ALLIANCE BANK | THE BANK FOR LIFE™

Analyst Briefing
1QFY25

29 August 2024

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1QFY25 Performance Highlights

1	**Revenue & Profitability**	▪ **Revenue** grew **15.8% y-o-y** to **RM539.8 million** ▪ **Net interest income** grew **15.8% y-o-y** ➢ Net interest margin at 2.45% ▪ **Non-interest income** grew **15.7% y-o-y** ➢ Wealth management (+36.4% y-o-y) ➢ FX sales/trade fees (+13.2% y-o-y) ▪ **Cost to Income Ratio** at **48.0%** ▪ **Net profit after tax** at **RM176.7 million**
2	**Assets & Liabilities**	▪ **Gross loans** grew **14.8% y-o-y** ▪ **Customer deposits** grew **11.6% y-o-y**, with **CASA ratio** at **41.5%** (one of the highest in the industry)
3	**Effective Risk Management**	▪ **Net credit cost** at **8.1 bps** ▪ **Liquidity** and **capital positions** remained **strong** ➢ **Liquidity coverage ratio** at **163.0%** ➢ **CET-1 ratio: 12.2%; Total capital ratio: 16.4%**

NPAT grew 17.3% y-o-y to RM176.7 million

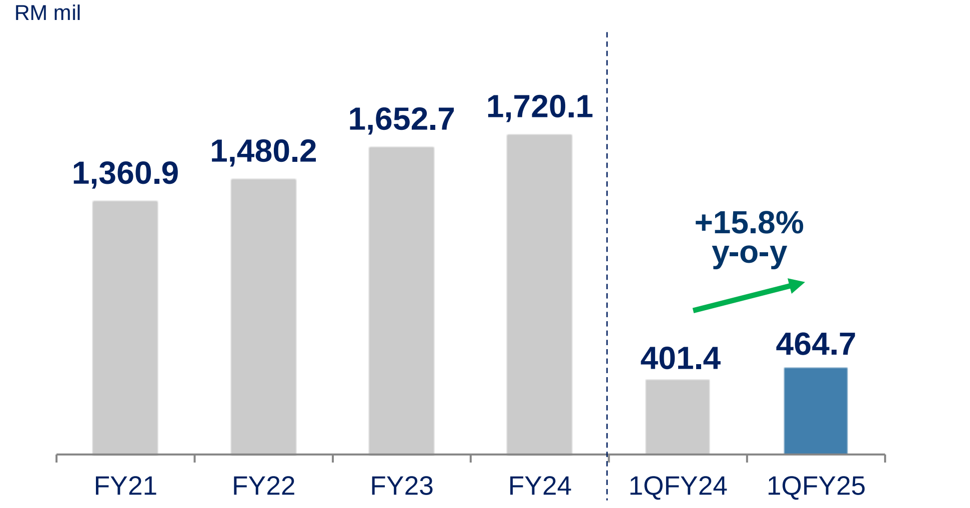
Income Statement	1QFY24 RM mil	1QFY25 RM mil	Y-o-Y Change (Better / (Worse)	
			RM mil	%
Net Interest Income	401.4	464.7	63.3	15.8%
Non-Interest Income	64.9	75.1	10.2	15.7%
Total Revenue	**466.3**	**539.8**	**73.5**	**15.8%**
OPEX	230.1	259.3	(29.2)	(12.7%)
Pre-Provision Operating Profit	**236.2**	**280.5**	**44.3**	**18.8%**
Net Credit Cost & Impairments	34.8	45.9	(11.1)	(31.9%)
- BAU credit charge	83.1	45.8	37.3	44.9%
- Overlays	(48.3)	0.1	(48.4)	(>100%)
Pre-tax Profit	**201.3**	**234.5**	**33.2**	**16.5%**
Net Profit After Tax	**150.5**	**176.7**	**26.1**	**17.3%**

Balance Sheet	1QFY24 RM mil	1QFY25 RM mil	RM mil	%
Gross Loans	**49,750**	**57,088**	**7,338**	**14.8%**
Treasury Assets	**14,043**	**15,578**	**1,535**	**10.9%**
Customer Deposits	**51,794**	**57,818**	**6,024**	**11.6%**
Total Available Funds#	**56,785**	**63,216**	**6,431**	**11.3%**

***Total Available Funds** = Customer Deposits + Structured Investment Deposits + Deposits and Placements of Banks / F.I.s (excluding Interbank borrowings & including BNM Funds) + Subordinated Obligations. Total Funding is the denominator for Loan-to-Fund Ratio (LFR).*

Net interest income grew 15.8% y-o-y

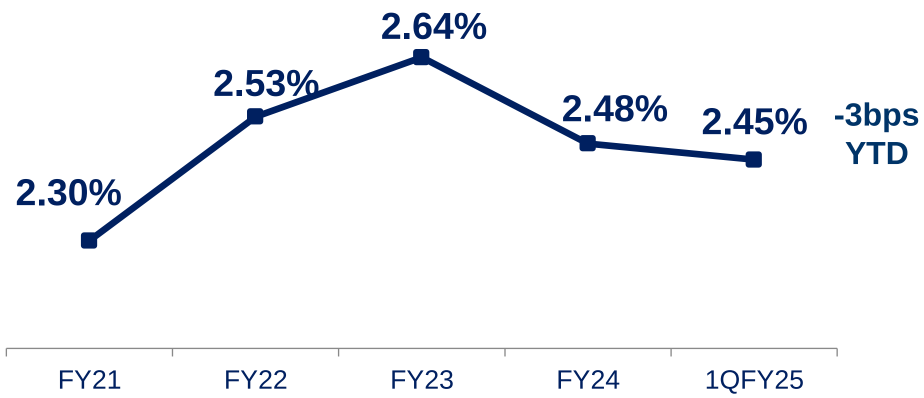
Net Interest Income



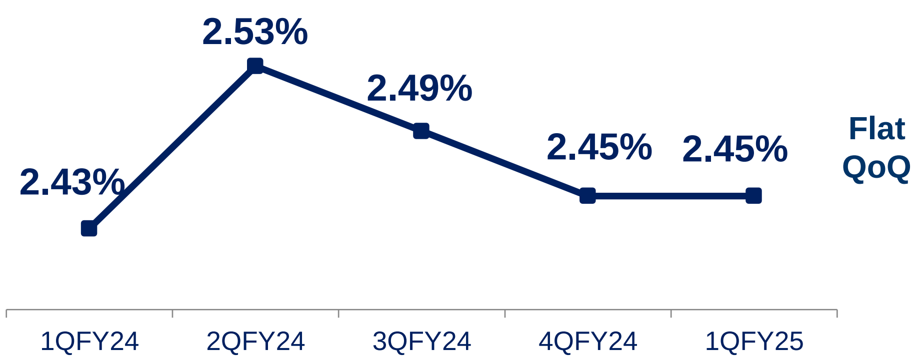
Y-o-Y impact: mainly driven by higher loans volume

