



**ALLIANCE BANK**

**Alliance Bank Malaysia Berhad** (88103-W)

**PILLAR 3 REPORT**

**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

<b>CONTENTS</b>	<b>PAGE</b>
1.0 Scope of Application	1
2.0 Capital	2 - 8
2.1 Capital Adequacy Ratios	2 - 3
2.2 Capital Structure	4
2.3 Risk-Weighted Assets and Capital Requirements	5 - 8
3.0 Credit Risk	9 - 35
3.1 Distribution of Credit Exposures	9 - 14
3.2 Past due Loans, Advances and Financing Analysis	15
3.3 Impaired Loans, Advances and Financing Analysis	16 - 19
3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach	20 - 27
3.5 Credit Risk Mitigation	28 - 31
3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk	32 - 35
4.0 Market Risk	36
5.0 Equity Exposures in Banking Book	37
6.0 Interest Rate Risk/Rate of Return Risk in the Banking Book	38
7.0 Shariah Governance Disclosures and Profit Sharing Investment Account ("PSIA")	38

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**PILLAR 3 REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

**Overview**

The Group's Pillar 3 Disclosure is governed by the Bank Disclosure Policy on Basel II Risk-Weighted Capital Adequacy Framework - Pillar 3 which sets out the minimum disclosure standards, the approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process which covers the verification and review of the accuracy of information disclosed.

**1.0 Scope of Application**

The Pillar 3 Disclosure was prepared on a consolidated basis and comprises information on Alliance Bank Malaysia Berhad ("the Bank"), its subsidiaries and associate companies. The Group offers Conventional and Islamic banking services. The latter includes the acceptance of deposits and granting of financing under the Shariah principles via the Bank's wholly-owned subsidiary, Alliance Islamic Bank Berhad.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes, except for investments in subsidiaries engaged in nominee activities and sales distribution which are excluded from the regulatory consolidation and are deducted from regulatory capital.

There were no significant restrictions or other major impediments on transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiaries of the Group that were not included in the consolidation for regulatory purposes as at the financial period end.

The capital adequacy information was computed in accordance with BNM's Capital Adequacy Framework. The Group has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk.

## **2.0 Capital**

### **2.1 Capital Adequacy Ratios**

The capital adequacy ratios of the Bank and the Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Bank and the Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The minimum regulatory capital adequacy ratios, as required under BNM's Capital Adequacy Framework (Capital Components) which includes transitional arrangements for year 2015, are set out as follows:

<b>Calendar Year</b>	<b>CET I Capital Ratio</b>	<b>Tier I Capital Ratio</b>	<b>Total Capital Ratio</b>
	<b>%</b>	<b>%</b>	<b>%</b>
2015 onwards*	4.5	6.0	8.0

*\* Before including capital conservation buffer of 2.5% and countercyclical capital buffer*

Banking institutions are also required to maintain a capital conservation buffer of up to 2.5% and a countercyclical capital buffer above the minimum regulatory capital adequacy ratios. Under the transition arrangements, capital conservation buffer will be phased-in as follows:

<b>Calendar Year</b>	<b>Capital Conservation Buffer</b>
2016	0.625%
2017	1.250%
2018	1.875%
2019 onwards	2.500%

Under the Framework, a countercyclical capital buffer is required to be maintained if this buffer is applied by regulators in countries which the Group has exposures to, determined based on the weighted average of prevailing countercyclical capital buffer rates applied in that jurisdictions. The countercyclical buffer which is in a range of between 0% and 2.5% is not a requirement for exposures in Malaysia but may be applied by regulators in the future.

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**2.0 Capital**

**2.1 Capital Adequacy Ratios**

(a) The capital adequacy ratios of the Bank and the Group are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
<u>Before deducting proposed dividends</u>				
CET I capital ratio	11.818%	11.237%	12.555%	12.070%
Tier I capital ratio	11.818%	11.237%	12.555%	12.070%
Total capital ratio <sup>1</sup>	15.901%	16.528%	17.151%	17.657%
<u>After deducting proposed dividends</u>				
CET I capital ratio	11.349%	10.880%	12.171%	11.775%
Tier I capital ratio	11.349%	10.880%	12.171%	11.775%
Total capital ratio <sup>1</sup>	15.433%	16.170%	16.768%	17.362%

Note:

1. The Bank had issued a new subordinated medium term notes programme of up to RM1.2 billion. There was a redemption of RM600 million from the previous subordinated medium term notes programme on 8 April 2016.

(b) The capital adequacy ratios of the banking subsidiaries are as follows:

	<b>Alliance Islamic Bank Berhad</b>	<b>Alliance Investment Bank Berhad</b>
<b>30 September 2016</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.453%	85.114%
Tier I capital ratio	13.453%	85.114%
Total capital ratio	14.618%	85.608%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.212%	84.017%
Tier I capital ratio	13.212%	84.017%
Total capital ratio	14.377%	84.511%
<b>31 March 2016</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.375%	103.287%
Tier I capital ratio	13.375%	103.287%
Total capital ratio	14.399%	103.641%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.044%	101.292%
Tier I capital ratio	13.044%	101.292%
Total capital ratio	14.068%	101.646%

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**2.0 Capital (contd.)**

**2.2 Capital Structure**

The following tables present the components of Common Equity Tier I ("CET I"), Tier I and Tier II capital.

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
<b><u>CET I Capital</u></b>				
Paid-up share capital	796,517	796,517	796,517	796,517
Share premium	401,517	401,517	401,517	401,517
Retained profits	2,020,353	1,888,285	2,191,059	2,047,248
Statutory reserves	835,401	835,401	1,211,808	1,200,019
Revaluation reserves	112,739	73,152	169,741	114,786
Capital reserves	-	-	10,018	10,018
	<u>4,166,527</u>	<u>3,994,872</u>	<u>4,780,660</u>	<u>4,570,105</u>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(250,390)	(247,299)	(366,104)	(362,982)
- Deferred tax assets	-	-	(8,546)	(10,201)
- 55% of revaluation reserves	(62,006)	(40,234)	(93,358)	(63,132)
- Investment in subsidiaries and associates	(535,830)	(535,830)	(2,849)	(2,824)
Total CET I capital/Total Tier I capital	<u>3,318,301</u>	<u>3,171,509</u>	<u>4,309,803</u>	<u>4,130,966</u>
<b><u>Tier II Capital</u></b>				
Subordinated obligations	1,198,620	1,558,540	1,199,080	1,559,074
Collective assessment allowance and regulatory reserves	305,056	291,825	380,540	354,805
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(357,220)	(357,220)	(1,899)	(1,882)
Total Tier II Capital	<u>1,146,456</u>	<u>1,493,145</u>	<u>1,577,721</u>	<u>1,911,997</u>
<b>Total Capital</b>	<u>4,464,757</u>	<u>4,664,654</u>	<u>5,887,524</u>	<u>6,042,963</u>

**2.0 Capital (contd.)**

**2.3 Risk-Weighted Assets ("RWA") and Capital Requirements**

**Regulatory Capital Requirements**

The following tables present the minimum regulatory capital requirement of the Bank and the Group:

<b>BANK</b> <b>30 September 2016</b> <b>Exposure Class</b>	<b>Gross</b> <b>Exposures</b> <b>RM'000</b>	<b>Net</b> <b>Exposures</b> <b>RM'000</b>	<b>Risk- Weighted</b> <b>Assets</b> <b>RM'000</b>	<b>Capital</b> <b>Requirements</b> <b>RM'000</b>
<b>(i) Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,031,039	6,031,039	-	-
Public sector entities	130,416	130,416	26,083	2,087
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	2,999,494	2,999,494	826,994	66,160
Insurance companies, securities firms and fund managers	27,588	27,588	27,588	2,207
Corporates	12,170,000	11,502,792	9,643,358	771,468
Regulatory retail	9,164,540	8,305,134	6,263,694	501,095
Residential mortgages	12,011,801	12,001,300	5,624,009	449,921
Higher risk assets	1,432	1,426	2,139	171
Other assets	682,892	682,892	318,454	25,476
Equity exposures	111,389	111,389	111,389	8,911
Defaulted exposures	187,790	185,190	220,060	17,605
<b>Total on-balance sheet exposures</b>	<b>43,518,381</b>	<b>41,978,660</b>	<b>23,063,768</b>	<b>1,845,101</b>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures				
Derivative financial instruments	199,841	199,841	73,911	5,913
Defaulted exposures	5,757	5,749	8,615	689
<b>Total off-balance sheet exposures</b>	<b>3,241,153</b>	<b>2,888,443</b>	<b>2,450,912</b>	<b>196,073</b>
<b>Total on and off-balance sheet exposures</b>	<b>46,759,534</b>	<b>44,867,103</b>	<b>25,514,680</b>	<b>2,041,174</b>
<b>(ii) Market Risk (Note 4.0)</b>				
	Long Position	Short Position		
Interest rate risk	322,825	(36,981)	128,873	10,310
Foreign currency risk	36,593	(65,511)	65,511	5,241
	359,418	(102,492)		
Option risk			263	21
<b>Total</b>			<b>194,647</b>	<b>15,572</b>
<b>(iii) Operational Risk</b>	-	-	2,368,383	189,471
<b>Total</b>	<b>46,759,534</b>	<b>44,867,103</b>	<b>28,077,710</b>	<b>2,246,217</b>

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**2.0 Capital (contd.)**

**2.3 RWA and Capital Requirements (contd.)**

**Regulatory Capital Requirements**

The following tables present the minimum regulatory capital requirement of the Bank and the Group (contd.):

