - Management overlay for high risk segments +RM14.3mil
  - Higher BAU expected credit losses (ECL) for personal loans and mortgage
- As a result of provisioning, **net profit after tax** for the quarter declined 25.0% y-o-y

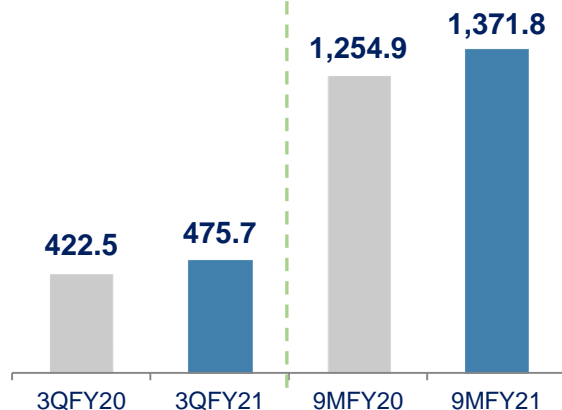
*Notes:*

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

# 9MFY21 PPOP grew 22.9% y-o-y to RM803.2 million

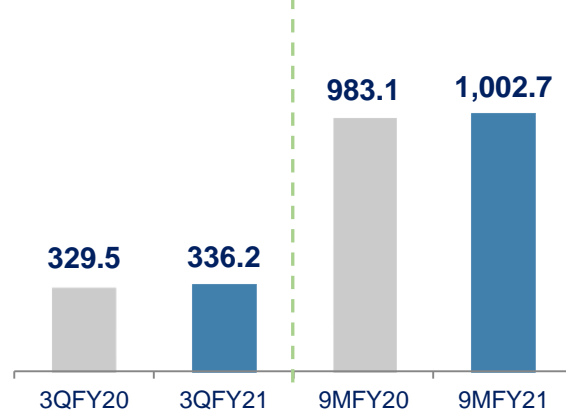
## Revenue

RM mil



## Net Interest Income & Islamic Net Financing Income

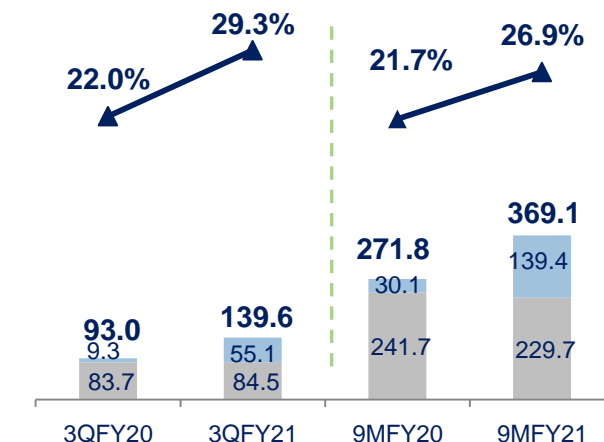
RM mil



## Non Interest Income & NOII Ratio

RM mil

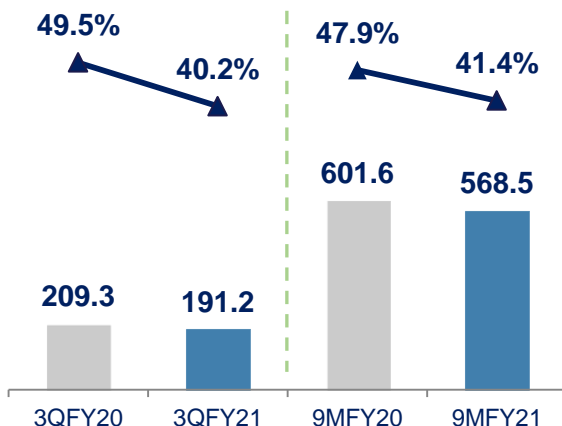
Non Client Based NOII Ratio



## Operating Expenses & CIR Ratio

RM mil

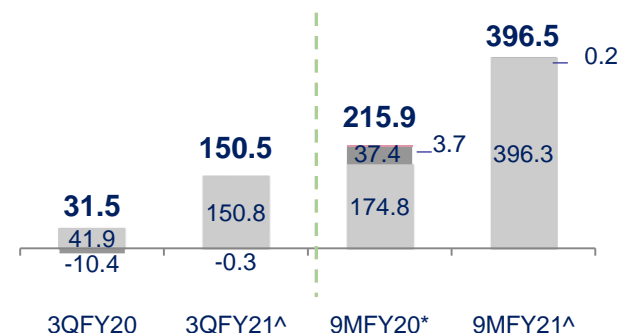
OPEX CIR



## Expected Credit Losses ("ECL") & Goodwill Impairment

RM mil

Goodwill Impairment ECL on Financial Investments & Impairments

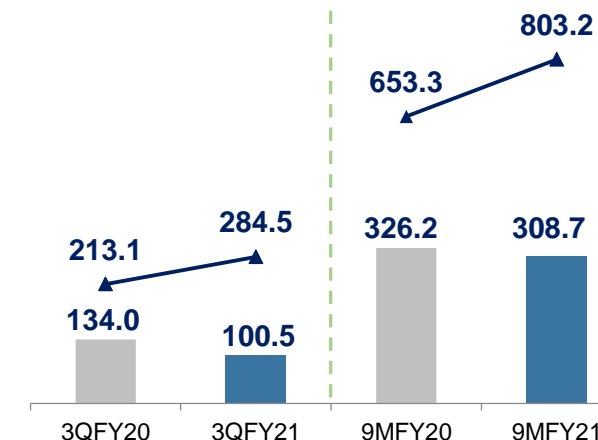


\*Full provisioning of RM47.7m from one large account in 1QFY20.  
^1QFY21 included RM58.2m management overlay for high risk sector;  
2QFY21 included RM150m management overlay for borrowers under 3 months extended moratorium and payment relief assistance;  
3QFY21 included RM14.3m management overlay for high risk sector

## Pre-Provision Operating Profit & Net Profit

RM mil

NPAT PPOP



Note: Revenue and non interest income includes Islamic banking income





Income Statement	9MFY20 RM mil	9MFY21 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	726.4	749.3	19.5	2.0%