YoY Impact	+13.2%	+0.5%	+2.1%	**+15.8%**

Net Interest Margin Trend

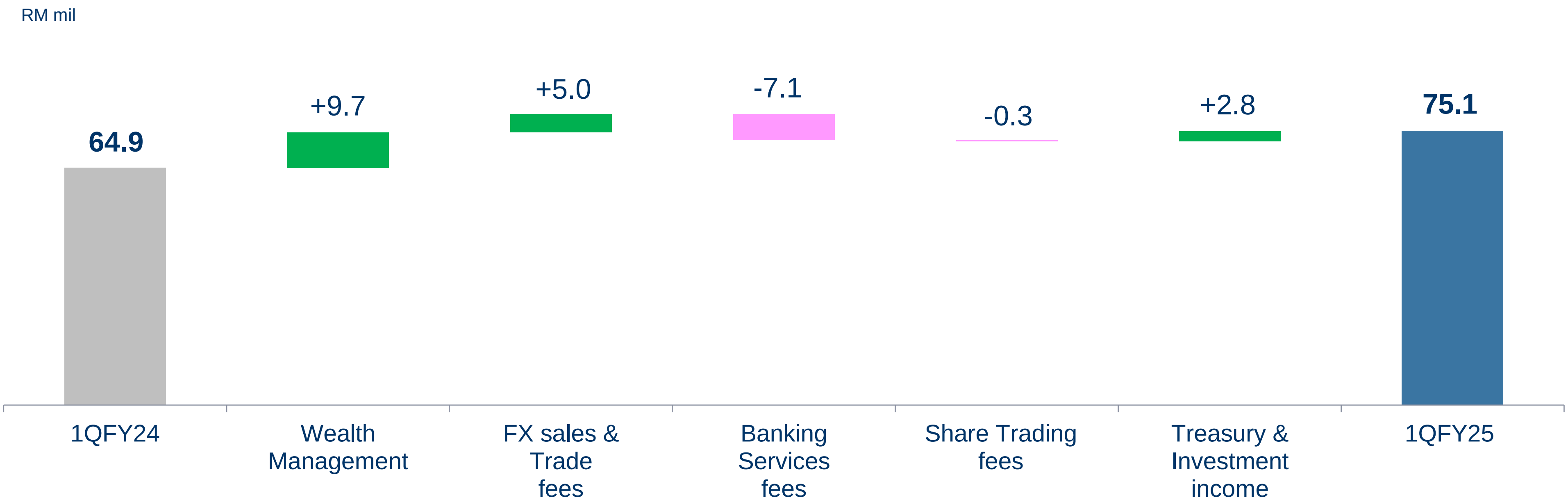


Quarterly NIM:



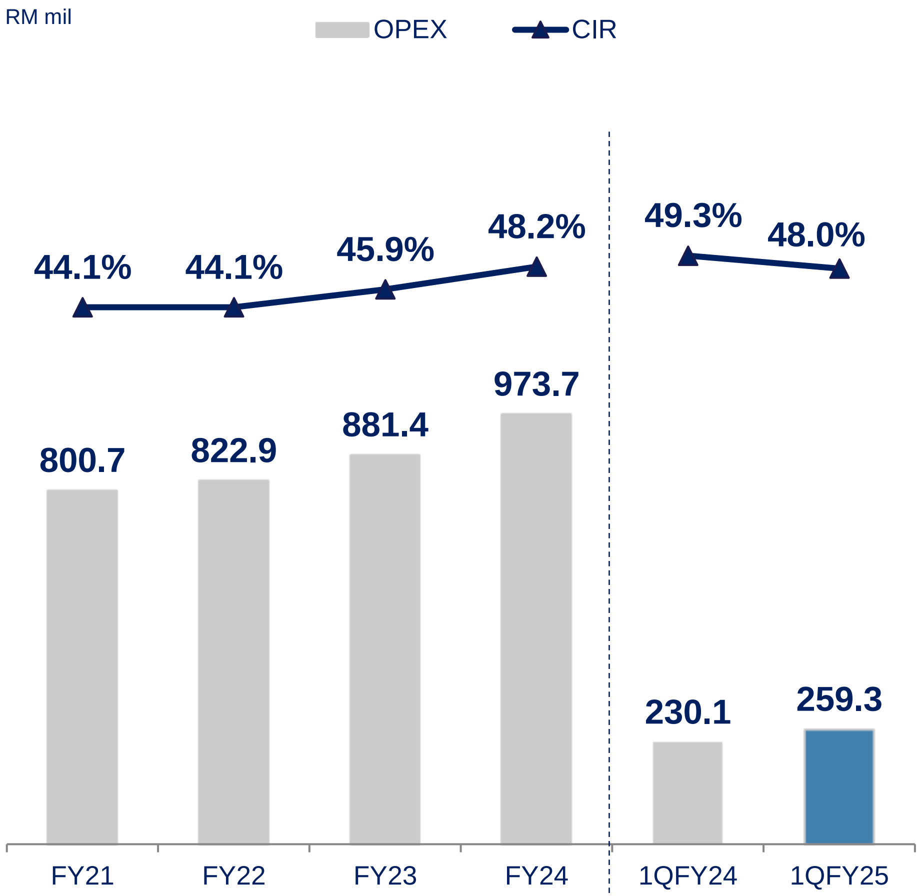
Non-interest income grew 15.7% to RM75.1 million

- **Non-interest income**: **+15.7% y-o-y**
  - Wealth management (+36.4% y-o-y)
  - FX sales & trade fees (+13.2% y-o-y)
- **Treasury & investment income**: (+RM2.8 million y-o-y) mainly due to higher AFS gains

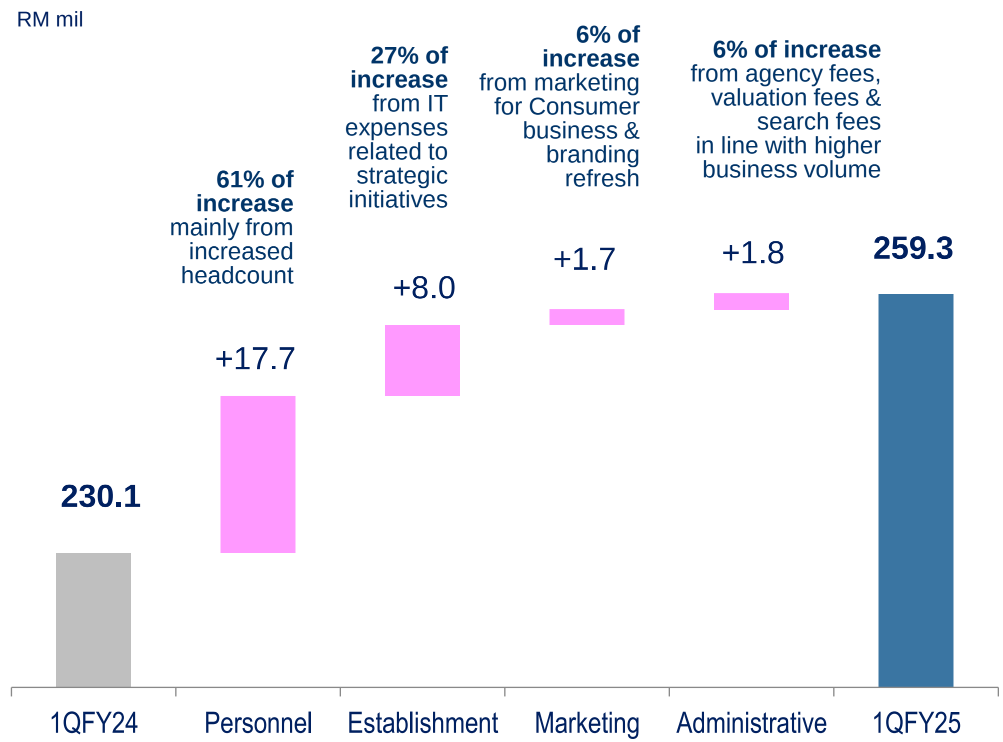


Cost to Income Ratio at 48.0%

Operating Expenses (OPEX)



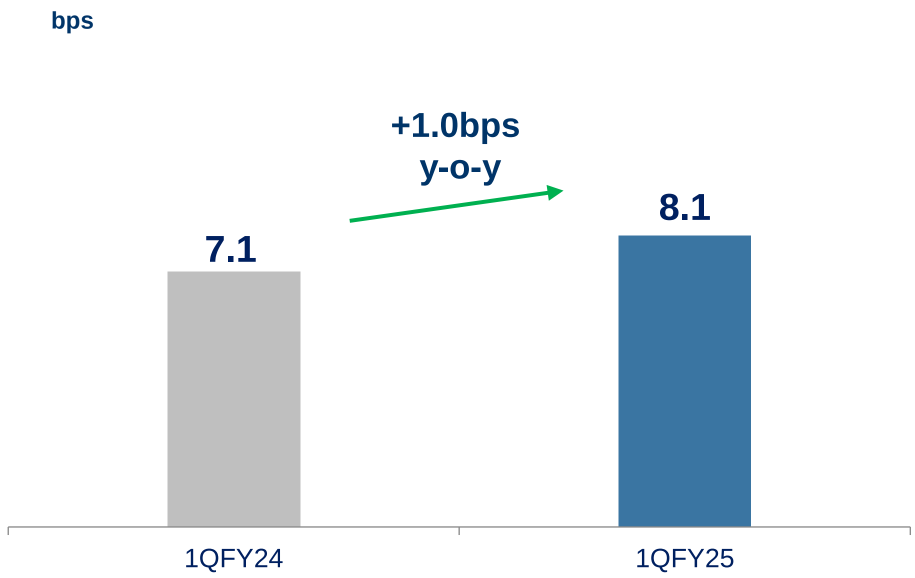
a) Operating expenses up **12.7% y-o-y**:



b) Cost to income ratio: **48.0%** (within guidance)