<b>GROUP</b> <b>30 September 2016</b> <b>Exposure Class</b>	<b>Gross</b> <b>Exposures</b> <b>RM'000</b>	<b>Net</b> <b>Exposures</b> <b>RM'000</b>	<b>Risk-Weighted</b> <b>Assets</b> <b>RM'000</b>	<b>Capital</b> <b>Requirements</b> <b>RM'000</b>								
<b>(i) Credit Risk</b>												
On-balance sheet exposures:												
Sovereigns/Central banks	8,937,638	8,937,638	-	-								
Public sector entities	246,307	246,307	49,261	3,941								
Banks, DFIs and MDBs	1,960,598	1,960,598	395,892	31,671								
Insurance companies, securities firms and fund managers	37,961	37,961	37,961	3,037								
Corporates	15,360,109	14,520,413	11,675,945	934,076								
Regulatory retail	12,097,192	11,143,965	8,524,452	681,956								
Residential mortgages	14,449,306	14,437,679	6,759,588	540,767								
Higher risk assets	1,432	1,426	2,139	171								
Other assets	765,256	765,256	493,300	39,464								
Equity exposures	165,291	165,291	165,291	13,223								
Defaulted exposures	215,534	212,934	250,767	20,061								
<b>Total on-balance sheet exposures</b>	<b>54,236,624</b>	<b>52,429,468</b>	<b>28,354,596</b>	<b>2,268,367</b>								
Off-balance sheet exposures:												
Credit-related off-balance sheet exposures												
Derivative financial instruments	199,841	199,841	73,911	5,913								
Defaulted exposures	8,762	8,754	13,051	1,044								
<b>Total off-balance sheet exposures</b>	<b>3,831,599</b>	<b>3,422,701</b>	<b>2,890,424</b>	<b>231,234</b>								
<b>Total on and off-balance sheet exposures</b>	<b>58,068,223</b>	<b>55,852,169</b>	<b>31,245,020</b>	<b>2,499,601</b>								
<b>(ii) Market Risk (Note 4.0)</b>												
	<table border="1"> <thead> <tr> <th>Long Position</th> <th>Short Position</th> </tr> </thead> <tbody> <tr> <td>322,825</td> <td>(36,981)</td> </tr> <tr> <td>36,593</td> <td>(65,511)</td> </tr> <tr> <td>359,418</td> <td>(102,492)</td> </tr> </tbody> </table>		Long Position	Short Position	322,825	(36,981)	36,593	(65,511)	359,418	(102,492)		
Long Position	Short Position											
322,825	(36,981)											
36,593	(65,511)											
359,418	(102,492)											
Interest rate risk			128,873	10,310								
Foreign currency risk			65,511	5,241								
Option risk			263	21								
<b>Total</b>			<b>194,647</b>	<b>15,572</b>								
<b>(iii) Operational Risk</b>	-	-	<b>2,887,782</b>	<b>231,023</b>								
<b>Total</b>	<b>58,068,223</b>	<b>55,852,169</b>	<b>34,327,449</b>	<b>2,746,196</b>								



**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**2.0 Capital (contd.)**

**2.3 RWA and Capital Requirements (contd.)**

**Regulatory Capital Requirements (contd.)**

The following tables present the minimum regulatory capital requirement of the Bank and the Group (contd.):

<b>BANK</b> <b>31 March 2016</b> <b>Exposure Class</b>	<b>Gross</b> <b>Exposures</b> <b>RM'000</b>	<b>Net</b> <b>Exposures</b> <b>RM'000</b>	<b>Risk-Weighted</b> <b>Assets</b> <b>RM'000</b>	<b>Capital</b> <b>Requirements</b> <b>RM'000</b>
<b>(i) Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,172,862	6,172,862	-	-
Public sector entities	40,547	40,547	8,109	649
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	4,782,172	4,782,172	1,181,925	94,554
Insurance companies, securities firms and fund managers	27,540	27,540	27,540	2,203
Corporates	11,415,764	10,749,864	9,155,530	732,442
Regulatory retail	9,471,017	8,408,449	6,338,200	507,056
Residential mortgages	11,998,907	11,990,064	5,804,400	464,352
Higher risk assets	2,910	2,904	4,357	349
Other assets	538,790	538,790	236,581	18,926
Equity exposures	102,672	102,672	102,681	8,214
Defaulted exposures	243,444	241,410	291,138	23,291
<b>Total on-balance sheet exposures</b>	<b>44,796,625</b>	<b>43,057,274</b>	<b>23,150,461</b>	<b>1,852,036</b>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures				
Derivative financial instruments	285,304	285,304	103,267	8,261
Defaulted exposures	8,205	8,187	12,246	980
<b>Total off-balance sheet exposures</b>	<b>3,493,534</b>	<b>3,146,950</b>	<b>2,593,473</b>	<b>207,478</b>
<b>Total on and off-balance sheet exposures</b>	<b>48,290,159</b>	<b>46,204,224</b>	<b>25,743,934</b>	<b>2,059,514</b>
<b>(ii) Market Risk (Note 4.0)</b>				
	Long Position	Short Position		
Interest rate risk	148,267	(13,312)	100,975	8,078
Foreign currency risk	17,038	(16,530)	17,038	1,363
<b>Total</b>	<b>165,305</b>	<b>(29,842)</b>	<b>118,013</b>	<b>9,441</b>
<b>(iii) Operational Risk</b>	-	-	2,361,359	188,909
<b>Total</b>	<b>48,290,159</b>	<b>46,204,224</b>	<b>28,223,306</b>	<b>2,257,864</b>

**2.0 Capital (contd.)**

**2.3 RWA and Capital Requirements (contd.)**

**Regulatory Capital Requirements (contd.)**

The following tables present the minimum regulatory capital requirement of the Bank and the Group (contd.):

<b>GROUP</b> <b>31 March 2016</b> <b>Exposure Class</b>	<b>Gross</b> <b>Exposures</b> <b>RM'000</b>	<b>Net</b> <b>Exposures</b> <b>RM'000</b>	<b>Risk-Weighted</b> <b>Assets</b> <b>RM'000</b>	<b>Capital</b> <b>Requirements</b> <b>RM'000</b>
<b>(i) Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/Central banks	8,814,847	8,814,847	-	-
Public sector entities	71,126	71,126	14,225	1,138
Banks, DFIs and MDBs	3,838,402	3,838,402	771,314	61,705
Insurance companies, securities firms and fund managers	37,997	37,997	37,997	3,040
Corporates	14,035,293	13,199,772	10,831,852	866,548
Regulatory retail	12,382,876	11,231,008	8,567,997	685,440
Residential mortgages	14,472,085	14,462,098	6,988,970	559,118
Higher risk assets	2,910	2,904	4,357	349
Other assets	715,993	715,993	422,405	33,792
Equity exposures	152,355	152,355	152,364	12,189
Defaulted exposures	323,095	321,061	396,992	31,759
<b>Total on-balance sheet exposures</b>	<b>54,846,979</b>	<b>52,847,563</b>	<b>28,188,473</b>	<b>2,255,078</b>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures				
Derivative financial instruments	3,786,783	3,384,969	2,911,993	232,959
Defaulted exposures	285,304	285,304	103,267	8,261
Defaulted exposures	25,532	25,514	38,163	3,053
<b>Total off-balance sheet exposures</b>	<b>4,097,619</b>	<b>3,695,787</b>	<b>3,053,423</b>	<b>244,273</b>
<b>Total on and off-balance sheet exposures</b>	<b>58,944,598</b>	<b>56,543,350</b>	<b>31,241,896</b>	<b>2,499,351</b>
<b>(ii) Market Risk (Note 4.0)</b>				
	Long Position	Short Position		
Interest rate risk	148,267	(13,312)	100,975	8,078
Foreign currency risk	17,038	(16,530)	17,038	1,363
Option risk	165,305	(29,842)	5,830	466
<b>Total</b>			<b>123,843</b>	<b>9,907</b>
<b>(iii) Operational Risk</b>	-	-	2,858,987	228,719
<b>Total</b>	<b>58,944,598</b>	<b>56,543,350</b>	<b>34,224,726</b>	<b>2,737,977</b>

**Note:**

Under Islamic banking, the Group does not use Profit-sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The Bank and the Group do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**3.0 Credit Risk**

**3.1 Distribution of Credit Exposures**

**(a) Geographical Distribution (contd.)**

The following tables represent the Bank's and the Group's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the customer is located and are disclosed before taking into account of any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

<b>BANK</b>	<b>Geographical region</b>					
	<b>Northern</b>	<b>Central</b>	<b>Southern</b>	<b>Sabah</b>	<b>Sarawak</b>	<b>Total</b>
<b>30 September 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	-	2,980,511	-	-	-	2,980,511
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-
Financial assets held-for-trading	-	296,903	-	-	-	296,903
Financial investments available-for-sale	-	6,651,107	-	-	-	6,651,107
Financial investments held-to-maturity	-	721,588	-	-	-	721,588
Derivative financial assets	-	66,782	-	-	-	66,782
Loans, advances and financing	2,011,803	22,854,529	3,508,408	2,045,705	983,489	31,403,934
Statutory deposits with Bank Negara Malaysia	-	1,100,723	-	-	-	1,100,723
<b>Total on-balance sheet</b>	<b>2,011,803</b>	<b>34,672,143</b>	<b>3,508,408</b>	<b>2,045,705</b>	<b>983,489</b>	<b>43,221,548</b>
Financial guarantees	69,330	409,068	43,849	29,747	44,532	596,526
Credit related commitments and contingencies	807,693	6,098,927	1,006,052	684,197	323,003	8,919,872
<b>Total off-balance sheet</b>	<b>877,023</b>	<b>6,507,995</b>	<b>1,049,901</b>	<b>713,944</b>	<b>367,535</b>	<b>9,516,398</b>
<b>Total credit exposure</b>	<b>2,888,826</b>	<b>41,180,138</b>	<b>4,558,309</b>	<b>2,759,649</b>	<b>1,351,024</b>	<b>52,737,946</b>

