



ALLIANCE BANK

Building Alliances to Improve Lives

38th ANNUAL GENERAL MEETING

19 August 2020



Wirdalina Tauhed & Daughter
Founder of Wirdora
BizSmart® Challenge 2018 Finalist



Contents

1 FY20 Financial Performance

2 FY20 Transformation Achievements

3 FY21 Strategic Priorities

Business growth: funding grew faster than loans

Key Highlights:

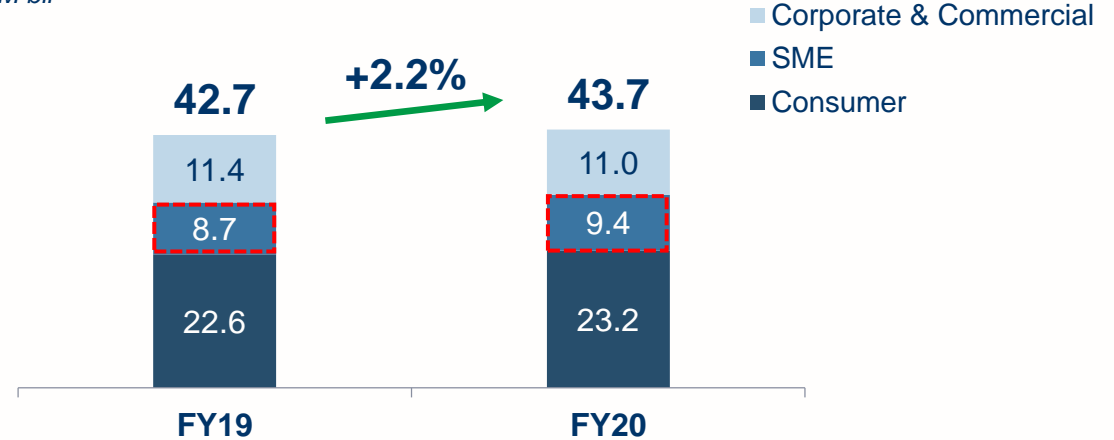
- **Gross loans: +2.2%**
 - ✓ **SME: +7.6%**
(vs industry: -10.4%)
 - ✓ **Consumer: +2.8%**
(Alliance ONE Account & personal financing)

- **Customer based funding: +6.5%**
 - ✓ **Alliance SavePlus**
 - ✓ **Alliance@Work**