Net credit cost at 8.1 bps

Net Credit Cost



Loan Loss Coverage	***120.0%***	***111.6%***

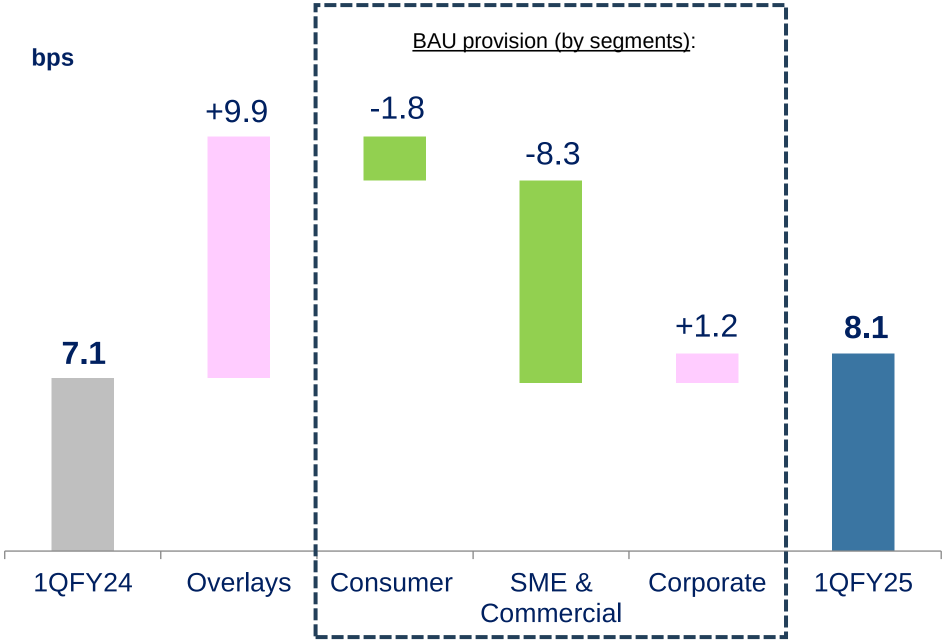
a) Net credit cost: **+1.0bps y-o-y** mainly due to:

- lower overlays write-back (+9.9bps/ +RM48.4 million)

<u>offset by</u>:

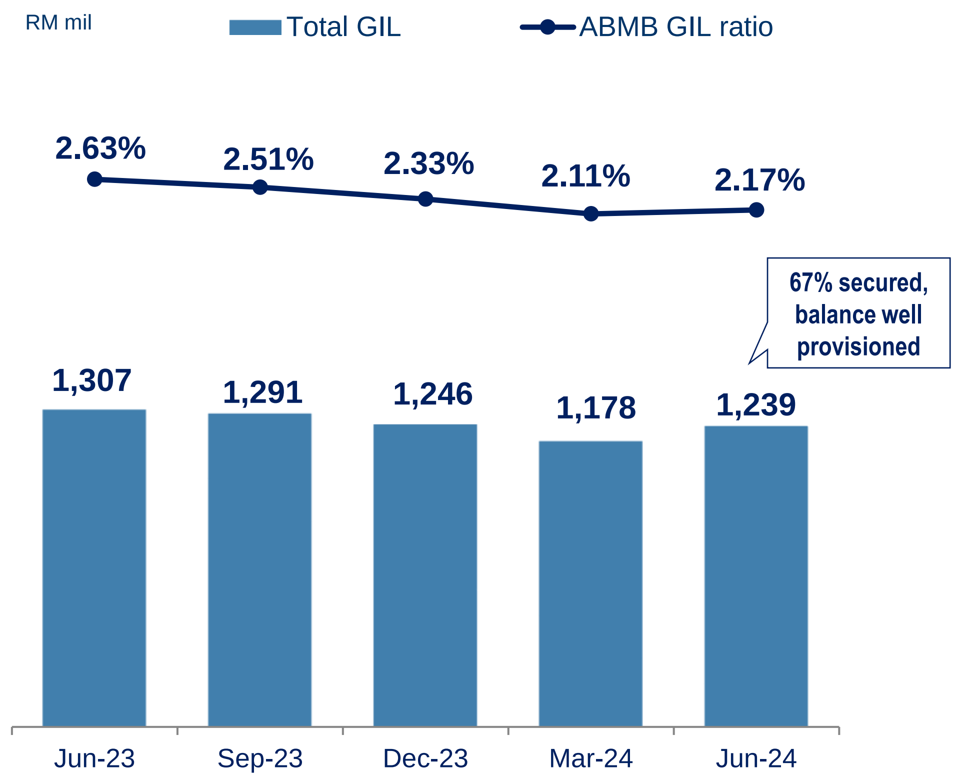
- lower BAU provisions (-8.9bps/ -RM37.3 million)

b) Consumer & SME/Commercial BAU provisions was lower year-on-year:

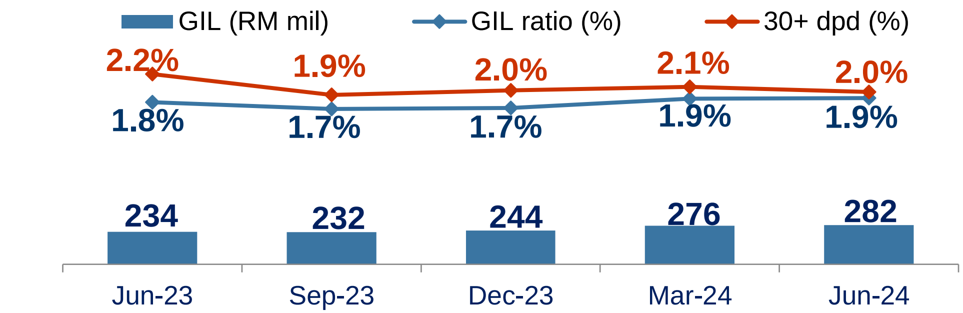


Gross impaired loans ratio at 2.17%

Gross Impaired Loans (GIL)