<b>GROUP</b>	<b>Geographical region</b>					
	<b>Northern</b>	<b>Central</b>	<b>Southern</b>	<b>Sabah</b>	<b>Sarawak</b>	<b>Total</b>
<b>30 September 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	-	4,109,486	-	-	-	4,109,486
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-
Balances due from clients and brokers	14,990	105,608	3,408	-	-	124,006
Financial assets held-for-trading	-	296,903	-	-	-	296,903
Financial investments available-for-sale	-	7,862,335	-	-	-	7,862,335
Financial investments held-to-maturity	-	1,132,071	-	-	-	1,132,071
Derivative financial assets	-	66,782	-	-	-	66,782
Loans, advances and financing	2,556,100	28,052,216	4,589,866	2,601,857	1,152,477	38,952,516
Statutory deposits with Bank Negara Malaysia	-	1,407,227	-	-	-	1,407,227
<b>Total on-balance sheet</b>	<b>2,571,090</b>	<b>43,032,628</b>	<b>4,593,274</b>	<b>2,601,857</b>	<b>1,152,477</b>	<b>53,951,326</b>
Financial guarantees	80,699	527,114	54,801	31,796	44,587	738,997
Credit related commitments and contingencies	998,447	7,073,902	1,248,135	1,074,951	363,310	10,758,745
<b>Total off-balance sheet</b>	<b>1,079,146</b>	<b>7,601,016</b>	<b>1,302,936</b>	<b>1,106,747</b>	<b>407,897</b>	<b>11,497,742</b>
<b>Total credit exposure</b>	<b>3,650,236</b>	<b>50,633,644</b>	<b>5,896,210</b>	<b>3,708,604</b>	<b>1,560,374</b>	<b>65,449,068</b>

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**3.0 Credit Risk (contd.)**

**3.1 Distribution of Credit Exposures (contd.)**

**(a) Geographical Distribution (contd.)**

The following tables represent the Bank's and the Group's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the customer is located and are disclosed before taking into account of any collateral held or other credit enhancements and after allowance for impairment, where appropriate (contd.).

<b>BANK</b>	<b>Geographical region</b>					<b>Total</b>
	<b>Northern</b>	<b>Central</b>	<b>Southern</b>	<b>Sabah</b>	<b>Sarawak</b>	
<b>31 March 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	-	3,907,289	-	-	-	3,907,289
Deposits and placements with banks and other financial institutions	-	195,865	-	-	-	195,865
Financial assets held-for-trading	-	132,229	-	-	-	132,229
Financial investments available-for-sale	-	7,150,250	-	-	-	7,150,250
Financial investments held-to-maturity	-	719,324	-	-	-	719,324
Derivative financial assets	-	133,651	-	-	-	133,651
Loans, advances and financing	2,088,220	22,799,375	3,467,860	2,085,342	920,797	31,361,594
Statutory deposits with Bank Negara Malaysia	-	1,117,640	-	-	-	1,117,640
<b>Total on-balance sheet</b>	<b>2,088,220</b>	<b>36,155,623</b>	<b>3,467,860</b>	<b>2,085,342</b>	<b>920,797</b>	<b>44,717,842</b>
Financial guarantees	68,162	307,616	37,388	28,030	12,142	453,338
Credit related commitments and contingencies	899,550	6,642,606	808,085	640,581	255,919	9,246,741
<b>Total off-balance sheet</b>	<b>967,712</b>	<b>6,950,222</b>	<b>845,473</b>	<b>668,611</b>	<b>268,061</b>	<b>9,700,079</b>
<b>Total credit exposure</b>	<b>3,055,932</b>	<b>43,105,845</b>	<b>4,313,333</b>	<b>2,753,953</b>	<b>1,188,858</b>	<b>54,417,921</b>

<b>GROUP</b>	<b>Geographical region</b>					<b>Total</b>
	<b>Northern</b>	<b>Central</b>	<b>Southern</b>	<b>Sabah</b>	<b>Sarawak</b>	
<b>31 March 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	-	4,640,610	-	-	-	4,640,610
Deposits and placements with banks and other financial institutions	-	195,865	-	-	-	195,865
Balances due from clients and brokers	14,459	86,236	3,964	-	-	104,659
Financial assets held-for-trading	-	132,229	-	-	-	132,229
Financial investments available-for-sale	-	8,413,340	-	-	-	8,413,340
Financial investments held-to-maturity	-	1,129,307	-	-	-	1,129,307
Derivative financial assets	-	133,651	-	-	-	133,651
Loans, advances and financing	2,546,034	27,787,466	4,566,723	2,578,472	1,091,296	38,569,991
Statutory deposits with Bank Negara Malaysia	-	1,410,828	-	-	-	1,410,828
<b>Total on-balance sheet</b>	<b>2,560,493</b>	<b>43,929,532</b>	<b>4,570,687</b>	<b>2,578,472</b>	<b>1,091,296</b>	<b>54,730,480</b>
Financial guarantees	82,372	395,582	48,602	29,893	12,195	568,644
Credit related commitments and contingencies	1,120,094	7,637,513	998,094	1,093,973	326,933	11,176,607
<b>Total off-balance sheet</b>	<b>1,202,466</b>	<b>8,033,095</b>	<b>1,046,696</b>	<b>1,123,866</b>	<b>339,128</b>	<b>11,745,251</b>
<b>Total credit exposure</b>	<b>3,762,959</b>	<b>51,962,627</b>	<b>5,617,383</b>	<b>3,702,338</b>	<b>1,430,424</b>	<b>66,475,731</b>

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(b) Industry Distribution

The following tables represent the Bank's and the Group's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged.

<b>BANK</b>	Government and Central bank	Financial, insurance, business services and real estate	Transport, storage & communication	Agriculture, manufacturing, wholesale & retail trade	Construction	Household	Others	Total
<b>30 September 2016</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,650,841	1,329,670	-	-	-	-	-	2,980,511
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial assets held-for-trading	21,011	86,713	92,577	71,293	25,309	-	-	296,903
Financial investments available-for-sale	2,482,861	3,166,113	712,449	194,464	95,220	-	-	6,651,107
Financial investments held-to-maturity	578,503	143,085	-	-	-	-	-	721,588
Derivative financial assets	-	45,981	-	-	-	-	20,801	66,782
Loans, advances and financing	-	4,204,947	275,103	8,475,653	727,483	17,332,187	388,561	31,403,934
Statutory deposits with Bank Negara Malaysia	1,100,723	-	-	-	-	-	-	1,100,723
<b>Total on-balance sheet</b>	<b>5,833,939</b>	<b>8,976,509</b>	<b>1,080,129</b>	<b>8,741,410</b>	<b>848,012</b>	<b>17,332,187</b>	<b>409,362</b>	<b>43,221,548</b>
Financial guarantees	-	75,089	20,204	412,131	31,764	3,605	53,733	596,526
Credit related commitments and contingencies	-	914,772	80,647	3,202,948	1,087,865	3,508,669	124,971	8,919,872
<b>Total off-balance sheet</b>	<b>-</b>	<b>989,861</b>	<b>100,851</b>	<b>3,615,079</b>	<b>1,119,629</b>	<b>3,512,274</b>	<b>178,704</b>	<b>9,516,398</b>
<b>Total credit risk</b>	<b>5,833,939</b>	<b>9,966,370</b>	<b>1,180,980</b>	<b>12,356,489</b>	<b>1,967,641</b>	<b>20,844,461</b>	<b>588,066</b>	<b>52,737,946</b>
<b>GROUP</b>								
<b>30 September 2016</b>								
Cash and short-term funds	3,073,842	1,035,644	-	-	-	-	-	4,109,486
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Balances due from clients and brokers	-	-	-	-	-	-	124,006	124,006
Financial assets held-for-trading	21,011	86,713	92,577	71,293	25,309	-	-	296,903
Financial investments available-for-sale	3,107,748	3,204,505	1,050,722	261,570	237,790	-	-	7,862,335
Financial investments held-to-maturity	933,300	198,771	-	-	-	-	-	1,132,071
Derivative financial assets	-	45,981	-	-	-	-	20,801	66,782
Loans, advances and financing	-	5,064,827	320,415	10,652,756	858,681	21,612,449	443,388	38,952,516
Statutory deposits with Bank Negara Malaysia	1,407,227	-	-	-	-	-	-	1,407,227
<b>Total on-balance sheet</b>	<b>8,543,128</b>	<b>9,636,441</b>	<b>1,463,714</b>	<b>10,985,619</b>	<b>1,121,780</b>	<b>21,612,449</b>	<b>588,195</b>	<b>53,951,326</b>
Financial guarantees	-	77,373	20,315	545,694	38,038	3,625	53,952	738,997
Credit related commitments and contingencies	-	1,139,391	84,018	4,084,025	1,170,132	3,825,917	455,262	10,758,745
<b>Total off-balance sheet</b>	<b>-</b>	<b>1,216,764</b>	<b>104,333</b>	<b>4,629,719</b>	<b>1,208,170</b>	<b>3,829,542</b>	<b>509,214</b>	<b>11,497,742</b>
<b>Total credit risk</b>	<b>8,543,128</b>	<b>10,853,205</b>	<b>1,568,047</b>	<b>15,615,338</b>	<b>2,329,950</b>	<b>25,441,991</b>	<b>1,097,409</b>	<b>65,449,068</b>

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(b) Industry Distribution (contd.)