- **CASA ratio: 37.4%**

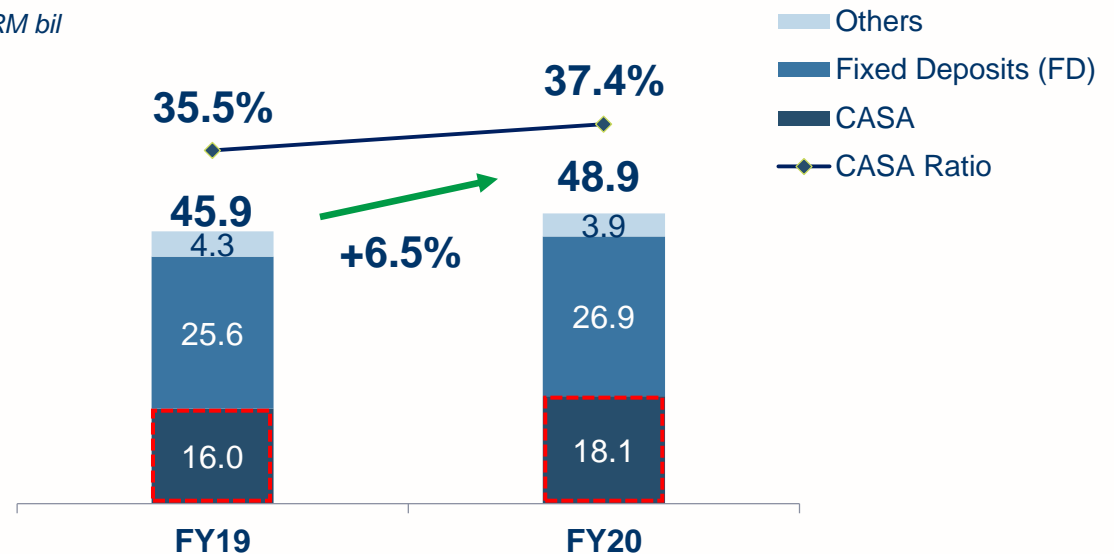
Gross Loans: driven by SME growth

RM bil



Customer Based Funding: strong CASA growth

RM bil

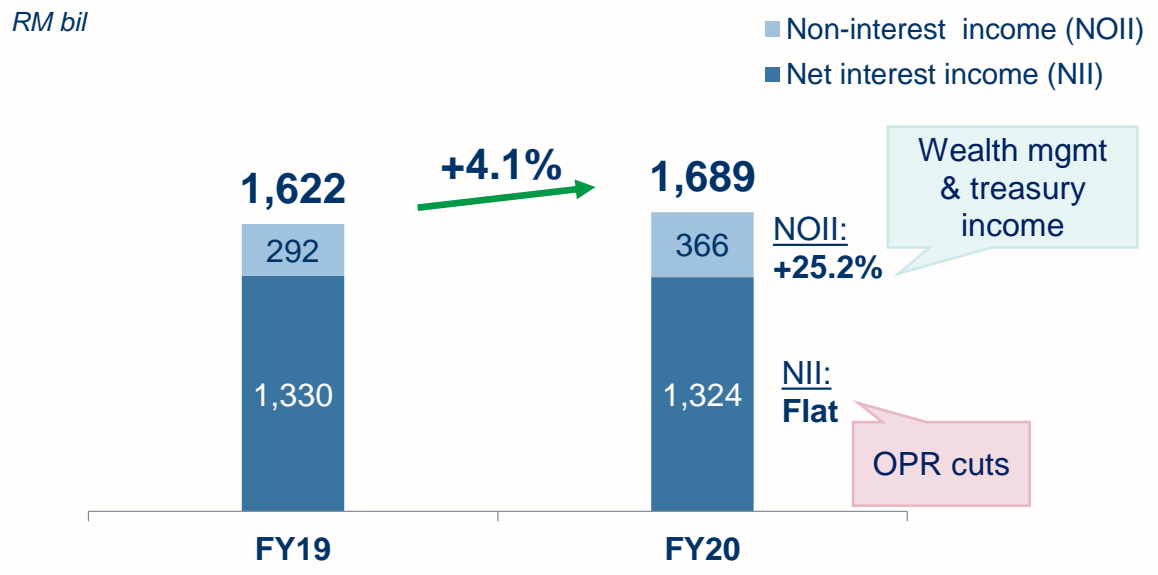


Revenue grew 4.1% year-on-year

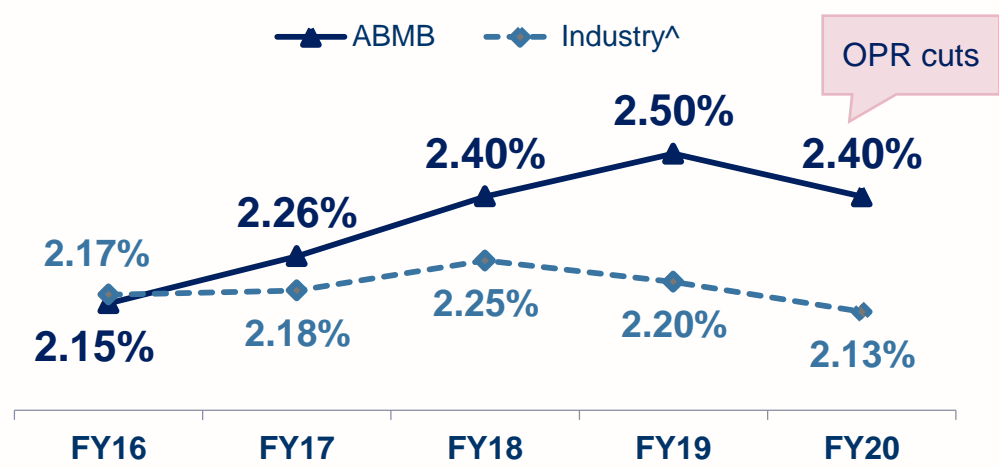
Key Highlights:

- Revenue: **+4.1%**
- Non-interest income: **+25.2%**, driven by:
 - ✓ Wealth management fee
 - ✓ Treasury income
- Net interest income: **Flat**
(impacted by **Overnight Policy Rate (OPR) cuts**)
- ✓ Net interest margin: **-10 bps** to 2.40%
(vs industry: 2.13%)

