ALLIANCE BANK

REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

ALLIANCE BANK MALAYSIA BERHAD (88103-W)

Contents

More on this subject:
https://www.alliancebank.com.my/

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

For preparation of the Annual Audited Financial Statements

The Companies Act, 2016 requires Directors to prepare financial statements for each financial year, which give a true and fair view of the financial position as at the end of the financial year and the financial performance for the financial year of the Group and the Bank.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards, and International Financial Reporting Standards. The Directors are also responsible to ensure their consistent use in the financial statements, supported where necessary by reasonable and prudent judgments.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that the Group and the Bank maintain adequate accounting records and an effective system of internal control to safeguard the assets of the Group and the Bank and prevent and detect fraud or any other irregularities.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services.

The principal activities of the subsidiaries are Islamic banking, investment banking including stockbroking services, nominees services, investment advisory services and related financial services.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit before taxation	684,597	583,244
Taxation	(191,369)	(156,334)
Net profit for the financial year	493,228	426,910

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

The amount of dividends declared and paid by the Group and the Bank since 31 March 2017 were as follows:

	RM'000
In respect of the financial year ended 31 March 2017:	
(i) A single tier second interim dividend of 14.67 sen per share, on 796,517,043 ordinary shares, was paid by the Bank to Alliance Financial Group Berhad (AFG), the former holding company, on 20 June 2017, and was eliminated at Group level.	116,849
(ii) A single tier second interim dividend of 7.5 sen per share, on 1,548,105,929 ordinary shares was paid by AFG to the shareholders on 22 June 2017. Subsequent to the completion of the group reorganisation exercise (Note 53), the Bank became the holding company of AFG. As a result, the dividend paid by AFG to the shareholders has been reflected at the Group level.	116,108
In respect of the financial year ending 31 March 2018:	
(i) A single tier first interim dividend of 8.5 sen per share, on 1,548,105,929 ordinary shares, was paid by the Bank to the shareholders on 28 December 2017, after the completion of the group reorganisation exercise.	131,589

An amount of RM1,121,000 and RM1,549,000 being dividends paid for shares held in Trust were added back to the appropriation of retained profits in respect of the first and second interim dividend for financial year ended 31 March 2018 and 31 March 2017 respectively.

DIRECTORS' REPORT (Cont'd)

DIVIDENDS (cont'd)

The amount of dividends declared and paid by the Group and the Bank since 31 March 2017 were as follows: (cont'd)

Subsequent to the financial year end, on 31 May 2018, the Directors declared a single tier second interim dividend of 6.8 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM105,271,000 in respect of current financial year. The accompanying financial statements do not reflect this dividend. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2019. The Directors do not propose any final dividend in respect of the financial year ended 31 March 2018.

ALLIANCE FINANCIAL GROUP BERHAD EMPLOYEES' SHARE SCHEME

The Alliance Financial Group Berhad Employees' Share Scheme (AFG Bhd ESS) is governed by the Bye-Laws approved by its shareholders at an Extraordinary General Meeting held on 28 August 2007. The AFG Bhd ESS which comprises the Share Option Plan, the Share Grant Plan and the Share Save Plan took effect on 3 December 2007 for a period of 10 years. The scheme ended on 2 December 2017.

There were no share grants or share options offered under the Share Grant Plan and Share Option Plan during the financial year.

The salient features of the AFG Bhd ESS are disclosed in Note 30 to the financial statements.

Pursuant to the group corporate reorganisation exercise involving amongst others, the transfer of AFG's listing status on the Main Market of Bursa Malaysia Securities Berhad to the Bank and amendment to the Trust Deed and Bye-Laws of AFG Bhd ESS completed on 26 September 2017, AFG shares or any part thereof (to the extent they have not been sold or disposed of by the Trustee) held by the Trustee pursuant to the Trust Deed were replaced with the same number of shares of the Bank.