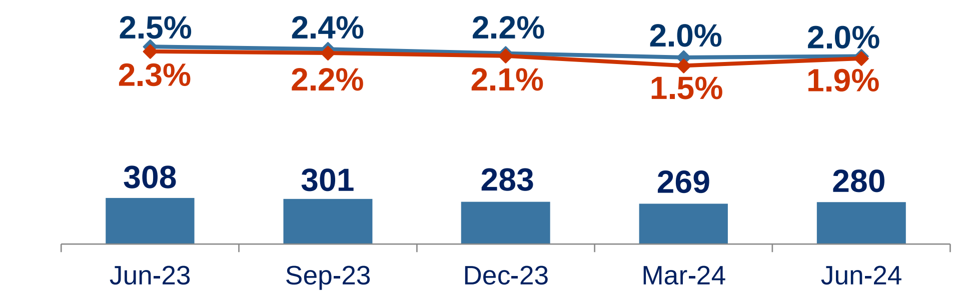


SME



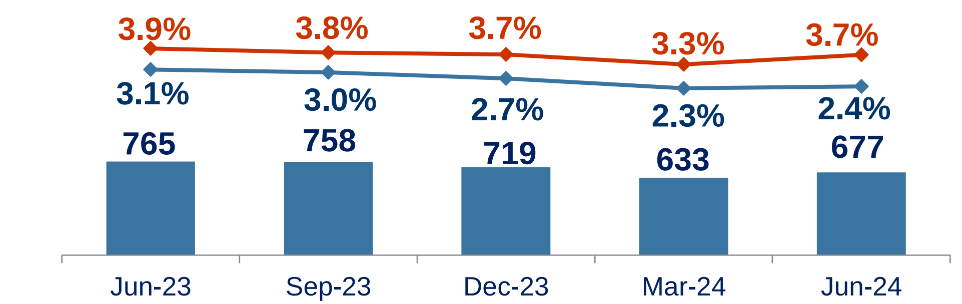
ENR	12,768	13,366	13,934	14,682	14,945

Commercial & Corporate



ENR	12,131	12,495	12,939	13,716	13,812

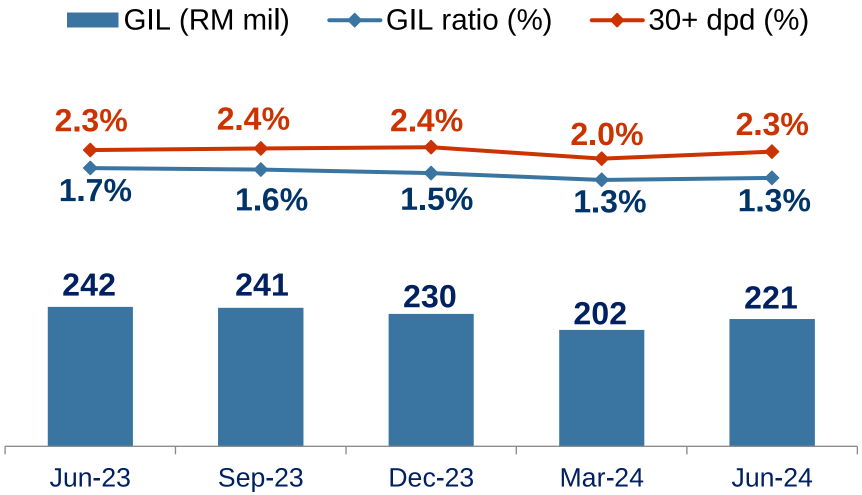
Consumer



ENR	24,851	25,599	26,482	27,343	28,331

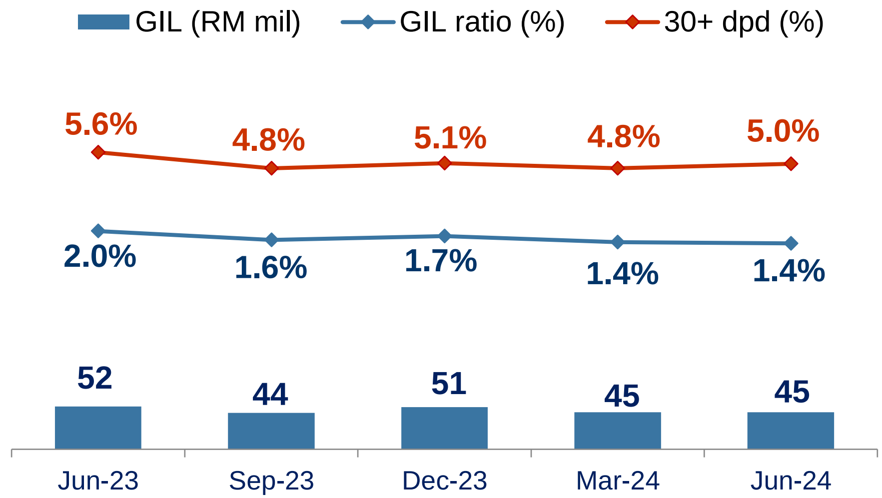
GIL ratio: Consumer Segment

Classic Mortgage



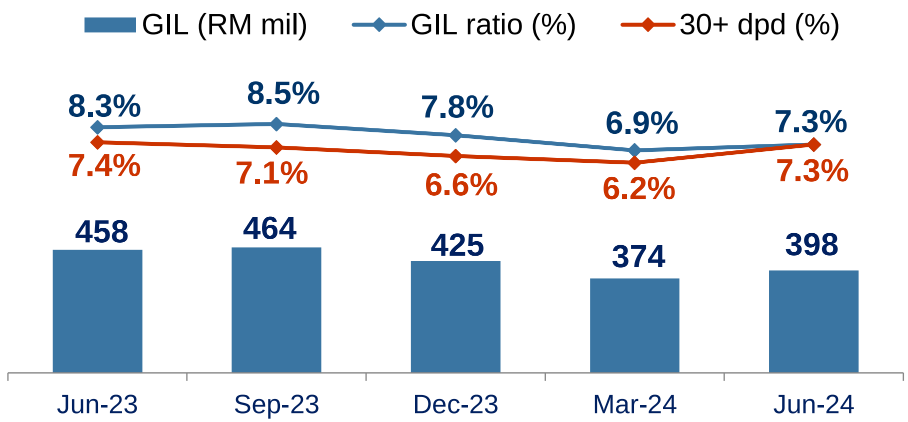
ENR	14,436	14,788	15,331	15,971	16,578

Personal Financing



ENR	2,668	2,851	2,954	3,099	3,217

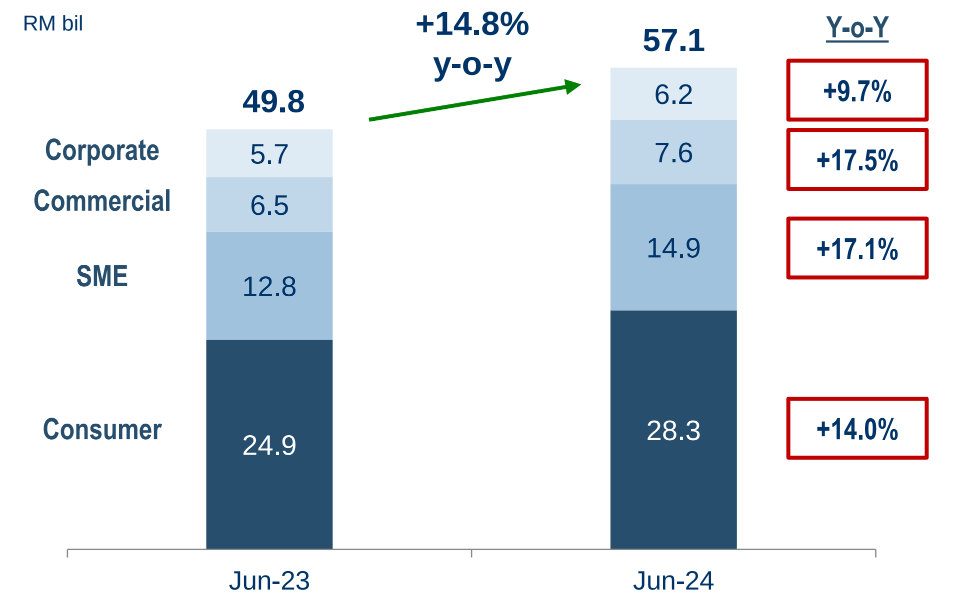
Alliance ONE Account (AOA)



ENR	5,529	5,480	5,434	5,394	5,470

Strong loans growth, supported by funding

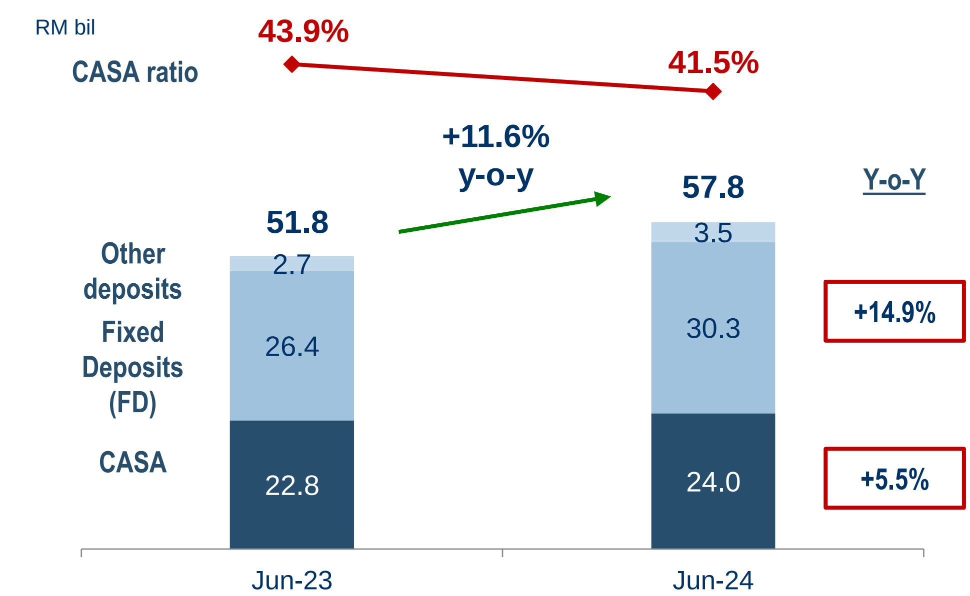
Gross Loans



a) Loans growth: **+14.8% y-o-y**

- SME: +17.1% y-o-y (mainly Term Loans)
- Commercial: +17.5% y-o-y
- Corporate: +9.7% y-o-y
- Consumer Banking: +14.0% y-o-y
  - Mortgage: +10.4% y-o-y
  - Personal Financing: +20.6% y-o-y
  - Share Margin Financing: +43.1% y-o-y