Revenue grew despite OPR cut



NIM better than Industry

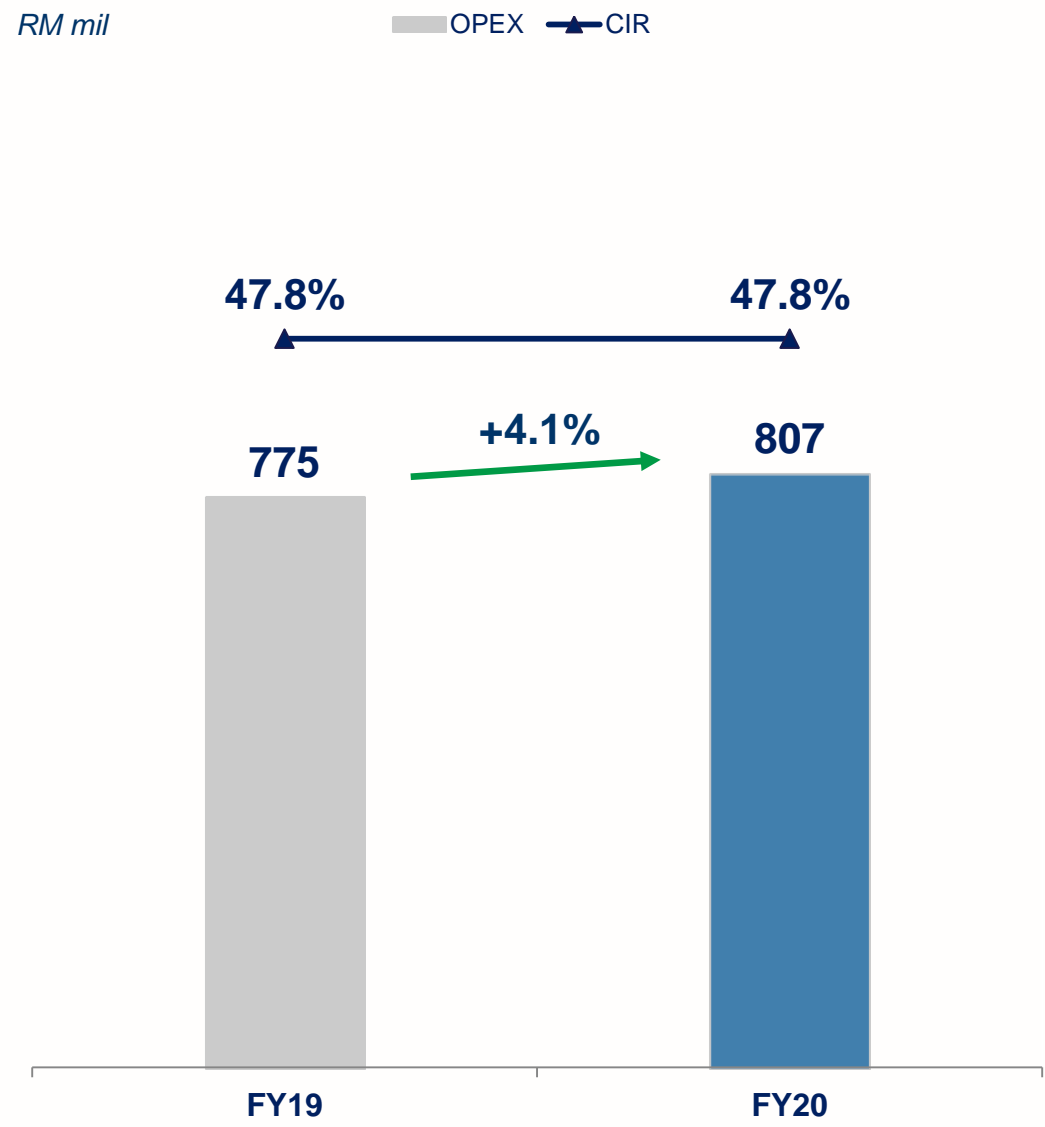


[^]Based on local peers' average

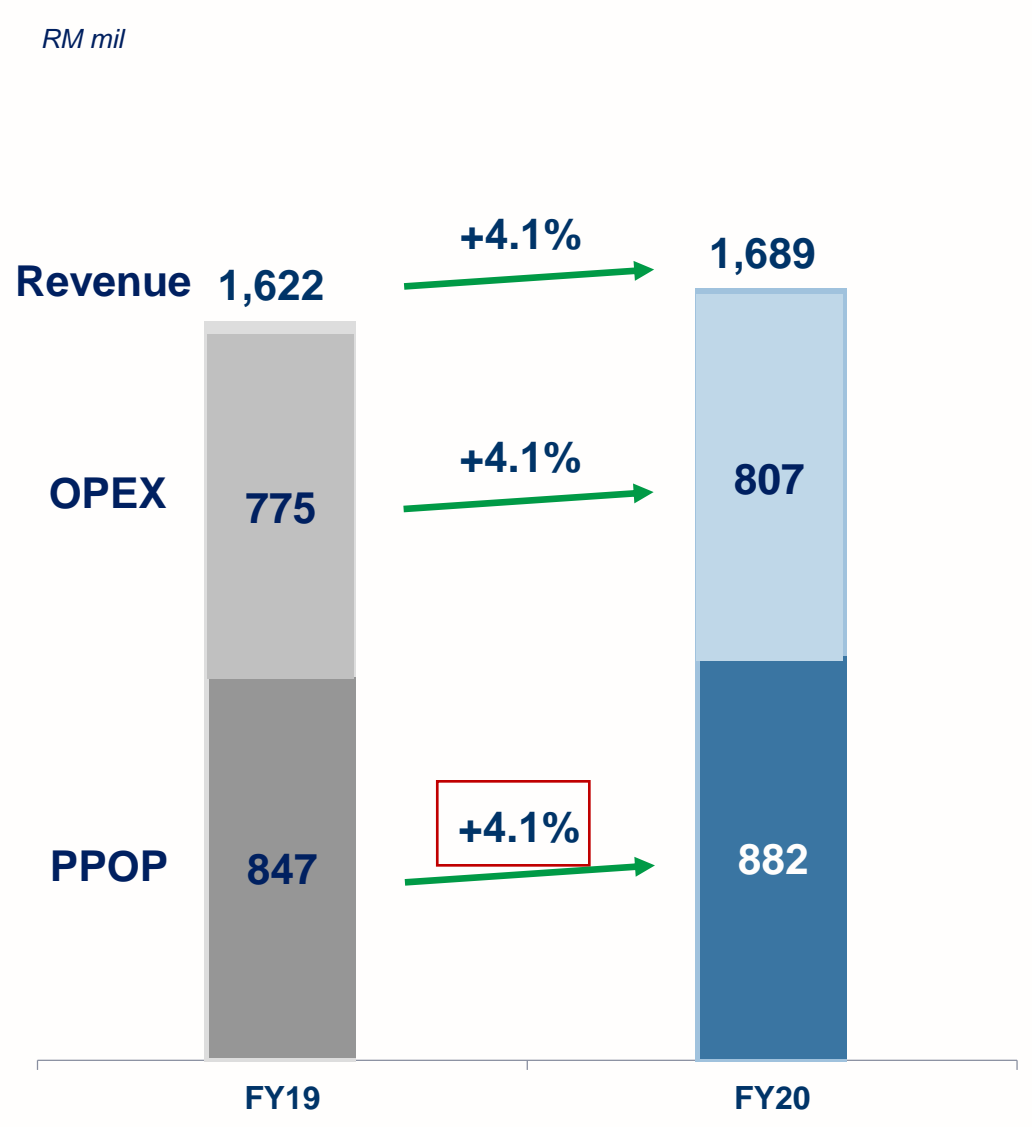