Islamic Net Financing Income	256.8	253.3		
Islamic Non-Financing Income	29.1	27.5	97.3	35.8%
Non-Interest Income	242.7	341.6		
<b>Net Income*</b>	<b>1,254.9</b>	<b>1,371.8</b>	<b>116.8</b>	<b>9.3%</b>
OPEX	601.6	568.5	33.1	5.5%
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>653.3</b>	<b>803.2</b>	<b>149.9</b>	<b>22.9%</b>
Net Credit Cost	174.8	396.3	(221.5)	(>100%)
Expected Credit Losses on Financial Investments	37.4	0.2	37.2	99.5%
Impairment Losses on Non-Financial Assets	3.7	-	3.7	100.0%
<b>Pre-tax Profit</b>	<b>437.5</b>	<b>406.8</b>	<b>(30.7)</b>	<b>(7.0%)</b>
<b>Net Profit After Tax</b>	<b>326.2</b>	<b>308.7</b>	<b>(17.5)</b>	<b>(5.4%)</b>

- **Revenue** grew by 9.3% y-o-y despite OPR cut and COVID-19 impact:
  - Net interest income: +RM19.5mil thanks to lower funding cost and better deposit mix
  - Non-interest income: +RM97.3mil y-o-y:
    - ✓ Higher treasury & investment income (+RM109.3mil)
    - ✓ Lower client based fee income (-RM12.0mil)
- Lower **operating expenses** by RM33.1mil mainly from lower personnel cost, lower IT costs and professional fees
- **Pre-provision Operating Profit (PPOP)** grew 22.9% y-o-y (**positive JAW: 14.8%**)
- Higher **net credit cost** y-o-y due to management overlay for high risk segments of RM223.6mil for the nine-month period
- As a result of provisioning, **net profit after tax** for the nine-month period declined by 5.4% y-o-y

Notes:

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



Balance Sheet	Sep 20 RM bil	Dec 20 RM bil	Q-o-Q Change	
			RM bil	%
Total Assets	61.8	58.8	(2.9)	(4.7%)
Treasury Assets*	13.1	12.7	(0.5)	(3.6%)
Net Loans	43.0	42.4	(0.7)	(1.6%)
Customer Based Funding <sup>+</sup>	49.4	46.7	(2.7)	(5.5%)
CASA Deposits	20.1	20.5	0.4	2.1%
<b>Shareholders' Funds</b>	<b>6.4</b>	<b>6.4</b>	<b>0.0</b>	<b>0.4%</b>
Net Loans Growth (y-o-y)	0.6%	-1.6%		
CASA Deposits Growth (y-o-y)	16.6%	17.5%		
Customer Based Funding <sup>+</sup> Growth (y-o-y)	5.9%	-1.0%		

- **Net loans** contracted 1.6% q-o-q
  - **SME loans:** -0.9% q-o-q
  - **Consumer loans:** -0.7% q-o-q (mainly due to mortgage repayment post-moratorium)
  - **GCC loans:** -2.8% q-o-q mainly due to repayment from several major accounts
- **Customer based funding** decreased by 5.5% q-o-q
  - Fixed deposits: -11.0% q-o-q as part of our efforts to optimize funding, while
  - CASA grew by 2.1% q-o-q, mainly driven by SavePlus (+RM0.2bil) & other CASA (+RM0.2bil)
- **Liquidity coverage ratio:** 153.0% (vs 156.9% in Sep 2020; industry: 148.2%^)

Notes:

\* Treasury assets comprise financial assets (FVOCI, FVTPL, AMC) & derivative financial assets

<sup>+</sup> Customer based funding = CASA + Fixed Deposits + Money Market Deposits + Retail Negotiable Instrument of Deposits + Structured Investments

^ BNM Monthly Statistical Bulletin Dec 2020

# BNM Financial Institution Network Dec 2020 statistics





Balance Sheet	Mar 20 RM bil	Dec 20 RM bil	YTD Change	
			RM bil	%
Total Assets	61.0	58.8	(2.1)	(3.5%)
Treasury Assets*	12.8	12.7	(0.1)	(0.7%)
Net Loans	43.1	42.4	(0.8)	(1.8%)
Customer Based Funding <sup>+</sup>	48.9	46.7	(2.3)	(4.6%)
CASA Deposits	18.1	20.5	2.4	13.3%
<b>Shareholders' Funds</b>	<b>6.0</b>	<b>6.4</b>	<b>0.4</b>	<b>7.5%</b>
Net Loans Growth (y-o-y)	1.9%	-1.6%		
CASA Deposits Growth (y-o-y)	13.6%	17.5%		
Customer Based Funding <sup>+</sup> Growth (y-o-y)	6.5%	-1.0%		

- **Net loans** contracted 1.8% YTD
  - **SME loans:** +2.7% YTD primarily from BNM Special Relief Facility (“SRF”) and Credit Guarantee Corporation (CGC)
  - **Consumer loans:** +0.7% YTD mainly from Alliance One Account (+9.1%), share margin financing (+30.8%) and personal financing (0.7%)
  - **GCC loans:** -7.1% YTD mainly due to repayment from several major accounts
- **Customer based funding** decreased 4.6% YTD
  - Fixed deposits: -13.8% as part of our efforts to optimize funding, while
  - CASA deposits grew 13.3% YTD, mainly driven by SavePlus (+RM1.1bil) & other CASA (+RM1.3bil)
- **Liquidity coverage ratio:** 153.0% (vs 156.7% in Mar 2020, industry: 148.2%^)

Notes:

\* Treasury assets comprise financial assets (FVOCI, FVTPL, AMC) & derivative financial assets

<sup>+</sup> Customer based funding = CASA + Fixed Deposits + Money Market Deposits + Retail Negotiable Instrument of Deposits + Structured Investments