During the financial year ended 31 March 2018, 101,200 AFG shares and 11,500 shares of the Bank have been vested and transferred from the Trustees to the eligible employees of the Bank and its related companies. As at 8 March 2018, the Trustee had completed the disposal of all shares of the Bank it held.

BUSINESS REVIEW FOR FINANCIAL YEAR ENDED (FYE) 31 MARCH 2018

For FYE 31 March 2018, the Group's net profit after taxation was RM493.2 million.

The Group's net income grew by RM102.6 million or 7.0% due to expansion of total gross loans/financing to RM40.3 billion. Net Interest Margin recorded at 240bps from 226bps last financial year.

Other operating income including Islamic Banking income improved by RM40.7 million or 11.9% mainly contributed from investment income and foreign exchange gain by RM29.6 million coupled with fee based income by RM11.8 million.

Operating expenses increased by RM102.1 million or 14.8% on higher due to restructuring cost and strategic initiatives. Cost to income ratio is recorded at 50.5%. Excluding restructuring cost and strategic initiatives, cost to income ratio stood at 46.0%.

Gross impaired loans recorded at 1.4%. While loan loss coverage including regulatory reserves was at 96.7%.

The Current Account/Savings Account ratio improved to 37.3% from 34.8% last year. Loans-to-deposits ratio increased to 94.3% as at 31 March 2018, from 88.5% last year, while loan-to-fund ratio stood at 85.3%.

After deducting proposed dividend, the Group's total capital ratio stood healthy at 18.3%, with a Common Equity Tier 1 Capital ratio of 13.4% and Tier 1 Capital ratio at 13.8% as at 31 March 2018.

The Group declared a second interim dividend of RM105.3 million, bringing the total dividend declared for the financial year ended 31 March 2018 to RM236.9 million (FYE2017: RM247.7 million).

PERFORMANCE BY BUSINESS SEGMENT

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Stock broking and Corporate Advisory Services. Please refer to Note 52 on Segment Information for the composition of each business segment.

Consumer Banking profit before tax stood at RM142.4 million where the net income was higher by RM0.8 million or 0.1% offset by higher operating expenses by RM7.2 million or 2.2% compared to last year. Allowance for loans, advances and financing was higher by RM12.4 million. Segment asset was RM41.4 billion or 0.2% higher.

Business Banking profit before tax stood at RM357.1 million where the net income was higher by RM27.7 million or 4.3% offset by higher operating expenses by RM35.3 million or 13.0% compared to last year. Allowance for loans, advances and financing improved by RM14.3 million. Segment asset registered growth of RM0.9 billion or 5.0%.

Financial Markets profit before tax stood at RM228.0 million where the operating profit was higher by RM67.6 million or 42.1% mainly due to increase in the revenue by RM74.5 million or 35.8% compared to last year. Segment asset was RM0.9 billion or 5.6% lower compare to last year.

Stockbroking and Corporate Advisory Services loss before tax improved by RM4.8 million compared to last year mainly due to higher brokerage income.

ECONOMIC OUTLOOK AND PROSPECTS FOR FYE 31 MARCH 2019

Bank Negara Malaysia has forecasted that the Malaysian Gross Domestic Product (GDP) growth will expand between 5.5% and 6.0% in 2018, as broad based global recovery momentum continues to strengthen, providing positive spillovers from the external sector to Malaysia's domestic activity.

Private sector expenditure will remain the key driver of growth. Private consumption will likely be supported by continued wage and employment growth, while private investment is expected to be backed by capital expenditure in Malaysia's key sectors such as manufacturing and services, coupled with on-going mega infrastructure projects.

Meanwhile, Bank Negara Malaysia expects inflation to trend lower between 2.0% and 3.0% in 2018, as a result of high-base effect in 2017 which moderates the effect of price hikes in 2018. On the external sector, gross exports are forecasted to expand 8.4% in 2018, underpinned by broad-based growth in both electrical and electronics (E&E) and non E&E exports.

Overall, positive global macro prospects will likely continue to provide favourable external demand conditions that will support Malaysia's manufacturing sector especially the E&E, oil and gas and commodity sectors, contributing positively towards 2018 GDP growth.