With a stable cost to income ratio, PPOP grew 4.1%

Operating Expenses

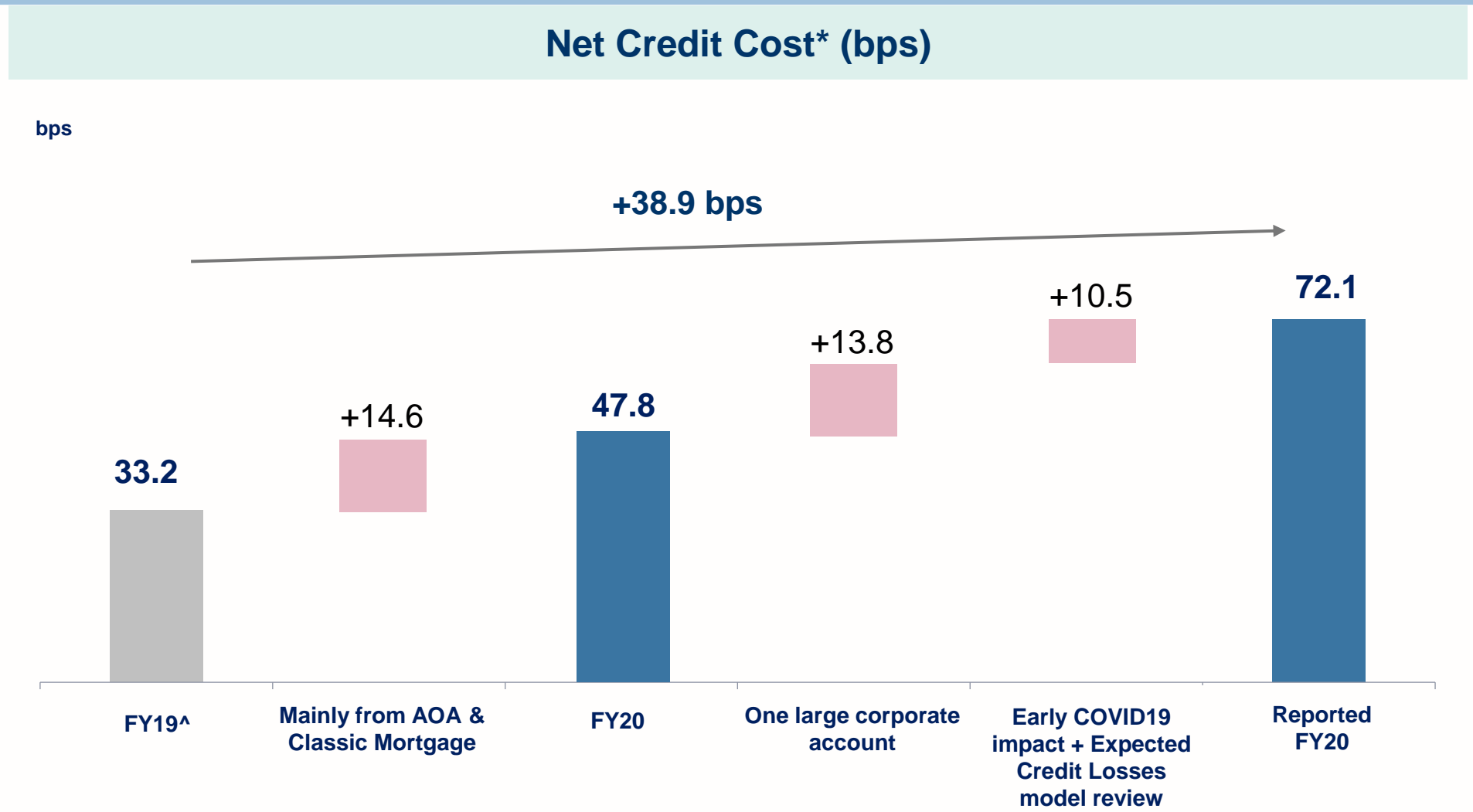


Pre-Provision Operating Profit (PPOP)