The following tables represent the Bank's and the Group's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged (contd.).

	Government and Central <u>bank</u>	Financial, insurance, business services and <u>real estate</u>	Transport, storage & <u>communication</u>	Agriculture, manufacturing, wholesale & <u>retail trade</u>	<u>Construction</u>	<u>Household</u>	<u>Others</u>	<u>Total</u>
<b>BANK</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 March 2016</b>								
Cash and short-term funds	1,698,304	2,208,985	-	-	-	-	-	3,907,289
Deposits and placements with banks and other financial institutions	-	195,865	-	-	-	-	-	195,865
Financial assets held-for-trading	40,441	40,805	50,983	-	-	-	-	132,229
Financial investments available-for-sale	2,736,023	3,623,301	501,473	204,742	84,711	-	-	7,150,250
Financial investments held-to-maturity	578,740	140,584	-	-	-	-	-	719,324
Derivative financial assets	13,175	92,277	-	-	-	-	28,199	133,651
Loans, advances and financing	-	4,209,676	254,941	8,144,805	573,458	17,764,953	413,761	31,361,594
Statutory deposits with Bank Negara Malaysia	1,117,640	-	-	-	-	-	-	1,117,640
<b>Total on-balance sheet</b>	<b>6,184,323</b>	<b>10,511,493</b>	<b>807,397</b>	<b>8,349,547</b>	<b>658,169</b>	<b>17,764,953</b>	<b>441,960</b>	<b>44,717,842</b>
Financial guarantees	-	67,078	20,914	314,252	25,715	2,675	22,704	453,338
Credit related commitments and contingencies	-	726,807	81,692	3,136,796	1,058,712	4,157,877	84,857	9,246,741
<b>Total off-balance sheet</b>	<b>-</b>	<b>793,885</b>	<b>102,606</b>	<b>3,451,048</b>	<b>1,084,427</b>	<b>4,160,552</b>	<b>107,561</b>	<b>9,700,079</b>
<b>Total credit risk</b>	<b>6,184,323</b>	<b>11,305,378</b>	<b>910,003</b>	<b>11,800,595</b>	<b>1,742,596</b>	<b>21,925,505</b>	<b>549,521</b>	<b>54,417,921</b>
<b>GROUP</b>								
<b>31 March 2016</b>								
Cash and short-term funds	2,712,615	1,927,995	-	-	-	-	-	4,640,610
Deposits and placements with banks and other financial institutions	-	195,865	-	-	-	-	-	195,865
Balances due from clients and brokers	-	7,816	-	-	-	-	96,843	104,659
Financial assets held-for-trading	40,441	40,805	50,983	-	-	-	-	132,229
Financial investments available-for-sale	3,717,205	3,529,144	780,619	226,243	160,129	-	-	8,413,340
Financial investments held-to-maturity	933,960	195,347	-	-	-	-	-	1,129,307
Derivative financial assets	13,175	92,277	-	-	-	-	28,199	133,651
Loans, advances and financing	-	4,831,141	296,740	10,204,495	703,636	22,064,081	469,898	38,569,991
Statutory deposits with Bank Negara Malaysia	1,410,828	-	-	-	-	-	-	1,410,828
<b>Total on-balance sheet</b>	<b>8,828,224</b>	<b>10,820,390</b>	<b>1,128,342</b>	<b>10,430,738</b>	<b>863,765</b>	<b>22,064,081</b>	<b>594,940</b>	<b>54,730,480</b>
Financial guarantees	-	69,812	20,954	392,415	59,909	2,675	22,879	568,644
Credit related commitments and contingencies	-	1,019,751	86,904	4,033,902	1,131,450	4,486,937	417,663	11,176,607
<b>Total off-balance sheet</b>	<b>-</b>	<b>1,089,563</b>	<b>107,858</b>	<b>4,426,317</b>	<b>1,191,359</b>	<b>4,489,612</b>	<b>440,542</b>	<b>11,745,251</b>
<b>Total credit risk</b>	<b>8,828,224</b>	<b>11,909,953</b>	<b>1,236,200</b>	<b>14,857,055</b>	<b>2,055,124</b>	<b>26,553,693</b>	<b>1,035,482</b>	<b>66,475,731</b>

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(c) Residual Contractual Maturity

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet exposures of financial assets of the Bank and the Group:

<b><u>BANK</u></b>	<u>Up to 1 month</u>	<u>&gt;1-3 months</u>	<u>&gt;3-6 months</u>	<u>&gt;6-12 months</u>	<u>&gt;1 year</u>	<u>Total</u>
<b>30 September 2016</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	2,980,511	-	-	-	-	2,980,511
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-
Financial assets held-for-trading	91,648	1,439	804	-	203,012	296,903
Financial investments available-for-sale	150,269	1,123,591	164,926	334,570	4,877,751	6,651,107
Financial investments held-to-maturity	2,219	55,106	10,802	235,846	417,615	721,588
Loans, advances and financing	5,646,573	1,444,894	561,324	109,255	23,641,888	31,403,934
Statutory deposits with Bank Negara Malaysia	-	-	-	-	1,100,723	1,100,723
Derivative financial assets	5,559	11,524	15,711	12,629	21,359	66,782
<b>Total on-balance sheet exposure</b>	<b>8,876,779</b>	<b>2,636,554</b>	<b>753,567</b>	<b>692,300</b>	<b>30,262,348</b>	<b>43,221,548</b>

**GROUP**

**30 September 2016**

Cash and short-term funds	4,109,486	-	-	-	-	4,109,486
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-
Balances due from clients and brokers	107,564	-	-	-	16,442	124,006
Financial assets held-for-trading	91,648	1,439	804	-	203,012	296,903
Financial investments available-for-sale	189,209	985,671	40,080	279,243	6,368,132	7,862,335
Financial investments held-to-maturity	2,219	208,515	11,299	346,079	563,959	1,132,071
Loans, advances and financing	6,801,019	1,748,259	690,234	136,568	29,576,436	38,952,516
Statutory deposits with Bank Negara Malaysia	-	-	-	-	1,407,227	1,407,227
Derivative financial assets	5,559	11,524	15,711	12,629	21,359	66,782
<b>Total on-balance sheet exposure</b>	<b>11,306,704</b>	<b>2,955,408</b>	<b>758,128</b>	<b>774,519</b>	<b>38,156,567</b>	<b>53,951,326</b>

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(c) Residual Contractual Maturity (contd.)

The following tables represent the residual contractual maturity for major types of gross credit exposures for on-balance sheet exposures of financial assets of the Bank and the Group (contd.):

<b><u>BANK</u></b>	<u>Up to 1 month</u>	<u>&gt;1-3 months</u>	<u>&gt;3-6 months</u>	<u>&gt;6-12 months</u>	<u>&gt;1 year</u>	<u>Total</u>
<b>31 March 2016</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	3,907,289	-	-	-	-	3,907,289
Deposits and placements with banks and other financial institutions	-	195,865	-	-	-	195,865
Financial assets held-for-trading	911	213	226	-	130,879	132,229
Financial investments available-for-sale	829,986	829,141	46,357	607,061	4,837,705	7,150,250
Financial investments held-to-maturity	2,229	447	813	63,775	652,060	719,324
Loans, advances and financing	6,514,246	1,412,124	714,970	522,005	22,198,249	31,361,594
Statutory deposits with Bank Negara Malaysia	-	-	-	-	1,117,640	1,117,640
Derivative financial assets	77,729	13,523	15,131	11,486	15,782	133,651
<b>Total on-balance sheet exposure</b>	<b>11,332,390</b>	<b>2,451,313</b>	<b>777,497</b>	<b>1,204,327</b>	<b>28,952,315</b>	<b>44,717,842</b>

**GROUP**

**31 March 2016**

Cash and short-term funds	4,640,610	-	-	-	-	4,640,610
Deposits and placements with banks and other financial institutions	-	195,865	-	-	-	195,865
Balances due from clients and brokers	88,511	-	-	-	16,148	104,659
Financial assets held-for-trading	911	213	226	-	130,879	132,229
Financial investments available-for-sale	837,870	923,432	58,646	346,312	6,247,080	8,413,340
Financial investments held-to-maturity	2,229	3,848	1,309	213,901	908,020	1,129,307
Loans, advances and financing	7,671,645	1,783,082	956,625	756,060	27,402,579	38,569,991
Statutory deposits with Bank Negara Malaysia	-	-	-	-	1,410,828	1,410,828
Derivative financial assets	77,729	13,523	15,131	11,486	15,782	133,651
<b>Total on-balance sheet exposure</b>	<b>13,319,505</b>	<b>2,919,963</b>	<b>1,031,937</b>	<b>1,327,759</b>	<b>36,131,316</b>	<b>54,730,480</b>



**3.0 Credit Risk (contd.)**

**3.2 Past Due Loans, Advances and Financing Analysis**

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but less than 3 months.