BUSINESS OUTLOOK FOR NEXT FINANCIAL YEAR

The Group will leverage on its franchise strength to deliver sustainable profitability and to fulfill the financial needs of our customers.

The Group will continue to optimize and strengthen its foundation by improving balance sheet efficiency with better risk adjusted return loans, liquidity management, and mitigating credit risk. We will also continue maximizing the linkages across Consumer Banking, Business Banking, Financial Markets, Investment Banking and Islamic Banking to bring to bear the full suite of solutions and capabilities that the Group has to offer to our clients. This is aligned with our vision of 'Building Alliances to Improve Lives'.

In the coming year, we will be scaling up for growth in our core businesses. We will also be digitizing key processes to deliver enhanced customer experience and to improve the efficiency of our operations. This will position us as a Bank that uses innovation to bring simple, fast and responsive solutions that are always aligned to our customers' needs.

Our strategic transformation initiatives will start having a positive impact on the financial trajectory for the coming year. We therefore expect profitability to improve.

DIRECTORS' REPORT (Cont'd)

RATING BY EXTERNAL RATING AGENCY

The Bank is rated by Rating Agency Malaysia Berhad (RAM). Based on RAM's rating in December 2017, the Bank's short-term and long-term ratings are reaffirmed at P1 and A1 respectively. RAM has classified these rating categories as follows:

P1 – Financial institutions in this category have superior capacities for timely payments of obligations.

A1 – Financial institutions rated in this category are adjudged to offer adequate safety for timely payments of financial obligations. This level of rating indicates financial institutions with adequate credit profiles, but which possess one or more problem areas, giving rise to the possibility of future riskiness. Financial institutions rated in this category have generally performed at industry average and are considered to be more vulnerable to changes in economic conditions than those rated in the higher categories.

DIRECTORS

The Directors of the Bank in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Dato' Ahmad Bin Mohd Don (Chairman)
Ou Shian Waei
Lee Ah Boon
Kung Beng Hong
Kuah Hun Liang
Datuk Wan Azhar Bin Wan Ahmad
Lee Boon Huat
Ho Hon Cheong
Thayaparan S Sangarapillai
Tan Chian Khong (appointed on 26 September 2017)

DIRECTORS' REMUNERATION

Details of Directors' Remuneration are set out in Note 43 to the financial statements.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Bank is a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than those arising from the share options and share grant under the AFG Bhd ESS.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than benefits shown under Directors' Remuneration in Note 43 to the financial statements) by reason of a contract made by the Bank or its subsidiary or its holding company or subsidiary of the holding company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors in office at the end of the financial year had any interest in shares, share options and share grants in the Bank or its subsidiaries or its related corporations during the financial year.

ISSUE OF SHARES AND DEBENTURES

(a) On 25 August 2017, the Bank issued RM100,000,000 new Shares at an issue price of RM1.00 each to AFG, the former holding company of the Bank.

(b) On 26 August 2017, the Bank has increased its issued and paid-up share capital from RM896,517,043 to RM1,548,105,929 via a bonus issue of RM651,588,886 new shares to AFG, detailed transactions arising from the group reorganisation exercise are disclosed in Note 53.

(c) The Bank has established a RM1.0 billion Additional Tier 1 Capital Securities Programme on 3 October 2017 and completed its first issuance as below:

Issuance Date	Nominal Amount	Tenure	Call Date	Distribution Rate
08-Nov-17	RM150.0 million	Perpetual Non-callable Five (5) years	8 November 2022 and thereafter on every distribution payment date	6.25% per annum

(d) 18,964,900 shares held in Trust for ESS which were in excess of the AFG Bhd ESS were disposed at an average market price of RM4.00 per share by 8 March 2018.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowances have been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business, had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

VALUATION METHOD

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

DIRECTORS' REPORT (Cont'd)

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Group or of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Bank to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

(i) the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 53 to the Financial Statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 35 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 53 to the financial statements.

SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial reporting period that require disclosure or adjustment to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to accept reappointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146) was registered in 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 31 May 2018. Signed on behalf of the Board of Directors.

Tan Sri Dato' Ahmad Bin Mohd Don

Kung Beng Hong

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Tan Sri Dato' Ahmad Bin Mohd Don and Kung Beng Hong, being two of the Directors of Alliance Bank Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 100 to 241 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2018 and financial performance of the Group and of the Bank for the financial year ended 31 March 2018 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 May 2018.

Tan Sri Dato' Ahmad Bin Mohd Don

Kung Beng Hong

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, Wong Lai Loong, being the officer primarily responsible for the financial management of Alliance Bank Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 100 to 241 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Wong Lai Loong
at Kuala Lumpur in the Federal Territory on
31 May 2018

Wong Lai Loong
(MIA Membership No. (CA29328))

Before me,

Sivanason a/l Marimuthu
Commissioner for Oaths

Kuala Lumpur, Malaysia
31 May 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD

(Incorporated in Malaysia)
(Company No. 88103-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Alliance Bank Malaysia Berhad (the Bank) and its subsidiaries (the Group) give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 241.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By-Laws) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Bank. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD (Cont'd)

(Incorporated in Malaysia)
(Company No. 88103-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of Bank for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>
Allowance for impairment on loans, advances and financing

Refer to accounting policy 2(i)(i)(a) and 2(a)(ii), Notes 10 and 36 of the Financial Statements of the Group and the Bank.

Allowance for impairment are calculated on a collective basis for portfolio of loans of a similar credit risk characteristics and on an individual basis for individually significant loans.

This is an area of our focus as management makes significant judgements over both timing of recognition of allowances and the estimation of the amount of any such allowances.

In particular, we focused on:

<u>Individual assessment allowance</u>
• How objective evidence of impairment was identified; and
• If objective evidence was identified, how the impairment amount was measured.

<u>Collective assessment allowance</u>
• Assumptions underlying the calculation of collective assessment allowance of loans, advances and financing, in particular the probability of default and historical loss rates.
</td><td>
<u>Individual assessment allowance</u>
• We obtained an understanding and tested management's controls over identification of impaired loans, advances and financing in accordance with the Group's policy and procedures.
• We tested a sample of unimpaired loans/financing selected from certain criteria and assessed the reasonable of management's judgement that there was no objective evidence of impairment for these loans.
• For individually impaired loans, we examined a sample of loans and assessed reasonableness of management's assumptions used to estimate the impairment amount, in particular, the timing of expected cash flows.

<u>Collective assessment allowance</u>
• We obtained an understanding and tested management's controls over the appropriateness of models used to calculate the impairment charge, the process of determining key assumptions and the identification of loans to be included within the portfolio.
• We re-computed the probability of default, the historical loss rate and the collective assessment allowance on a sample basis.
• We tested the completeness and accuracy of data used in those models by comparing to the underlying source.
• We considered reasonableness of the applied assumptions at reporting date.

We found no material exceptions in these procedures.
</td></tr>
<tr><td>
Impairment testing of goodwill

Refer to accounting policy 2(i)(ii)(a), and 2(a)(i), and Note 18 of the Financial Statements of the Group and the Bank.

Management performed annual impairment review on the goodwill balance.

The recoverable amount of each cash generating units (CGU) of which goodwill has been allocated was determined based on the value-in-use method. The value-in-use was determined using cash flow projections based on the financial budget and business plans approved by the Board of Directors.

In particular, we focused on the following key assumptions that requires significant judgement, for each CGU:
• The terminal growth rate; and
• The discount rate.
</td><td>
We tested management's impairment assessment of goodwill as follows:
• Compared the cash flows projection of each CGU to approved budgets and business plans for each CGU.
• Compared historical cash flows projections to actual results of each CGU to assess the reasonableness of forecasting.
• Assessed the reasonableness of the applied discount rates by comparing to external and industry information. The applied discount rates reflect the specific risks relating to each CGU where the risk associated to each CGU is determined based on the CGU's business and operating model.
• Evaluated reasonableness of terminal growth rates used by comparing to Malaysia's forecasted GDP rate.
• Stress-tested the value-in-use of each CGU by using growth rates and discount rates which were within a reasonably foreseeable range. We found that the stress-tested value-in-use of each CGU is higher than the carrying value of the CGUs disclosed in the financial statements.