Customer Deposits



a) Customer deposits: **+11.6% y-o-y**

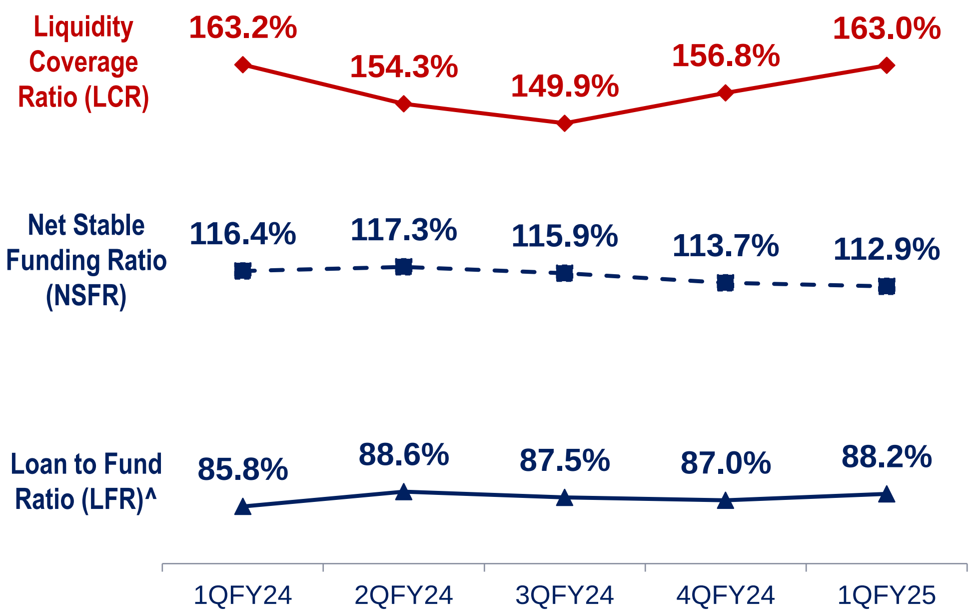
b) Fixed deposits: +14.9% (or RM3.9 bil) y-o-y

c) CASA deposits: +5.5% (or RM1.2 bil) y-o-y

- CASA ratio at 41.5% (remaining one of the highest in the industry)

Liquidity and capital position remain strong

Liquidity: LCR, LFR & NSFR

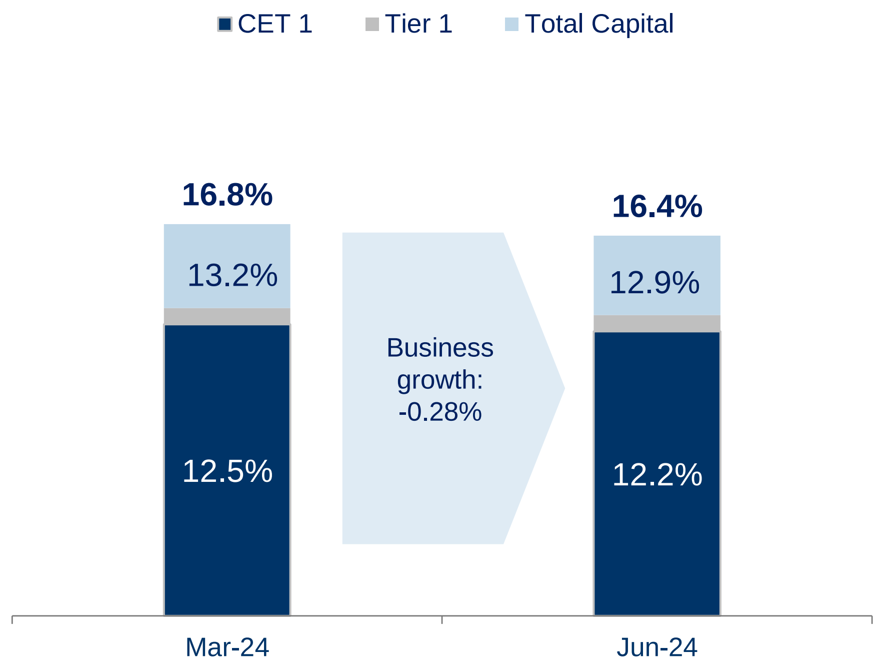


a) Liquidity ratios remaining strong:
- ➢ LCR: 163.0% (vs industry*: 155.2%)
- ➢ LFR^: 88.2% (vs industry*: 82.8%)

b) Net stable funding ratio (NSFR): 112.9%

*^ Loan to Fund Ratio is computed based on gross loans (excluding those funded by Cagamas) divided by total available funds; * BNM Monthly Statistical Bulletin Jun 2024*

Capital Position



a) Healthy capital position

b) Will maintain sufficient capital through proactive capital management, to support future business expansion

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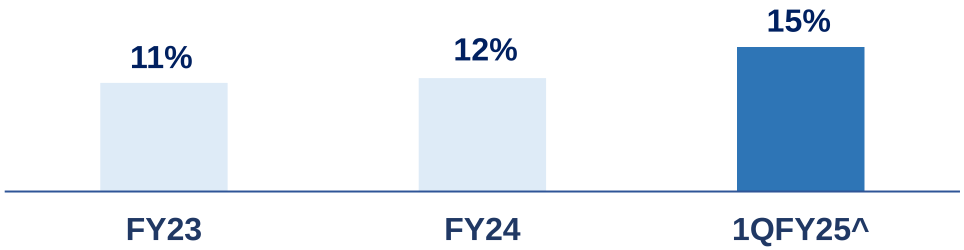
ACCELER8 2027: FY25 Key Success Metrics (1/2)

1 Continue velocity on SME expansion strategy

SME* YoY Loan Growth

*Based on BNM SME Definition

Target: FY25 Group Loan 8%-10%



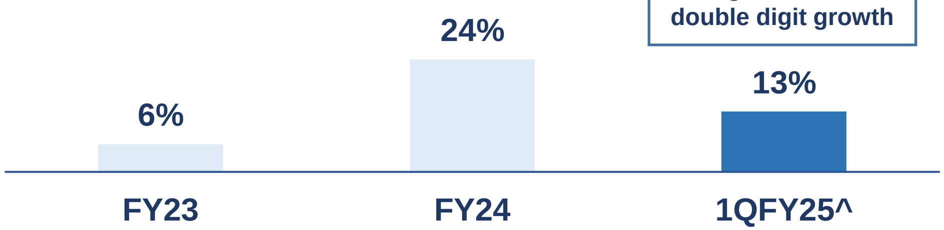
- Continued to **gain loan market share** and **outgrow industry growth** (ABMB: 15% vs industry: 9%) with ~2.5k NTB acquired

^1QFY25 comparison vs 1QFY24

2 Support our business customers through their life cycle

Business Banking Client Fee Income (RM)

Target: Maintain double digit growth



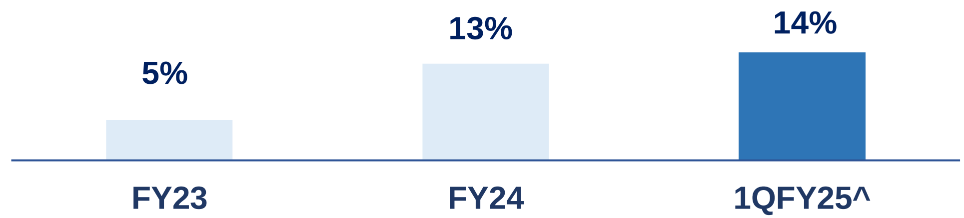
- 1QFY25 client fee income **grew 13% y-o-y,** mainly from **insurance/banca** (36% y-o-y), **forex sales** (17% y-o-y) and **trade** (15% y-o-y)