Net credit cost* at 72.1 bps; implemented proactive actions



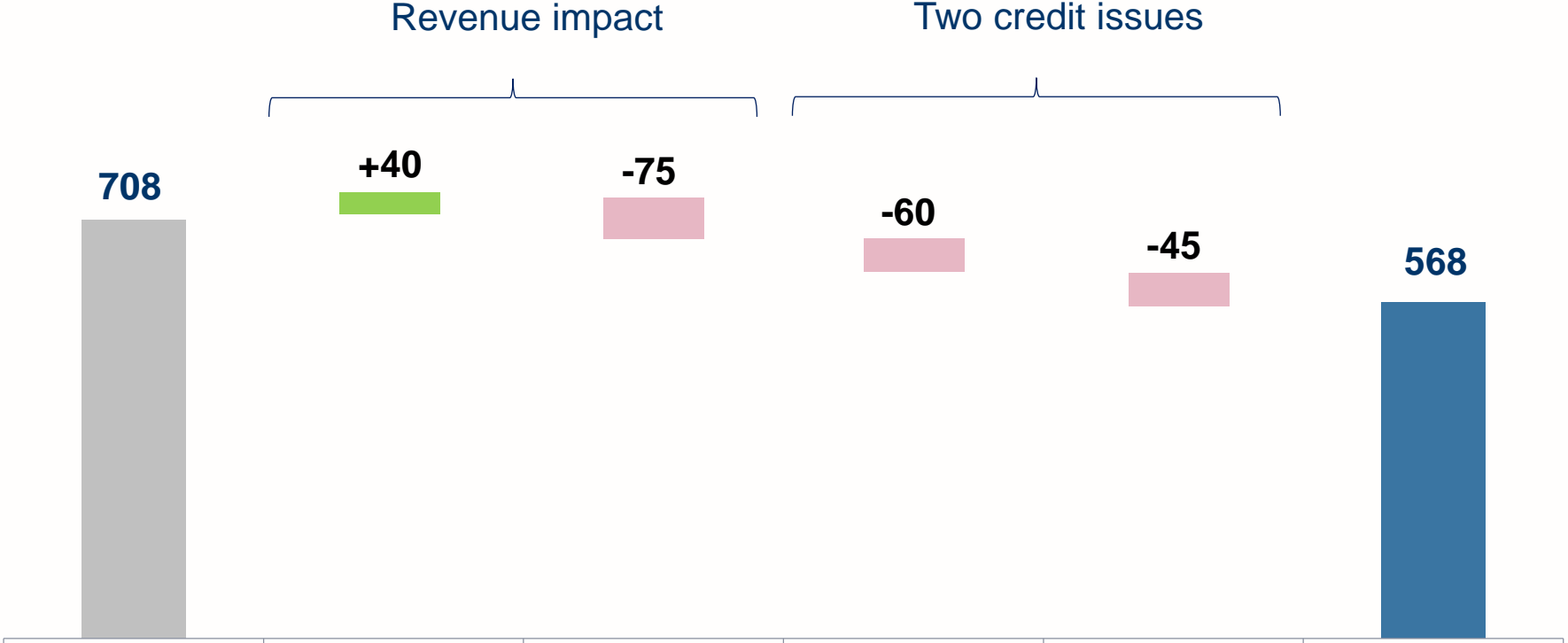
*Net credit cost (including bond impairment)
[^]Excluding debt-sale of -1.7 bps