Past due loans, advances and financing are analysed as follows:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 September 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Past due up to 1 month	848,536	762,974	1,135,061	1,008,966
Past due > 1 - 2 months	141,386	137,024	201,249	193,473
Past due > 2 - 3 months	16,874	16,145	31,770	27,808
	<u>1,006,796</u>	<u>916,143</u>	<u>1,368,080</u>	<u>1,230,247</u>

Past due loans, advances and financing analysed by sector:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 September 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Financial, insurance & business services	73,307	17,662	89,885	28,005
Transport, storage & communication	8,935	4,986	10,662	6,055
Agriculture, manufacturing, wholesale & retail trade	130,854	107,859	169,316	138,804
Construction	11,302	19,364	19,456	23,280
Household	775,014	761,291	1,067,442	1,026,723
Others	7,384	4,981	11,319	7,380
	<u>1,006,796</u>	<u>916,143</u>	<u>1,368,080</u>	<u>1,230,247</u>

Past due loans, advances and financing analysed by significant geographical areas:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 September 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Northern region	84,190	67,568	115,135	92,948
Central region	685,410	604,936	905,591	803,554
Southern region	131,332	149,468	213,277	210,949
Sabah region	87,556	81,210	109,073	103,421
Sarawak region	18,308	12,961	25,004	19,375
	<u>1,006,796</u>	<u>916,143</u>	<u>1,368,080</u>	<u>1,230,247</u>

**3.0 Credit Risk (contd.)**

**3.3 Impaired Loans, Advances and Financing Analysis**

Impaired loans, advances and financing analysed by sectors:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 September 2016</b>	31 March 2016	<b>30 September 2016</b>	31 March 2016
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financial, insurance & business services	17,526	30,035	22,377	32,104
Transport, storage & communication	11,069	11,167	11,072	11,191
Agriculture, manufacturing, wholesale & retail trade	68,310	87,922	72,631	152,619
Construction	20,301	13,593	20,403	13,806
Household	197,970	227,009	238,009	274,109
Others	2,758	3,473	3,319	4,039
	<b>317,934</b>	<b>373,199</b>	<b>367,811</b>	<b>487,868</b>

Impairment allowances on impaired loans, advances and financing analysed by sectors:

<b><u>BANK</u></b>	<b>Individual impairment allowance</b>	<b>Collective impairment allowance</b>	<b>Individual impairment write-back / made for during the period (net)</b>	<b>Individual impairment write-off for the period</b>
<b>30 September 2016</b>				
Financial, insurance & business services	668	25,349	(52)	-
Transport, storage & communication	10,140	3,778	(5)	-
Agriculture, manufacturing, wholesale & retail trade	35,354	105,384	5,860	(72)
Construction	7,197	7,797	38	-
Household	10,798	84,713	4,064	(794)
Others	1,360	3,064	(28)	-
	<b>65,517</b>	<b>230,085</b>	<b>9,877</b>	<b>(866)</b>
<b><u>GROUP</u></b>				
<b>30 September 2016</b>				
Financial, insurance & business services	3,258	30,760	470	-
Transport, storage & communication	10,140	4,230	(5)	-
Agriculture, manufacturing, wholesale & retail trade	38,213	129,795	5,860	(3,872)
Construction	7,197	9,354	38	1
Household	11,632	124,687	3,999	(795)
Others	1,920	3,568	(32)	-
	<b>72,360</b>	<b>302,394</b>	<b>10,330</b>	<b>(4,666)</b>

**3.0 Credit Risk (contd.)**

**3.3 Impaired Loans, Advances and Financing Analysis (contd.)**

Impairment allowances on impaired loans, advances and financing analysed by sectors (contd.):

<b><u>BANK</u></b>	<b><u>Individual impairment allowance</u></b>	<b><u>Collective impairment allowance</u></b>	<b><u>Individual impairment made for write-back / during the year (net)</u></b>	<b><u>Individual impairment write-off for the year</u></b>
<b>31 March 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial, insurance & business services	720	25,375	267	(1,519)
Transport, storage & communication	10,146	3,119	(155)	-
Agriculture, manufacturing, wholesale & retail trade	29,605	111,555	18,692	(4,162)
Construction	7,158	6,577	(1,411)	(27)
Household	9,044	86,651	1,823	(2,884)
Others	1,388	3,224	(421)	(70)
	<u>58,061</u>	<u>236,501</u>	<u>18,795</u>	<u>(8,662)</u>
<b><u>GROUP</u></b>				
<b>31 March 2016</b>				
Financial, insurance & business services	2,751	29,401	2,298	(1,561)
Transport, storage & communication	10,146	3,501	(155)	-
Agriculture, manufacturing, wholesale & retail trade	36,264	137,728	21,408	(7,487)
Construction	7,158	8,035	(1,411)	(2,058)
Household	10,060	124,461	2,505	(2,884)
Others	1,952	3,852	(416)	(70)
	<u>68,331</u>	<u>306,978</u>	<u>24,229</u>	<u>(14,060)</u>

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**3.0 Credit Risk (contd.)**

**3.3 Impaired Loans, Advances and Financing Analysis (contd.)**

Impaired loans, advances and financing and impairment allowances analysed by significant geographical areas:

<b><u>BANK</u></b> <b>30 September 2016</b>	<b>Impaired loans, advances and financing RM'000</b>	<b>Individual impairment allowance RM'000</b>	<b>Collective impairment allowance RM'000</b>
Northern region	40,992	8,987	32,288
Central region	215,044	53,898	143,527
Southern region	39,844	2,377	27,626
Sabah region	18,879	255	19,849
Sarawak region	3,175	-	6,795
	<u>317,934</u>	<u>65,517</u>	<u>230,085</u>

**GROUP**  
**30 September 2016**

Northern region	42,760	8,987	39,672
Central region	249,732	60,088	193,111
Southern region	47,678	2,472	36,672
Sabah region	21,190	255	24,727
Sarawak region	6,451	558	8,212
	<u>367,811</u>	<u>72,360</u>	<u>302,394</u>

<b><u>BANK</u></b> <b>31 March 2016</b>	<b>Impaired loans, advances and financing RM'000</b>	<b>Individual impairment allowance RM'000</b>	<b>Collective impairment allowance RM'000</b>
Northern region	42,935	7,702	34,867
Central region	272,288	49,188	148,845
Southern region	33,365	923	27,021
Sabah region	21,662	248	19,822
Sarawak region	2,949	-	5,946
	<u>373,199</u>	<u>58,061</u>	<u>236,501</u>

**GROUP**  
**31 March 2016**

Northern region	46,072	7,702	41,079
Central region	372,422	59,052	198,203
Southern region	40,279	1,329	35,683
Sabah region	25,088	248	24,768
Sarawak region	4,007	-	7,245
	<u>487,868</u>	<u>68,331</u>	<u>306,978</u>

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**3.0 Credit Risk (contd.)**

**3.3 Impaired Loans, Advances and Financing Analysis (contd.)**

Movements in loan impairment allowances are analysed as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 September</b> <b>2016</b> <b>RM'000</b>	31 March 2016 RM'000	<b>30 September</b> <b>2016</b> <b>RM'000</b>	31 March 2016 RM'000
<b>Individual assessment allowance:</b>				
At beginning of year	58,061	46,191	68,331	56,303
Allowance made during the period/year (net)	9,877	18,795	10,331	24,229
Amount written-off	(866)	(8,662)	(4,666)	(14,060)
Transfers (to)/from collective assessment assessment allowance	(1,555)	1,737	(1,636)	1,859
At end of period/year	<u>65,517</u>	<u>58,061</u>	<u>72,360</u>	<u>68,331</u>
<b>Collective assessment allowance:</b>				
At beginning of year	236,501	278,599	306,978	334,704
Allowance made during the period/year (net)	11,146	1,502	29,813	40,577
Amount written-off	(19,117)	(41,863)	(36,033)	(66,444)
Transfers from/(to) individual assessment assessment allowance	1,555	(1,737)	1,636	(1,859)
At end of period/year	<u>230,085</u>	<u>236,501</u>	<u>302,394</u>	<u>306,978</u>

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach

The following tables represent the credit exposures by risk-weights and after credit risk mitigation:

<b>BANK</b> <b>30 September 2016</b> Risk- Weights	Exposures after netting and credit risk mitigation										Total exposures after netting and credit risk mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns /Central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance companies, Securities firms and Fund managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000		
0%	6,031,039	-	-	-	423,064	-	-	-	271,946	-	6,726,049	-
20%	-	165,382	2,337,840	-	1,767,706	-	-	-	115,616	-	4,386,544	877,309
35%	-	-	-	-	-	-	6,485,937	-	-	-	6,485,937	2,270,078
50%	-	-	811,060	-	48,526	13,355	4,357,565	-	-	-	5,230,506	2,615,253
75%	-	-	-	-	-	9,312,687	29,011	-	-	-	9,341,698	7,006,273
100%	-	-	35	38,682	10,771,306	154,908	1,225,926	-	295,330	111,386	12,597,573	12,597,573
150%	-	-	-	-	28,416	66,681	-	3,696	-	3	98,796	148,194
<b>Total exposures</b>	<b>6,031,039</b>	<b>165,382</b>	<b>3,148,935</b>	<b>38,682</b>	<b>13,039,018</b>	<b>9,547,631</b>	<b>12,098,439</b>	<b>3,696</b>	<b>682,892</b>	<b>111,389</b>	<b>44,867,103</b>	<b>25,514,680</b>
Risk-weighted assets by exposures	-	33,076	873,133	38,682	11,191,734	7,246,122	5,696,545	5,544	318,453	111,391	25,514,680	
Average risk-weight	-	20%	28%	100%	86%	76%	47%	150%	47%	100%	57%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)

The following tables represent the credit exposures by risk- weights and after credit risk mitigation (contd.):