^1QFY25 comparison vs 1QFY24

3 Broaden consumer business, targeting attractive segments

Consumer YoY Loan Growth

Target: FY25 Group Loan 8%-10%



- Continued to **outgrow industry growth** (ABMB: 14% vs industry: 7%) and **gain loan market share** with ~29k NTB acquired**;** these are mainly driven by mortgage

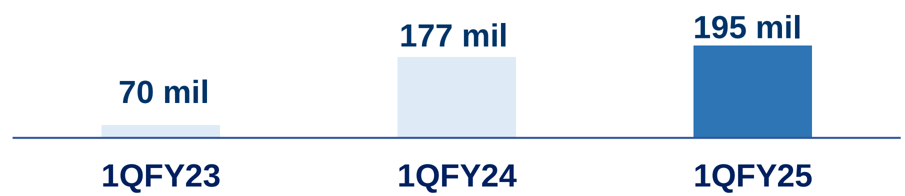
^1QFY25 comparison vs 1QFY24

4 Target resilient ecosystems across their value chain

Sustainability Impact Program (SIP)^ (Loan approved)

Target: Achieve RM560mil

Achieved 35% of FY25 full year target



- **Approved RM195mil** cumulative loans, **representing one third of FY25 full year target**

^ previously known as Sustainability Assistance Program (SAP)

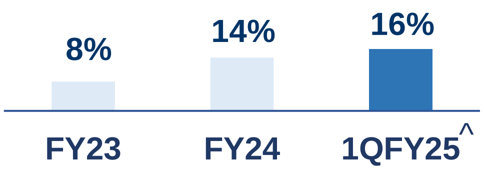
ACCELER8 2027: FY25 Key Success Metrics (2/2)

5 Become regional champion for selected economic corridors

Regional YoY Growth (Sarawak, Penang and Johor)

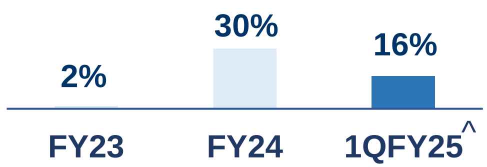
Total Regional Loan

Target: Maintain double digit growth



Total Regional Deposit

Target: Maintain double digit growth



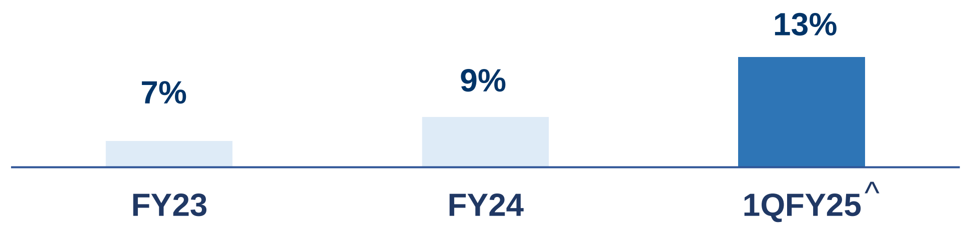
- **Included Johor as the new growth region**
- **Continued strong regional growth in** both **loans (+16% y-o-y)** and **deposits (+16% y-o-y)** across Sarawak, Penang and Johor

^1QFY25 comparison vs 1QFY24

7 Accelerate Islamic business, leveraging unique propositions

AIS YoY Financing Growth

Target: Surpass FY23/FY24 growth



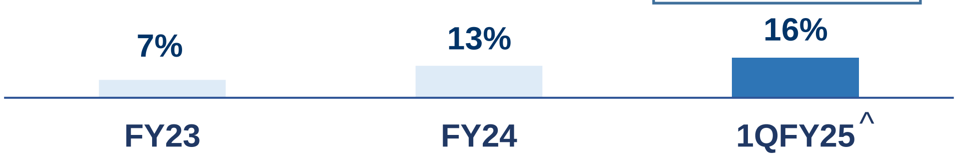
- Continue to **scale up Halal in One acceptance** & work with various partners to widen reach; developing unique proposition to further scale Islamic business

^1QFY25 comparison vs 1QFY24

6 Drive synergies & value creation in our corporate & capital market business

Corporate and Capital Market YoY Revenue Growth

Target: Maintain double digit growth



- **Corporate:** Growth driven mainly by ~20% y-o-y interest income backed by 10% loan growth y-o-y
- **Capital Market:** Grew 81% y-o-y mainly from Corporate Finance deal

^1QFY25 comparison vs 1QFY24

8 Leverage partnerships to scale product offering, distribution and drive value

Enhanced propositions

Key bank partner (AWS & UNGCMYB) for Bursa CSI

- Provide advisory, data solutions, preferential financing to decarbonize supply chains
- Committed RM1 billion to fund green receivables program for SME suppliers to incentivize their transition

Access to new customer base

- **Penang:** Reached >500 SMEs via events collaboration with MPIA, Solarvest, Penang Green Council and InvestPenang
- **Sarawak:** Conducted statewide roadshow and provide advisory tools & banking benefits to Sarawakian SMEs with InvestSarawak

We continue to make progress against our Topline Goals

	1 Grow our new sustainable banking business	2 Help customers adopt sustainable lifestyles and business practices	3 Reduce the Bank's greenhouse gas (GHG) emissions footprint
Target	**Cumulative RM15.0 billion** in new sustainable banking business by **FY2027**	Reduce **customers under C5a* category to <20.0%** by FY2030	Reduce **Scope 1 and Scope 2 GHG emissions by 20%** by FY2027 against FY2020 baseline
Achievement as of 1QFY25	**Cumulative RM13.1 billion** in new sustainable banking business	Reduced business and investment portfolio of C5a* to **21.7%**	**13.6%** reduction in Scope 1 and Scope 2 GHG emissions against FY2020 baseline
Key Updates	**Allocated RM1 billion of green receivables financing** for SME suppliers participating in the Bursa's Centralised Sustainability Intelligence (CSI) Solution	**Continued to engage customers to develop climate transition plans** via the PROGRESS assessment tool – an ESG diagnostic tool jointly created by UNGCMYB	Continued **execution of the GHG emissions reduction strategy** and **upskilling of employees** to develop sustainability capabilities

* C5 is replaced by C5a as per BNM's CCPT methodology changes and they share the same definition

Key Takeaways for 1QFY25

- **Business growth:**
  - Strong **loans growth** momentum (9.7% year-to-date annualised), driven by all core segments.
  - **Treasury assets** grew 10.9% y-o-y.
- **Profitability:**
  - **Revenue up 15.8%** to **RM539.8 million**.
  - **NIM** at 2.45% & **CIR** at 48.0% (within guidance).
  - **NPAT** grew **17.3%** to **RM176.7 million**, with an annualised **ROE** of **10.0%**.
- **Balance sheet items:**
  - **Overall gross impaired loans** (GILs) at 2.17%.
  - **Credit cost at 8.1bps** (1QFY25) (within guidance).
- **ACCELER8 2027 Strategy:**
  - **Acquisition momentum:** 29k Consumer & 2.5k SME NTB acquisitions in this quarter.
  - **Deepening relationships:** Non-interest income grew 16% y-o-y.
  - **Islamic franchise:** Islamic financing grew 13% y-o-y.
  - All pillars **on track** to meet FY25 Targets.
- **Management guidance:**
  - **On track** on all indicators.
  - We remain **cautiously optimistic** for the year.