Net profit after tax at RM 424 million

Profitability & ROE

Profit Before Tax - RM mil



NPAT	538
ROE	9.9%

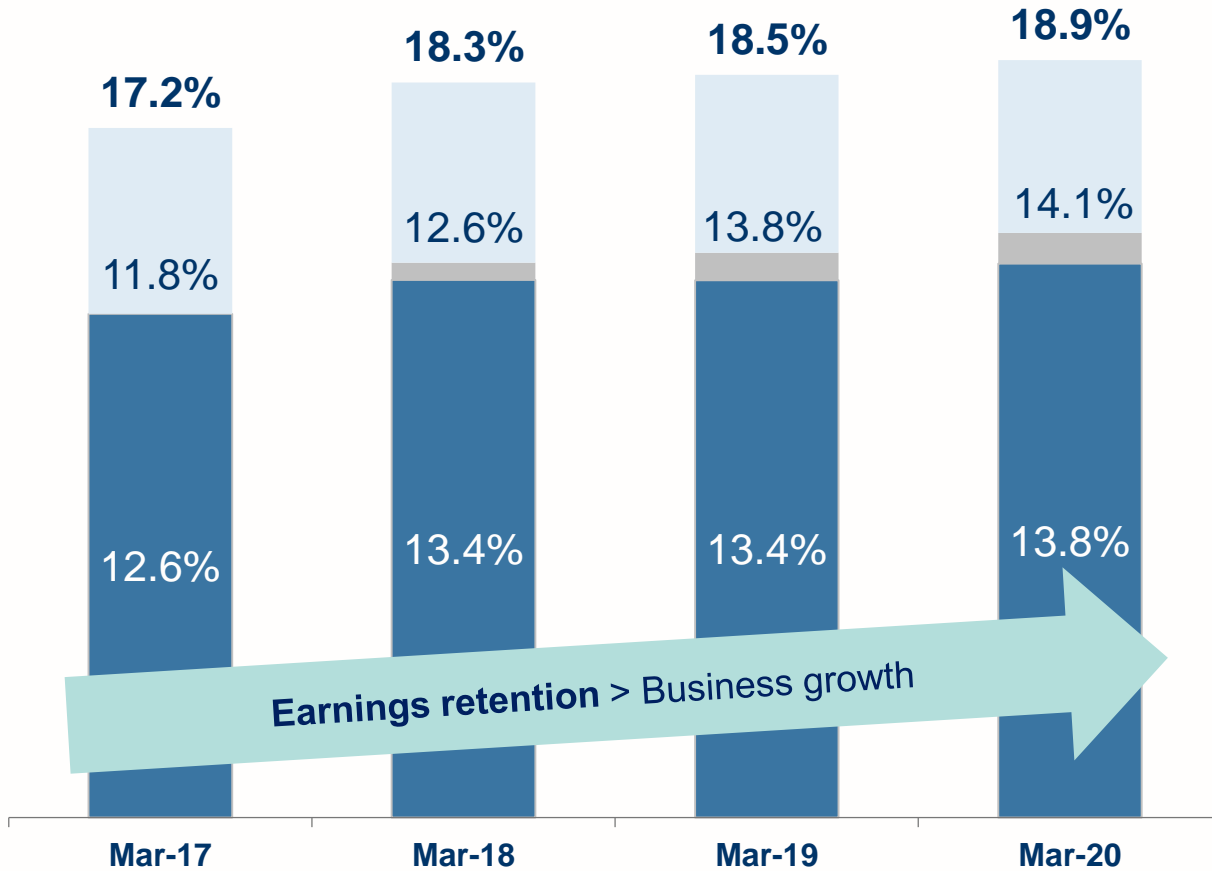
424
7.3%



Prioritising capital conservation

Capital Position

■ Total Capital ■ Tier 1 ■ CET 1



- FY20 total dividend: **6.0 sen** (payout ratio: 21.9%)
 - ✓ 1st interim: 6.0 sen
 - ✓ No 2nd interim dividend