<b>GROUP</b>	Exposures after netting and credit risk mitigation										Total exposures after netting and credit risk mitigation	Total Risk-Weighted Assets	
	Sovereigns /Central banks	Public sector entities	Banks, DFIs and MDBs	Insurance companies, Securities firms and Fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Equity exposures			
<b>30 September 2016</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	8,997,638	-	-	-	838,338	-	-	-	271,956	-	-	10,107,932	-
20%	-	285,273	2,043,353	-	2,470,652	-	-	-	-	-	-	4,799,278	959,856
35%	-	-	-	-	-	-	7,762,160	-	-	-	-	7,762,160	2,716,756
50%	-	-	66,528	-	63,608	15,822	5,304,879	-	-	-	-	5,450,837	2,725,419
75%	-	-	-	-	-	11,745,892	30,772	-	-	-	-	11,776,664	8,832,498
100%	-	-	35	49,245	12,997,219	684,529	1,455,290	-	493,300	165,288	-	15,844,906	15,844,905
150%	-	-	-	-	31,276	75,417	-	3,696	-	3	-	110,392	165,586
<b>Total exposures</b>	<b>8,997,638</b>	<b>285,273</b>	<b>2,109,916</b>	<b>49,245</b>	<b>16,401,093</b>	<b>12,521,660</b>	<b>14,553,101</b>	<b>3,696</b>	<b>765,256</b>	<b>165,291</b>	<b>-</b>	<b>55,852,169</b>	<b>31,245,020</b>
Risk-weighted assets by exposures	-	57,055	441,969	49,245	13,570,066	9,614,984	6,847,565	5,544	493,300	165,292	-	31,245,020	
Average risk-weight	-	20%	21%	100%	83%	77%	47%	150%	64%	100%	-	56%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-	

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)

The following tables represent the credit exposures by risk- weights and after credit risk mitigation (contd.):

<b>BANK</b> <b>31 March 2016</b> <b>Risk-Weights</b>	Exposures after netting and credit risk mitigation										Total exposures after netting and credit risk mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns /Central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance companies, Securities firms and Fund managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000		
0%	6,172,862	-	-	-	425,119	-	-	-	293,588	-	6,891,569	-
20%	13,175	64,967	4,184,192	-	1,461,519	-	-	-	10,777	-	5,734,630	1,146,926
35%	-	-	-	-	-	-	6,428,212	-	-	-	6,428,212	2,249,874
50%	-	-	814,459	-	7,157	10,606	4,077,231	-	-	-	4,909,453	2,454,727
75%	-	-	-	-	-	9,621,824	36,269	-	-	-	9,658,093	7,243,570
100%	-	-	46	37,508	10,336,004	143,424	1,595,063	-	234,425	102,654	12,449,124	12,449,122
150%	-	-	-	-	49,840	77,624	-	5,661	-	18	133,143	199,715
<b>Total exposures</b>	<b>6,186,037</b>	<b>64,967</b>	<b>4,998,697</b>	<b>37,508</b>	<b>12,279,639</b>	<b>9,853,478</b>	<b>12,136,775</b>	<b>5,661</b>	<b>538,790</b>	<b>102,672</b>	<b>46,204,224</b>	<b>25,743,934</b>
Risk-weighted assets by exposures	2,635	12,993	1,244,114	37,508	10,706,646	7,481,530	5,910,753	8,492	236,581	102,681	25,743,934	
Average risk-weight	-	20%	25%	100%	87%	76%	49%	150%	44%	100%	56%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-



3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)

The following tables represent the credit exposures by risk- weights and after credit risk mitigation (contd.):

<u>GROUP</u>	Exposures after netting and credit risk mitigation										Total exposures after netting and credit risk mitigation	Total Risk-Weighted Assets
	Sovereigns /Central banks	Public sector entities	Banks, DFIs and MDBs	Insurance companies, Securities firms and Fund managers	Regulatory Corporates	Residential mortgages	Higher risk assets	Other assets	Equity exposures			
<u>31 March 2016</u> <u>Risk-Weights</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	8,874,847	-	-	-	709,642	-	-	-	293,588	-	9,878,077	-
20%	13,174	95,547	3,979,944	-	2,072,848	-	-	-	-	-	6,161,513	1,232,303
35%	-	-	-	-	-	-	7,664,958	-	-	-	7,664,958	2,682,735
50%	-	-	74,807	-	7,157	12,715	5,053,298	-	-	-	5,147,977	2,573,988
75%	-	-	-	-	-	12,124,788	38,517	-	-	-	12,163,305	9,122,479
100%	-	-	46	48,156	12,222,260	598,248	1,878,328	-	422,405	152,337	15,321,780	15,321,780
150%	-	-	-	-	117,363	82,656	-	5,703	-	18	205,740	308,611
<b>Total exposures</b>	<b>8,888,021</b>	<b>95,547</b>	<b>4,054,797</b>	<b>48,156</b>	<b>15,129,270</b>	<b>12,818,407</b>	<b>14,635,101</b>	<b>5,703</b>	<b>715,993</b>	<b>152,355</b>	<b>56,543,350</b>	<b>31,241,896</b>
Risk-weighted assets by exposures	2,635	19,109	833,438	48,156	12,816,453	9,822,179	7,116,601	8,555	422,405	152,365	31,241,896	
Average risk-weight	-	20%	21%	100%	85%	77%	49%	150%	59%	100%	55%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-

**3.0 Credit Risk (contd.)**

**3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)**

For the purpose of determining counterparty risk-weights, the Group uses external credit assessments from Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation ("MARC"), Standard and Poor's ("S&P"), Moody's, and Fitch. In the context of the Group's portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Group follows the process prescribed under BNM's Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated credit exposures according to ratings by approved Eligible Credit Assessment Institutions ("ECAIs"):

**BANK**  
**30 September 2016**

Exposure Class	Ratings by Approved ECAIs						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>On and Off Balance-Sheet Exposures</u></b>							
<b>(i) Exposures risk weighted using Sovereigns and Central Banks rating</b>							
Sovereigns and Central Banks (See Note 1)	-	6,031,039	-	-	-	6,031,039	
Corporates	-	423,064	-	-	-	423,064	
	-	6,454,103	-	-	-	6,454,103	
<b>(ii) Exposures risk weighted using Banking Institutions long term rating</b>							
Banks, MDBs and FDIs	1,077,329	741,820	104,447	-	1,225,338	3,148,934	
<b>Exposures risk weighted using Banking Institutions short term rating</b>							
Banks, MDBs and FDIs	-	-	-	-	-	-	
	1,077,329	741,820	104,447	-	1,225,338	3,148,934	
<b>(iii) Exposures risk weighted using Corporate long term rating</b>							
Public Sector Entities	81,782	-	-	-	34,966	116,748	
Corporates	1,767,706	44,413	-	-	11,613,465	13,425,584	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	38,684	38,684	
<b>Exposures risk weighted using Corporate short term rating</b>							
Public Sector Entities	48,634	-	-	-	-	48,634	
Corporates	-	-	-	-	-	-	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	
	1,898,122	44,413	-	-	11,687,115	13,629,650	

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**3.0 Credit Risk (contd.)**

**3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)**

The following tables show the rated credit exposures according to ratings by approved ECAIs (contd.):

**GROUP  
30 September 2016**

Exposure Class	Ratings by Approved ECAIs						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off Balance-Sheet Exposures</b>							
<b>(i) Exposures risk weighted using Sovereigns and Central Banks rating</b>							
Sovereigns and Central Banks (See Note 1)	-	8,997,638	-	-	-	-	8,997,638
Corporates	-	838,338	-	-	-	-	838,338
	-	9,835,976	-	-	-	-	9,835,976
<b>(ii) Exposures risk weighted using Banking Institutions long term rating</b>							
Banks, MDBs and FDIs	1,096,507	742,341	104,447	-	166,620	-	2,109,915
<b>Exposures risk weighted using Banking Institutions short term rating</b>							
Banks, MDBs and FDIs	-	-	-	-	-	-	-
	1,096,507	742,341	104,447	-	166,620	-	2,109,915
<b>(iii) Exposures risk weighted using Corporate long term rating</b>							
Public Sector Entities	127,664	-	-	-	108,974	-	236,638
Corporates	2,450,646	59,217	-	-	14,048,321	-	16,558,184
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	49,247	-	49,247
<b>Exposures risk weighted using Corporate short term rating</b>							
Public Sector Entities	48,634	-	-	-	-	-	48,634
Corporates	20,006	-	-	-	-	-	20,006
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-
	2,646,950	59,217	-	-	14,206,542	-	16,912,709

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**3.0 Credit Risk (contd.)**

**3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)**

The following tables show the rated credit exposures according to ratings by approved ECAIs (contd.):

**BANK**  
**31 March 2016**

Exposure Class	Ratings by Approved ECAIs						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	RM'000
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>On and Off Balance-Sheet Exposures</u></b>							
<b>(i) Exposures risk weighted using Sovereigns and Central Banks rating</b>							
Sovereigns and Central Banks (See Note 1)	-	6,186,036	-	-	-	-	6,186,036
Corporates	-	425,119	-	-	-	-	425,119
	-	6,611,155	-	-	-	-	6,611,155
<b>(ii) Exposures risk weighted using Banking Institutions long term rating</b>							
Banks, MDBs and FDIs	1,754,265	1,721,371	13,241	-	1,509,820	-	4,998,697
<b>Exposures risk weighted using Banking Institutions short term rating</b>							
Banks, MDBs and FDIs	-	-	-	-	-	-	-
	1,754,265	1,721,371	13,241	-	1,509,820	-	4,998,697
<b>(iii) Exposures risk weighted using Corporate long term rating</b>							
Public Sector Entities	40,547	-	-	-	24,420	-	64,967
Corporates	1,461,519	72	-	-	11,199,566	-	12,661,157
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	37,510	-	37,510
<b>Exposures risk weighted using Corporate short term rating</b>							
Public Sector Entities	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-
	1,502,066	72	-	-	11,261,496	-	12,763,634