	FY25 Guidance	1QFY25 Actual
Gross Loans	8% - 10%	**9.7%** YTD* (14.8% y-o-y)
Net Interest Margin	between 2.40 - 2.45%	**2.45%**
Cost to Income	approximately 48%	**48.0%**
Net Credit Cost	30 - 35bps	**32.4bps***
ROE	> 10%	**10.0%***

** Annualised*

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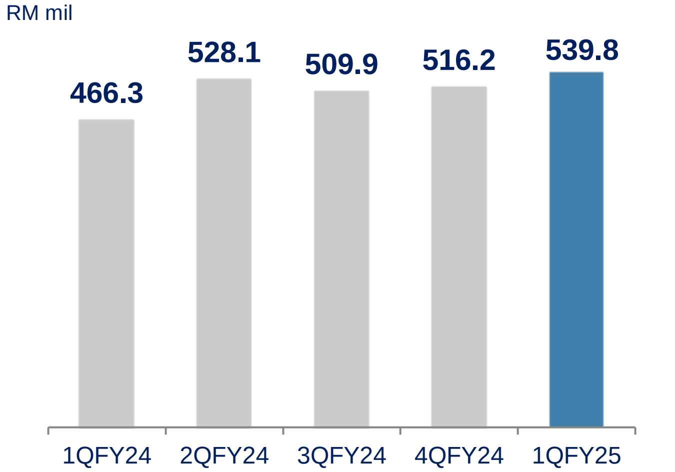
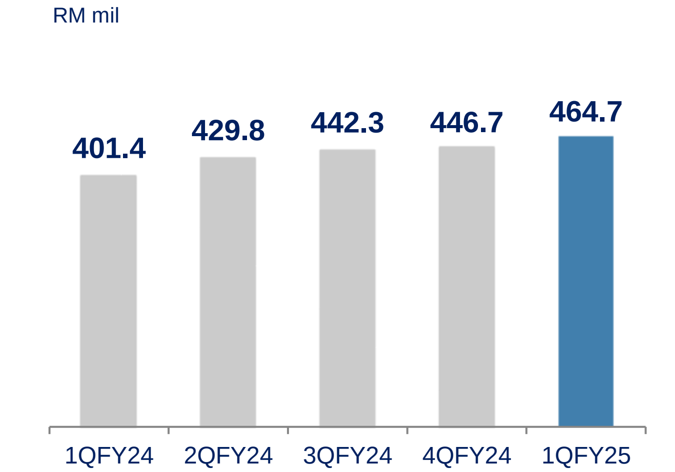
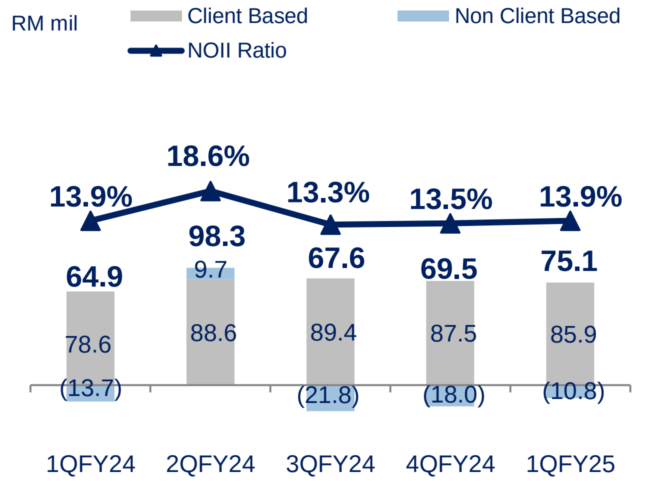
Revenue



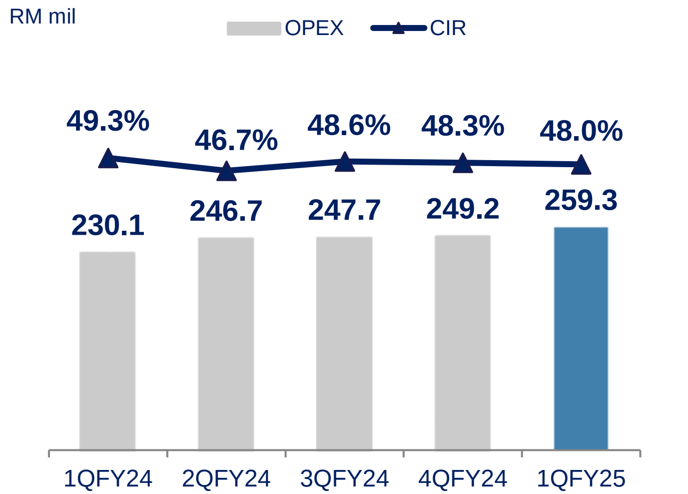
Net Interest Income & Islamic Net Financing Income



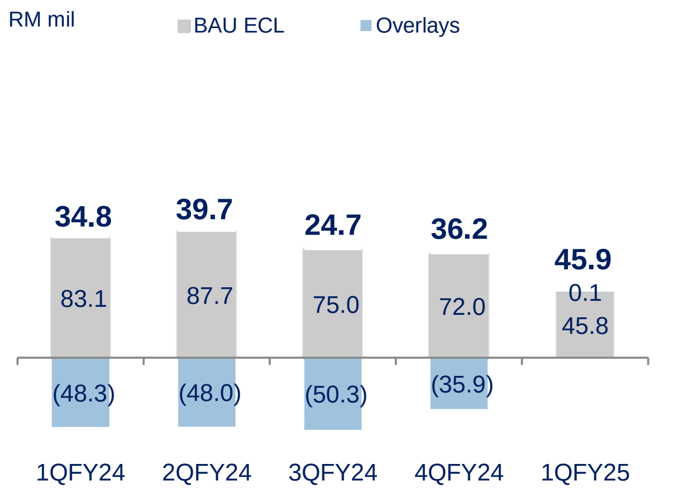
Non Interest Income & NOII Ratio



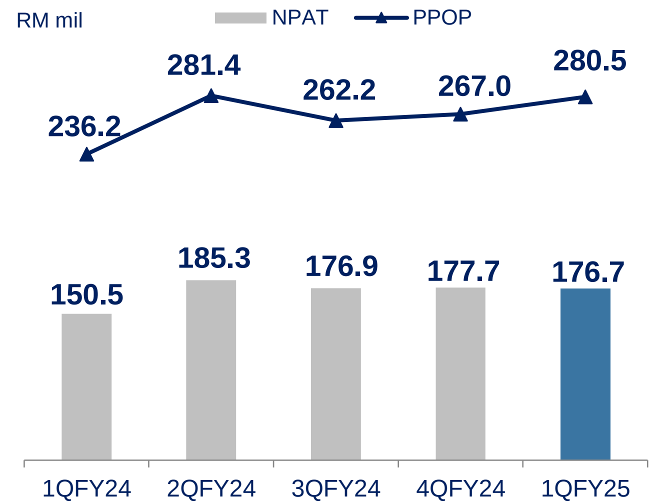
Operating Expenses & CIR Ratio



Expected Credit Losses ("ECL")



Pre-Provision Operating Profit & Net Profit



Note: Revenue and non interest income includes Islamic banking income

Income Statement	4QFY24 RM mil	1QFY25 RM mil	Q-o-Q Change Better / (Worse) RM mil	Q-o-Q Change Better / (Worse) %
Net Interest Income	342.8	346.1	18.0	4.0%
Islamic Net Financing Income	103.8	118.6		
Islamic Non-Financing Income	10.6	11.5	5.6	8.1%
Non-Interest Income	58.9	63.6		
Net Income*	**516.2**	**539.8**	**23.6**	**4.6%**
OPEX	249.2	259.3	(10.1)	(4.1%)
Pre-Provision Operating Profit (PPOP)	**267.0**	**280.5**	**13.5**	**5.1%**
Net Credit Cost	35.8	45.8	(10.0)	(27.8%)
- BAU	71.7	45.7	26.0	36.2%
- Overlays	(35.9)	0.1	(35.9)	(>100%)
Expected Credit Losses on Financial Investments	0.3	0.1	0.2	59.0%
Pre-tax Profit	**230.8**	**234.5**	**3.7**	**1.6%**
Net Profit After Tax	**177.7**	**176.7**	**(1.1)**	**(0.6%)**

Notes:
** Revenue, net interest income and non interest income includes Islamic banking income*

- **Revenue** grew by RM23.6mil or 4.6% q-o-q due to:
  - Net interest income: +RM18.0mil or 4.0% q-o-q mainly due to higher loans volume.
  - Non-interest income: +RM5.6mil q-o-q:
    - ✓ Lower client based fee income (-RM1.5mil)
    - ✓ Higher treasury & investment income (+RM7.1mil)
- **Operating expenses** was RM10.1mil higher mainly due to higher personnel cost, IT expenses and marketing expenses, offset by lower administrative expenses.
- **Pre-provision Operating Profit (PPOP)** increased by 5.1% q-o-q to RM280.5mil.
- **Net credit cost** was higher by RM10.0mil due to an absence of overlays write-back.
- **Net profit after tax** reduced by 0.6% q-o-q mainly due to higher operating expense and net credit cost.