- To consider future dividend proposals (once full COVID-19 impact is clearer)



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FY20 Transformation Achievements

FY20 Achievement

1

Accelerate core businesses

- a. AOA: **+54%** y-o-y to **>RM5.0 billion**
- b. Personal Financing: **+10%** y-o-y to **~RM2.2 billion**
- c. CASA: **56k new** consumer CASA
- d. SME loans: **+8%** y-o-y to **RM9.4 billion**
- e. Alliance@Work: **+26%** y-o-y to **~1,750** new Payroll Companies

Consumer

Business

2

Partnerships

- a. **Ecosystem partnerships**
 - Signed Memorandum of Understanding (MoU) with Celcom to acquire SME clients

3

Digital

- a. **Branch-in-a-Tablet**
 - Digital account opening for individuals and businesses



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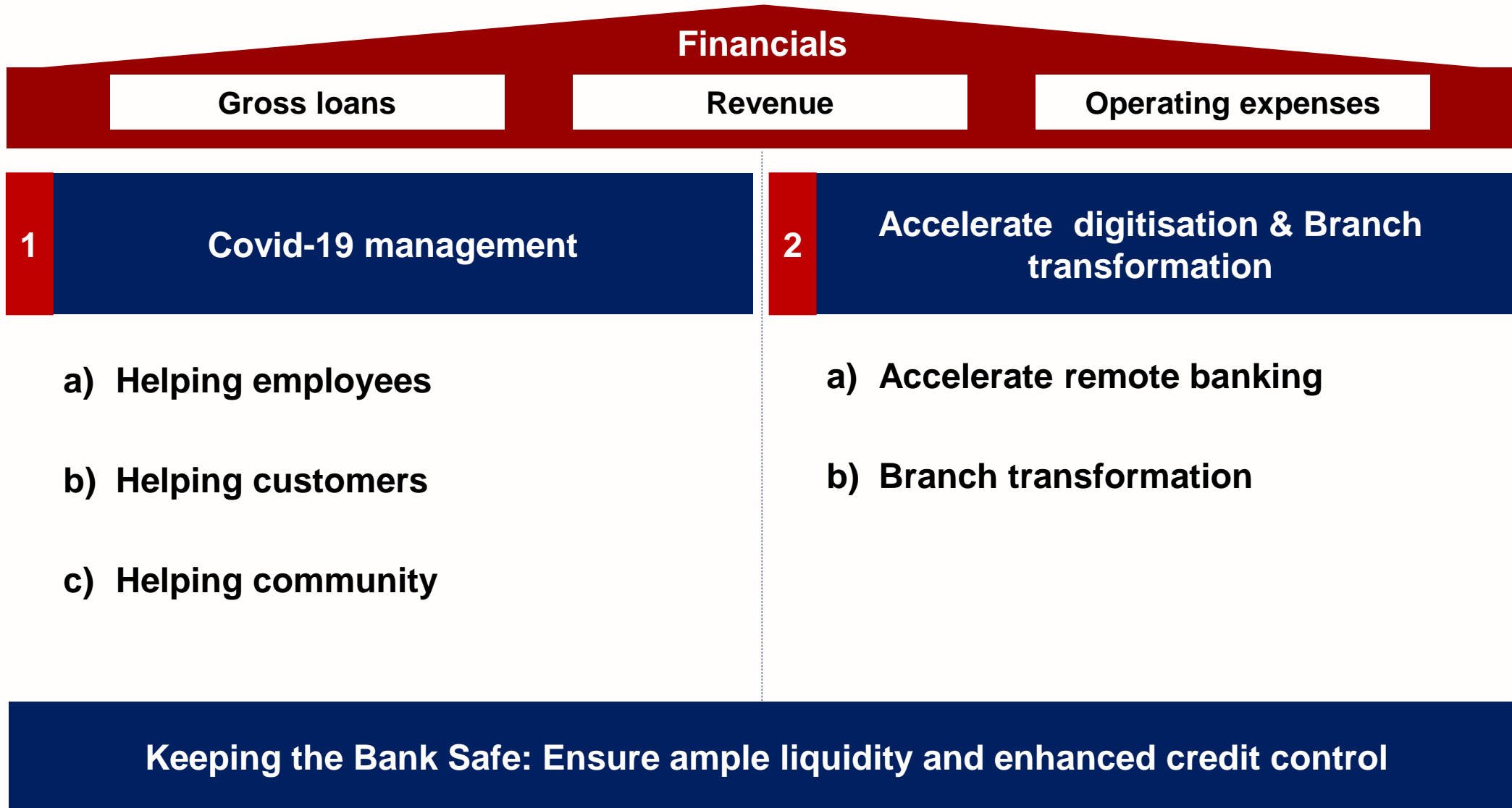
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FY21 Strategic Priorities