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**3.0 Credit Risk (contd.)**

**3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)**

The following tables show the rated credit exposures according to ratings by approved ECAIs (contd.):

**GROUP  
31 March 2016**

Exposure Class	Ratings by Approved ECAIs					Total	
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others		Unrated
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others		Unrated
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D		Unrated
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP		Unrated
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4		Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>On and Off Balance-Sheet Exposures</b>							
<b>(i) Exposures risk weighted using Sovereigns and Central Banks rating</b>							
Sovereigns and Central Banks (See Note 1)	-	8,888,021	-	-	-	8,888,021	
Corporates	-	709,642	-	-	-	709,642	
	-	9,597,663	-	-	-	9,597,663	
<b>(ii) Exposures risk weighted using Banking Institutions long term rating</b>							
Banks, MDBs and FDIs	1,934,797	1,721,597	13,241	-	385,162	4,054,797	
<b>Exposures risk weighted using Banking Institutions short term rating</b>							
Banks, MDBs and FDIs	-	-	-	-	-	-	
	1,934,797	1,721,597	13,241	-	385,162	4,054,797	
<b>(iii) Exposures risk weighted using Corporate long term rating</b>							
Public Sector Entities	71,126	-	-	-	24,421	95,547	
Corporates	2,072,848	72	-	-	13,357,317	15,430,237	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	48,158	48,158	
<b>Exposures risk weighted using Corporate short term rating</b>							
Public Sector Entities	-	-	-	-	-	-	
Corporates	-	-	-	-	-	-	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	
	2,143,974	72	-	-	13,429,896	15,573,942	

Note 1: The Federal Government and Central Bank of Malaysia are accorded 0% risk-weight as provided under the Capital Adequacy Framework.

\*Upper Range = Long Term Rating, Lower Range = Short Term Rating

**Note:**

There is no outstanding securitisation contract at the Bank that required disclosure of ratings and short term rating of securitisation by approved ECAIs.

**3.0 Credit Risk (contd.)**

**3.5 Credit Risk Mitigation ("CRM")**

The following tables represent the Bank's/Group's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

<b>BANK</b> <b>30 September 2016</b> <b>Exposure Class</b>	<b>Exposure</b> <b>before CRM</b> <b>RM'000</b>	<b>Exposures</b> <b>covered by</b> <b>guarantees/</b> <b>credit</b> <b>derivatives</b> <b>RM'000</b>	<b>Exposures</b> <b>covered by</b> <b>eligible</b> <b>financial</b> <b>collateral</b> <b>RM'000</b>	<b>Exposures</b> <b>covered by</b> <b>other eligible</b> <b>collateral</b> <b>RM'000</b>
<b>Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,031,039	-	-	-
Public sector entities	130,416	-	-	-
Banks, DFIs and MDBs	2,999,494	-	-	-
Insurance companies, securities firms and fund managers	27,588	-	-	-
Corporates	12,170,000	-	667,208	-
Regulatory retail	9,164,540	-	859,406	-
Residential mortgages	12,011,801	-	10,501	-
Higher risk assets	1,432	-	6	-
Other assets	682,892	-	-	-
Equity exposure	111,389	-	-	-
Defaulted exposures	187,790	-	2,600	-
<b>Total on-balance sheet exposures</b>	<b>43,518,381</b>	<b>-</b>	<b>1,539,721</b>	<b>-</b>
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives				
OTC derivatives or credit derivatives	3,235,396	-	352,702	-
Defaulted exposures	5,757	-	8	-
<b>Total off-balance sheet exposures</b>	<b>3,241,153</b>	<b>-</b>	<b>352,710</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>46,759,534</b>	<b>-</b>	<b>1,892,431</b>	<b>-</b>

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**3.0 Credit Risk (contd.)**

**3.5 Credit Risk Mitigation ("CRM") (contd.)**

<b>GROUP</b>	<b>Exposure</b>	<b>Exposures</b>	<b>Exposures</b>	<b>Exposures</b>
<b>30 September 2016</b>	<b>before CRM</b>	<b>covered by</b>	<b>covered by</b>	<b>covered by</b>
<b>Exposure Class</b>	<b>RM'000</b>	<b>guarantees/ credit derivatives</b>	<b>eligible financial collateral</b>	<b>other eligible collateral</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/Central banks	8,937,638	-	-	-
Public sector entities	246,307	-	-	-
Banks, DFIs and MDBs	1,960,598	-	-	-
Insurance companies, securities firms and fund managers	37,961	-	-	-
Corporates	15,360,109	-	839,696	-
Regulatory retail	12,097,192	-	953,227	-
Residential mortgages	14,449,306	-	11,627	-
Higher risk assets	1,432	-	6	-
Other assets	765,256	-	-	-
Equity exposure	165,291	-	-	-
Defaulted exposures	215,534	-	2,600	-
<b>Total on-balance sheet exposures</b>	<b>54,236,624</b>	<b>-</b>	<b>1,807,156</b>	<b>-</b>
Off-balance sheet exposures:				
Off-balance sheet exposures other than				
OTC derivatives or credit derivatives	3,822,837	-	408,890	-
Defaulted exposures	8,762	-	8	-
<b>Total off-balance sheet exposures</b>	<b>3,831,599</b>	<b>-</b>	<b>408,898</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>58,068,223</b>	<b>-</b>	<b>2,216,054</b>	<b>-</b>

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**3.0 Credit Risk (contd.)**

**3.5 Credit Risk Mitigation ("CRM") (contd.)**

<b><u>BANK</u></b>	<b><u>Exposure</u></b>	<b><u>Exposures</u></b>	<b><u>Exposures</u></b>	<b><u>Exposures</u></b>
<b>31 March 2016</b>	<b>before CRM</b>	<b>covered by</b>	<b>covered by</b>	<b>covered by</b>
<b>Exposure Class</b>	<b>RM'000</b>	<b>guarantees/ credit derivatives</b>	<b>eligible financial collateral</b>	<b>other eligible collateral</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,172,862	-	-	-
Public sector entities	40,547	-	-	-
Banks, DFIs and MDBs	4,782,172	-	-	-
Insurance companies, securities firms and fund managers	27,540	-	-	-
Corporates	11,415,764	-	665,900	-
Regulatory retail	9,471,017	-	1,062,568	-
Residential mortgages	11,998,907	-	8,843	-
Higher risk assets	2,910	-	5	-
Other assets	538,790	-	-	-
Equity exposure	102,672	-	-	-
Defaulted exposures	243,444	-	2,034	-
<b>Total on-balance sheet exposures</b>	<b>44,796,625</b>	<b>-</b>	<b>1,739,350</b>	<b>-</b>
Off-balance sheet exposures:				
Off-balance sheet exposures other than				
OTC derivatives or credit derivatives	3,485,329	-	346,567	-
Defaulted exposures	8,205	-	18	-
<b>Total off-balance sheet exposures</b>	<b>3,493,534</b>	<b>-</b>	<b>346,585</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>48,290,159</b>	<b>-</b>	<b>2,085,935</b>	<b>-</b>



**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**3.0 Credit Risk (contd.)**

**3.5 Credit Risk Mitigation ("CRM") (contd.)**

<b>GROUP</b>	<b>Exposure</b>	<b>Exposures</b>	<b>Exposures</b>	<b>Exposures</b>
<b>31 March 2016</b>	<b>before CRM</b>	<b>covered by</b>	<b>covered by</b>	<b>covered by</b>
<b>Exposure Class</b>	<b>RM'000</b>	<b>guarantees/ credit derivatives</b>	<b>eligible financial collateral</b>	<b>other eligible collateral</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/Central banks	8,814,847	-	-	-
Public sector entities	71,126	-	-	-
Banks, DFIs and MDBs	3,838,402	-	-	-
Insurance companies, securities firms and fund managers	37,997	-	-	-
Corporates	14,035,293	-	835,521	-
Regulatory retail	12,382,876	-	1,151,869	-
Residential mortgages	14,472,085	-	9,987	-
Higher risk assets	2,910	-	5	-
Other assets	715,993	-	-	-
Equity exposure	152,355	-	-	-
Defaulted exposures	323,095	-	2,034	-
<b>Total on-balance sheet exposures</b>	<b>54,846,979</b>	<b>-</b>	<b>1,999,416</b>	<b>-</b>
Off-balance sheet exposures:				
Off-balance sheet exposures other than				
OTC derivatives or credit derivatives	4,072,087	-	401,814	-
Defaulted exposures	25,532	-	18	-
<b>Total off-balance sheet exposures</b>	<b>4,097,619</b>	<b>-</b>	<b>401,832</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>58,944,598</b>	<b>-</b>	<b>2,401,248</b>	<b>-</b>

**3.0 Credit Risk (contd.)**

**3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk**

The off-balance sheet exposures and their related counterparty credit risk of the Bank and the Group are as follows:

<b>BANK</b>	<b>Principal Amount</b>	<b>Positive Fair Value of Derivative Contracts</b>	<b>Credit Equivalent Amount</b>	<b>Risk-Weighted Assets</b>
<b>30 September 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Credit-related exposures</u>				
Direct credit substitutes	678,432	-	678,432	596,252
Transaction-related contingent items	664,859	-	332,430	243,676
Short-term self-liquidating trade-related contingencies	229,202	-	45,840	42,386
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,319,429	-	659,715	533,811
- maturity not exceeding one year	5,019,616	-	1,003,923	716,814
Unutilised credit card lines	1,604,860	-	320,972	244,062
	<u>9,516,398</u>	<u>-</u>	<u>3,041,312</u>	<u>2,377,001</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,740,938	45,315	102,328	40,318
- over one year to three years	82,750	-	5,793	2,896
- over three years	-	-	-	-
Interest rate related contracts:				
- one year or less	700,000	3	1,378	276
- over one year to three years	1,370,419	11,862	33,829	10,053
- over three years	1,087,855	9,497	45,403	14,813
Equity related contracts:				
- one year or less	103,570	105	6,319	3,160
- over one year to three years	49,680	-	4,791	2,395
	<u>11,135,212</u>	<u>66,782</u>	<u>199,841</u>	<u>73,911</u>
	<u>20,651,610</u>	<u>66,782</u>	<u>3,241,153</u>	<u>2,450,912</u>

**3.0 Credit Risk (contd.)**

**3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (contd.)**

<b>GROUP</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>30 September 2016</b>				
<u>Credit-related exposures</u>				
Direct credit substitutes	794,284	-	794,284	701,566
Transaction-related contingent items	717,079	-	358,540	261,359
Short-term self-liquidating trade-related contingencies	256,067	-	51,213	47,500
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,605,530	-	802,765	663,843
- maturity not exceeding one year	6,519,922	-	1,303,984	898,183
Unutilised credit card lines	1,604,860	-	320,972	244,062
	<u>11,497,742</u>	<u>-</u>	<u>3,631,758</u>	<u>2,816,513</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,740,938	45,315	102,328	40,318
- over one year to three years	82,750	-	5,793	2,896
- over three years	-	-	-	-
Interest rate related contracts:				
- one year or less	700,000	3	1,378	276
- over one year to three years	1,370,419	11,862	33,829	10,053
- over three years	1,087,855	9,497	45,403	14,813
Equity related contracts:				
- one year or less	103,570	105	6,319	3,160
- over one year to three years	49,680	-	4,791	2,395
	<u>11,135,212</u>	<u>66,782</u>	<u>199,841</u>	<u>73,911</u>
	<u>22,632,954</u>	<u>66,782</u>	<u>3,831,599</u>	<u>2,890,424</u>

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**3.0 Credit Risk (contd.)**

**3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (contd.)**

<b>BANK</b>	<b>Principal Amount</b>	<b>Positive Fair Value of Derivative Contracts</b>	<b>Credit Equivalent Amount</b>	<b>Risk-Weighted Assets</b>
<b>31 March 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Credit-related exposures</u>				
Direct credit substitutes	625,635	-	625,635	548,598
Transaction-related contingent items	618,043	-	309,021	226,748
Short-term self-liquidating trade-related contingencies	113,621	-	22,724	20,084
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,940,980	-	970,490	776,394
- maturity not exceeding one year	4,803,945	-	960,789	675,332
Unutilised credit card lines	1,597,855	-	319,571	243,050
	<u>9,700,079</u>	<u>-</u>	<u>3,208,230</u>	<u>2,490,206</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,255,690	117,734	192,432	70,702
- over one year to three years	39,135	-	3,522	1,761
- over three years	-	-	-	-
Interest rate related contracts:				
- one year or less	380,000	136	741	291
- over one year to three years	809,755	1,813	13,009	3,199
- over three years	1,490,776	13,968	68,514	23,771
Equity related contracts:				
- one year or less	92,940	-	5,576	2,788
- over one year to three years	18,880	-	1,510	755
	<u>10,087,176</u>	<u>133,651</u>	<u>285,304</u>	<u>103,267</u>
	<u>19,787,255</u>	<u>133,651</u>	<u>3,493,534</u>	<u>2,593,473</u>

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**3.0 Credit Risk (contd.)**

**3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (contd.)**

<b>GROUP</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>31 March 2016</b>				
<u>Credit-related exposures</u>				
Direct credit substitutes	717,319	-	717,319	628,662
Transaction-related contingent items	677,126	-	338,563	244,244
Short-term self-liquidating trade- related contingencies	137,524	-	27,505	24,375
Irrevocable commitments to extent credit:				
- maturity exceeding one year	2,287,572	-	1,143,786	936,985
- maturity not exceeding one year	6,327,855	-	1,265,571	872,840
Unutilised credit card lines	1,597,855	-	319,571	243,050
	<u>11,745,251</u>	<u>-</u>	<u>3,812,315</u>	<u>2,950,156</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,255,690	117,734	192,432	70,702
- over one year to three years	39,135	-	3,522	1,761
- over three years	-	-	-	-
Interest rate related contracts:				
- one year or less	380,000	136	741	291
- over one year to three years	809,755	1,813	13,009	3,199
- over three years	1,490,776	13,968	68,514	23,771
Equity related contracts:				
- one year or less	92,940	-	5,576	2,788
- over one year to three years	18,880	-	1,510	755
	<u>10,087,176</u>	<u>133,651</u>	<u>285,304</u>	<u>103,267</u>
	<u>21,832,427</u>	<u>133,651</u>	<u>4,097,619</u>	<u>3,053,423</u>

**ALLIANCE BANK MALAYSIA BERHAD  
(88103-W)**

**4.0 Market Risk**

**Regulatory capital requirements**

The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	Risk- Weighted Assets RM'000	Capital Requirements RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<b>30 September 2016</b>				
Interest rate risk				
- General interest rate risk	102,120	8,170	102,120	8,170
- Specific interest rate risk	26,753	2,140	26,753	2,140
	<u>128,873</u>	<u>10,310</u>	<u>128,873</u>	<u>10,310</u>
Option risk	263	21	263	21
Foreign exchange risk	<u>65,511</u>	<u>5,241</u>	<u>65,511</u>	<u>5,241</u>
	<u>194,647</u>	<u>15,572</u>	<u>194,647</u>	<u>15,572</u>
<b>31 March 2016</b>				
Interest rate risk				
- General interest rate risk	76,062	6,085	76,062	6,085
- Specific interest rate risk	24,913	1,993	24,913	1,993
	<u>100,975</u>	<u>8,078</u>	<u>100,975</u>	<u>8,078</u>
Option risk	-	-	5,830	466
Foreign exchange risk	<u>17,038</u>	<u>1,363</u>	<u>17,038</u>	<u>1,363</u>
	<u>118,013</u>	<u>9,441</u>	<u>123,843</u>	<u>9,907</u>

**5.0 Equity Exposures in Banking Book**

The following table shows the equity exposures in banking book:

	<b>BANK</b>		<b>GROUP</b>	
	<b>Gross credit exposures</b>	<b>Risk-weighted assets</b>	<b>Gross credit exposures</b>	<b>Risk-weighted assets</b>
<b>30 September 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Publicly traded</b>				
Holding of equity investments	12	12	12	12
<b>Privately held</b>				
For socio-economic purposes	111,377	111,377	165,279	165,279
Not for socio-economic purposes	-	-	-	-
	<u>111,389</u>	<u>111,389</u>	<u>165,291</u>	<u>165,291</u>
<b>31 March 2016</b>				
<b>Publicly traded</b>				
Holding of equity investments	15	23	15	23
<b>Privately held</b>				
For socio-economic purposes	102,654	102,654	152,338	152,338
Not for socio-economic purposes	3	5	3	5
	<u>102,672</u>	<u>102,682</u>	<u>152,356</u>	<u>152,366</u>

**Gains and losses on equity exposures in the banking book**

The table below present the gains and losses on equity exposures in banking book:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 September 2016</b>	<b>31 March 2016</b>	<b>30 September 2016</b>	<b>31 March 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Realised gains/(losses) recognised in the statement of comprehensive income				
- Privately held equity investments	-	(549)	-	(549)
	<u>-</u>	<u>(549)</u>	<u>-</u>	<u>(549)</u>
Unrealised gains/(losses) recognised in revaluation reserve				
- Publicly traded equity investments	(3)	4	(3)	4
- Privately held equity investments	8,720	8,856	12,938	12,705
	<u>8,717</u>	<u>8,860</u>	<u>12,935</u>	<u>12,709</u>

**ALLIANCE BANK MALAYSIA BERHAD**  
**(88103-W)**

**6.0 Interest Rate Risk/Rate of Return Risk in the Banking Book**

The following tables present the Bank's projected sensitivity to a 100 basis point parallel shock to interest rates across all maturities applied on the Bank's interest sensitivity gap as at reporting date.

	<b>Bank</b> <b>+ 100 bps</b> RM'000	<b>Group</b> <b>+ 100 bps</b> RM'000
<b>30 September 2016</b>		
<b>Impact on net interest income ("NII")</b>		
Ringgit Malaysia	<u>75,629</u>	<u>82,897</u>
<b>Impact on Economic Value ("EV")</b>		
Ringgit Malaysia	<u>42,967</u>	<u>119,577</u>
<b>31 March 2016</b>		
<b>Impact on net interest income ("NII")</b>		
Ringgit Malaysia	<u>84,907</u>	<u>90,847</u>
<b>Impact on Economic Value ("EV")</b>		
Ringgit Malaysia	<u>42,334</u>	<u>125,659</u>

Note:

The foreign currency impact on NII/EV are considered insignificant as the exposure is less than 5% of the respective total Banking Book assets and liabilities.

**7.0 Shariah Governance Disclosures and Profit Sharing Investment Account ("PSIA")**

The disclosures under this section can be referred to Note 6.0 of Alliance Islamic Bank Berhad's Pillar 3 report.