Income Statement	1QFY24 RM mil	1QFY25 RM mil	Y-o-Y Change Better / (Worse)	
			RM mil	%
Net Interest Income	305.0	346.1	63.3	15.8 %
Islamic Net Financing Income	96.3	118.6		
Islamic Non-Financing Income	4.0	11.5	10.2	15.7%
Non-Interest Income	60.9	63.6		
Net Income*	**466.3**	**539.8**	**73.5**	**15.8%**
OPEX	230.1	259.3	(29.2)	(12.7%)
Pre-Provision Operating Profit (PPOP)	**236.2**	**280.5**	**44.3**	**18.8%**
Net Credit Cost	34.7	45.8	(11.1)	(32.1%)
- BAU	83.0	45.7	37.3	44.9%
- Overlays	(48.3)	0.1	(48.4)	(>100%)
Expected Credit Losses on Financial Investments	0.2	0.1	0.0	14.2%
Pre-tax Profit	**201.3**	**234.5**	**33.2**	**16.5%**
Net Profit After Tax	**150.5**	**176.7**	**26.1**	**17.3%**

- **Revenue** grew by RM73.5mil or 15.8% y-o-y due to:
  - Net interest income: +RM63.3mil or 15.8% y-o-y mainly due to higher loans volume.
  - Non-interest income: +RM10.2mil y-o-y:
    - ✓ Higher client based fee income (+RM7.4mil)
    - ✓ Higher treasury & investment income (+RM2.8mil)
- **Operating expenses** was higher by RM29.2mil due to increase in all lines of expenses, mainly personnel cost and IT expenses.
- **Pre-provision Operating Profit (PPOP)** grew by 18.8% y-o-y to RM280.5mil.
- **Net credit cost** was higher by RM11.1mil due to an absence of overlays write-back.
- **Net profit after tax** grew by 17.3% y-o-y mainly driven by higher revenue growth.

Notes:
** Revenue, net interest income and non interest income includes Islamic banking income*

Balance Sheet	Mar 24 RM bil	Jun 24 RM bil	Q-o-Q Change	
			RM bil	%
Total Assets	**76.9**	**78.6**	**1.7**	**2.2%**
Treasury Assets*	14.4	15.6	1.1	7.9%
Gross Loans	*55.7*	*57.1*	1.3	2.4%
Net Loans	54.7	56.1	1.3	2.4%
Customer Deposits	57.4	57.8	0.4	0.7%
Total Available Funds ⁺	*62.7*	*63.2*	0.5	0.8%
CASA Deposits	23.9	24.0	0.1	0.6%
Shareholders' Funds	**7.2**	**7.2**	**(0.0)**	**(0.0%)**
Gross Loans Growth (y-o-y)	*13.6%*	*14.8%*		
Net Loans Growth (y-o-y)	14.2%	15.3%		
Customer Deposits Growth (y-o-y)	12.9%	11.6%		
Total Available Funds ⁺ Growth (y-o-y)	*12.4%*	*11.3%*		
CASA Deposits Growth (y-o-y)	12.1%	5.5%		

- **Gross loans** grew by 2.4% q-o-q:
  - ***SME loans:*** +1.8% q-o-q mainly from Term Loans;
  - ***Commercial loans:*** +2.1% q-o-q mainly due to higher drawdown from several accounts;
  - ***Corporate loans:*** -1.0% q-o-q mainly due to higher repayment from several accounts;
  - ***Consumer loans:*** +3.6% q-o-q mainly from Classic Mortgage (+3.8%), Share Margin Financing (+7.8%) and Personal Financing (+3.8%).
- **Treasury assets:** +7.9% q-o-q mainly due to increase in government & corporate bond holdings for FVOCI, FVTPL and AMC portfolio.
- **Customer deposits** increased by 0.7% q-o-q:
  - FDs up RM0.27bil or 0.9% q-o-q, and
  - CASA up RM0.14bil or 0.6% q-o-q.

Notes:
** Treasury assets comprise financial assets (FVOCI, FVTPL, AMC) & derivative financial assets*
⁺ Total Available Funds = Customer Deposits + Structured Investment Deposits + Deposits and Placements of Banks / F.I.s (excluding Interbank borrowings & including BNM Funds) + Subordinated Obligations. Total Funding is the denominator for Loan-to-Fund Ratio (LFR)

Balance Sheet	Jun 23 RM bil	Jun 24 RM bil	Y-o-Y Change	
			RM bil	%
Total Assets	**67.9**	**78.6**	**10.8**	**15.8%**
Treasury Assets*	14.0	15.6	1.5	10.9%
Gross Loans	*49.7*	*57.1*	7.3	14.8%
Net Loans	48.6	56.1	7.4	15.3%
Customer Deposits	51.8	57.8	6.0	11.6%
Total Available Funds +	*56.8*	*63.2*	6.4	11.3%
CASA Deposits	22.8	24.0	1.2	5.5%
Shareholders' Funds	**6.8**	**7.2**	**0.4**	**6.2%**
Gross Loans Growth (y-o-y)	*7.9%*	*14.8%*		
Net Loans Growth (y-o-y)	7.8%	15.3%		
Customer Deposits Growth (y-o-y)	6.5%	*11.6%*		
Total Available Funds + Growth (y-o-y)	*6.0%*	*11.3%*		
CASA Deposits Growth (y-o-y)	(6.4%)	5.5%		

- **Gross loans** grew by 14.8% y-o-y:
  - ***SME loans:*** +17.1% y-o-y mainly from Term Loans;
  - ***Commercial loans:*** +17.5% y-o-y mainly due to higher drawdown from several accounts;
  - ***Corporate loans:*** +9.7% y-o-y due to higher drawdown from several accounts;
  - ***Consumer loans:*** +14.0% y-o-y mainly from Classic Mortgage (+14.8%), Share Margin Financing (+43.1%) and Personal Financing (+20.6%).
- **Treasury assets:** +10.9% y-o-y mainly due to increase in government & corporate bond holdings for FVOCI, FVTPL and AMC portfolio.
- **Customer deposits** grew by 11.6% y-o-y:
  - FDs up RM3.9bil or 14.9% y-o-y, and
  - CASA up RM1.2bil or 5.5% y-o-y.

Notes:
** Treasury assets comprise financial assets (FVOCI, FVTPL, AMC) & derivative financial assets*
+ Total Available Funds = Customer Deposits + Structured Investment Deposits + Deposits and Placements of Banks / F.I.s (excluding Interbank borrowings & including BNM Funds) + Subordinated Obligations. Total Funding is the denominator for Loan-to-Fund Ratio (LFR)

	Financial Ratios	1QFY24	4QFY24	1QFY25
Shareholder Value	Return on Equity	9.1%	10.5%	10.0%
	Earnings per Share	9.7sen	11.5sen	11.4sen
	Net Assets per Share	RM4.36	RM4.63	RM4.63
Efficiency	Net Interest Margin	2.43%	2.45%	2.45%
	Non-Interest Income Ratio	13.9%	13.5%	13.9%
	Cost to Income Ratio	49.3%	48.3%	48.0%
Balance Sheet Growth	Net Loans (RM bil)	48.6	54.7	56.1
	Customer Deposits (RM bil)	51.8	57.4	57.8
	Total Available Funds (RM bil)	56.8	62.7	63.2
Asset Quality	Net credit cost (basis points)	7.1	6.5	8.1
	Gross Impaired Loans Ratio	2.6%	2.1%	2.2%
	Net Impaired Loans Ratio	1.4%	1.2%	1.3%
	Loan Loss Coverage Ratio^	120.0%	113.8%	111.6%
Liquidity	CASA Ratio	43.9%	41.6%	41.5%
	Loan to Deposit Ratio	96.1%	97.1%	98.7%
	Loan to Fund Ratio	85.8%	87.0%	88.2%
	Liquidity Coverage Ratio	163.2%	156.8%	163.0%
	Net Stable Funding Ratio	116.4%	113.7%	112.9%
Capital	Common Equity Tier 1 Capital Ratio*	13.3%	12.5%	12.2%
	Tier 1 Capital Ratio*	14.1%	13.2%	12.9%
	Total Capital Ratio*	18.1%	16.8%	16.4%

Note: ^ Loan Loss Coverage includes Regulatory Reserve provision [excluding Regulatory Reserve: 97.2% at 1QFY25 (vs. 100.6% at 4QFY24)
** Capital ratios without transitional arrangement*

THANK YOU

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