Keeping Our Stakeholders and the Bank Safe During COVID-19

Keeping Our Stakeholders Safe

Keeping the Bank Safe

Employees

Helping our staff to stay safe and protected at the workplace

Working Environment

Split
Operations &
>65% Work-
from Home

Enhanced
hygiene
measures

Employee Welfares

Expanded
family
medical
benefit

Community

Helping the underserved in our communities during this difficult time

COVID-19 funds

Contributed
>RM650k

SocioBiz

Raised
RM300k

Liquidity Management

Ensure the Bank continues to have ample liquidity

- **Sufficient liquidity** to mitigate any payment shock

- Liquidity Coverage Ratio

>150%

- Loan-to-Funds ratio

84%

Keeping Our Stakeholders and the Bank Safe During COVID-19

Keeping Our Stakeholders Safe

Keeping the Bank Safe

Helping our clients stay financially healthy during and post-pandemic

Enhancing our credit controls

What do we offer?

Result so far

- | What do we offer? | Result so far |
|---|--|
| 1 Automatic Moratorium (individual & SME) | <ul style="list-style-type: none"> RM23.2 billion or 53% High Opt out: 19% |
| 2 Special Relief Facility (“SRF”) | <ul style="list-style-type: none"> >RM620 million Helped >900 |
| 3 Corporate & Commercial moratorium / R&R (restructuring & rescheduling) | <ul style="list-style-type: none"> RM1.6 billion 20% of loan book |
| 4 #Support Lokal | <ul style="list-style-type: none"> 3 million views >50,000 link clicks |

1 Conducted portfolio review

<5%

loan exposure to **high-risk sectors** (significantly impacted by COVID-19)

2 Enhanced credit risk framework

100%

Engage with **all customers**

Help

Medium/ high risk: R&R (restructuring & rescheduling)

Grow

Viable business: Grant additional facilities

3 Payment Relief Assistance Post Moratorium

Customers

Credit Risk Management

COVID-19: Managing the Bank's financial impact in FY21

Key Performance Indicators	Financial Impact	Mitigating Action Plans	
<p>1</p> <p>Revenue</p>	<p><u>OPR cut:</u> <i>NIM lower by ~24bps</i> <i>(Permanent OPR cut impact: -7bps)</i></p>	<p>Grow core segments & lower cost deposits</p>	<p>Manage Available-For-Sale(AFS) investment portfolio</p>
<p>2</p> <p>Operating expenses</p>	<p><u>Cost management:</u> <i>Maintain similar level</i></p>	<p>Moderated payroll & stringent hiring</p>	<p>Manage discretionary expenses</p>
<p>3</p> <p>Net credit cost</p>	<p><u>Asset quality management:</u> <100bps <i>(Industry: double)</i></p>	<p>Proactive customer engagement post internal diagnosis</p>	<p>Targeted assistance & payment relief assistance</p>

Industry-wide Recognition of our Digitisation Efforts

20 Best Banks 2020 in Asia/Pacific

ANALYZE THE FUTURE

20 BEST BANKS

- Alliance Bank
- HDFC Bank
- Bank Central Asia
- Bank of Ayudhya PCL Krungsri
- Bank Rakyat Indonesia
- China Construction Bank
- CTBC Bank
- DBS Bank
- Government Savings Bank
- Industrial and Commercial Bank of China
- Kasikombank
- Kookmin Bank
- Kotak Mahindra Bank
- Macquarie Bank
- Maybank
- OCBC Bank
- China Merchants Bank
- Shinhan Bank
- Union Bank of the Philippines
- UOB Bank

Other banks listed in the graphic: Maybank, Bank Central Asia, Macquarie Bank, Bank Rakyat Indonesia, Union Bank of the Philippines, Industrial and Commercial Bank of China, DBS Bank, Kookmin Bank, China Construction Bank, China Merchants Bank, Bank of Ayudhya PCL (Krungsri), Kotak Mahindra Bank, Shinhan Bank, UOB Bank, CTBC Bank, Government Savings Bank, OCBC Bank, Alliance Bank, Kasikombank, HDFC Bank.

Regions: Australia, China, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Thailand, Taiwan.

IDC Financial Insights

Best Digital Bank in Malaysia



2019 Digital Transformation Award



By IDC Financial Insights
Asia Pacific

By Red Hat APAC
Innovation Awards

Thank You.

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