<sup>^</sup> BNM Monthly Statistical Bulletin Dec 2020

<sup>#</sup> BNM Financial Institution Network Dec 2020 statistics



Balance Sheet	Dec 19 RM bil	Dec 20 RM bil	Y-o-Y Change	
			RM bil	%
Total Assets	58.5	58.8	0.3	0.5%
Treasury Assets*	11.8	12.7	0.8	6.9%
Net Loans	43.1	42.4	(0.7)	(1.6%)
Customer Based Funding <sup>+</sup>	47.1	46.7	(0.4)	(1.0%)
CASA Deposits	17.5	20.5	3.1	17.5%
<b>Shareholders' Funds</b>	<b>5.9</b>	<b>6.4</b>	<b>0.5</b>	<b>8.9%</b>
Net Loans Growth (y-o-y)	5.3%	-1.6%		
CASA Deposits Growth (y-o-y)	7.7%	17.5%		
Customer Based Funding <sup>+</sup> Growth (y-o-y)	8.9%	-1.0%		

- **Net loans** contracted 1.6% y-o-y
  - **SME loans:** +3.8% y-o-y primarily from the BNM Special Relief Facility ("SRF") and Credit Guarantee Corporation (CGC)
  - **Consumer loans:** +0.4% y-o-y mainly from Alliance One Account (+16.1%), share margin financing (+1.7%) and personal financing (2.5%)
  - **GCC loans:** -7.4% y-o-y mainly due to repayment from several major accounts
- **Customer based funding** decreased 1.0% y-o-y:
  - Fixed deposits: -11.8% y-o-y as part of our efforts to optimize funding, while
  - CASA deposits grew 17.5% y-o-y mainly driven by SavePlus (+RM1.5bil) & other CASA (+RM1.5bil)
- **Liquidity coverage ratio:** 153.0% (vs 162.5% in Dec 2019, industry: 148.2%^)

Notes:

\* Treasury assets comprise financial assets (FVOCI, FVTPL, AMC) & derivative financial assets

<sup>+</sup> Customer based funding = CASA + Fixed Deposits + Money Market Deposits + Retail Negotiable Instrument of Deposits + Structured Investments

<sup>^</sup> BNM Monthly Statistical Bulletin Dec 2020

<sup>#</sup> BNM Financial Institution Network Dec 2020 statistics



	Financial Ratios	3QFY20	2QFY21	3QFY21	9MFY20	9MFY21
Shareholder Value	Return on Equity	9.3%	6.6%	6.4%	7.5%	6.6%
	Earnings per Share	8.7sen	6.7sen	6.5sen	21.1sen	19.9sen
	Net Assets per Share	RM3.82	RM4.14	RM4.16	RM3.82	RM4.16
Efficiency	Net Interest Margin	2.39%	2.23%	2.26%	2.38%	2.23%
	Non-Interest Income Ratio	21.9%	28.5%	29.3%	21.6%	26.9%
	Cost to Income Ratio	49.8%	40.2%	40.2%	48.2%	41.4%
Balance Sheet Growth	Net Loans (RM bil)	43.1	43.0	42.4	43.1	42.4
	Customer Based Funding (RM bil)	47.1	49.4	46.7	47.1	46.7
Asset Quality	Period End net credit cost (basis points)	9.7	34.5	35.0	40.5	91.3
	Gross Impaired Loans Ratio	1.9%	1.7%	2.5%	1.9%	2.5%
	Net Impaired Loans Ratio	1.2%	1.2%	1.8%	1.2%	1.8%
	Loan Loss Coverage Ratio^	101.6%	109.6%	101.1%	101.6%	101.1%
Liquidity	CASA Ratio	37.5%	41.3%	44.6%	37.5%	44.6%
	Loan to Deposit Ratio	93.4%	89.8%	93.8%	93.4%	93.8%
	Loan to Fund Ratio	86.6%	82.0%	86.1%	86.6%	86.1%
	Liquidity Coverage Ratio	162.5%	156.9%	153.0%	162.5%	153.0%
Capital	Common Equity Tier 1 Capital Ratio	13.2%	15.4%	16.3%	13.2%	16.3%
	Tier 1 Capital Ratio	14.0%	16.3%	17.3%	14.0%	17.3%
	Total Capital Ratio	18.3%	20.7%	21.7%	18.3%	21.7%

*Note: ^ Loan Loss Coverage includes Regulatory Reserve provision [excluding Regulatory Reserve: 87.2% at 3QFY21 (vs. 106.8% at 2QFY21)]*



# Thank You.

ALLIANCE BANK

26-February-21 9MFY21 ABMB Analyst Briefing

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