Based on the evidence obtained, we found that the assumptions used by management in the value-in-use calculation were within a reasonable range.
</td></tr>
</table>

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises:

(i) Financial Highlights
(ii) Statement by Chairman of Alliance Bank Group
(iii) Management Discussion and Analysis
(iv) Statement on Corporate Governance
(v) Sustainability Statement
(vi) Audit Committee Report
(vii) Statement on Risk Management and Internal Control
(viii) Risk Management
(ix) Directors' Report
(x) Basel II Pillar 3 Report Disclosure

but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD (Cont'd)

(Incorporated in Malaysia)
(Company No. 88103-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
(No. LLP0014401-LCA & AF1146)
Chartered Accountants

SOO HOO KHOON YEAN
(No. 2682/10/2019 (J))
Chartered Accountant

Kuala Lumpur
31 May 2018

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2018

		Group	Group	Bank	Bank
			Restated		
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Cash and short-term funds	3	**2,768,758**	1,381,779	**1,715,961**	1,618,617
Deposits and placements with banks and other financial institutions	4	**77,283**	-	**77,283**	-
Amounts due from clients and brokers	5	**101,305**	113,022	**-**	-
Financial assets held-for-trading	6	**63,750**	335,260	**48,771**	259,701
Financial investments available-for-sale	7	**8,505,189**	10,239,557	**6,406,448**	8,099,450
Financial investments held-to-maturity	8	**293,612**	917,092	**344,703**	658,201
Derivative financial assets	9	**84,455**	86,345	**84,455**	86,345
Loans, advances and financing	10	**39,989,515**	38,991,689	**31,546,564**	31,371,907
Other assets	11	**105,728**	110,340	**140,727**	105,141
Tax recoverable		**2,004**	9,726	**-**	-
Statutory deposits	12	**1,408,316**	1,437,444	**1,092,566**	1,129,366
Investments in subsidiaries	13	**-**	-	**989,102**	892,820
Investment in former associate	14	**-**	-	**-**	230
Investment in joint venture	15	**693**	763	**-**	-
Property, plant and equipment	16	**69,373**	73,948	**67,834**	71,883
Deferred tax assets	17	**22,664**	14,738	**9,223**	4,088
Intangible assets	18	**409,402**	377,361	**292,981**	261,986
TOTAL ASSETS		**53,902,047**	54,089,064	**42,816,618**	44,559,735
LIABILITIES AND EQUITY					
Deposits from customers	19	**42,740,460**	44,445,720	**33,508,370**	36,112,501
Deposits and placements of banks and other financial institutions	20	**873,871**	862,904	**439,238**	649,729
Financial liabilities designated at fair value	21	**682,238**	402,734	**682,238**	402,734
Amounts due to clients and brokers	22	**75,103**	69,066	**-**	-
Derivative financial liabilities	9	**154,686**	81,892	**154,686**	81,892
Recourse obligations on loans and financing sold to Cagamas	23	**1,102,363**	502,713	**601,696**	502,713
Other liabilities	24	**1,399,302**	1,348,770	**1,283,477**	1,201,606
Provision for taxation		**22,661**	19,753	**23,190**	14,098
Provision for zakat		**252**	206	**-**	-
Deferred tax liabilities	17	**11,907**	9,960	**-**	-
Other borrowings	25	**-**	5,070	**-**	5,070
Subordinated obligations	26	**1,379,614**	1,226,078	**1,379,024**	1,225,664
TOTAL LIABILITIES		**48,442,457**	48,974,866	**38,071,919**	40,196,007
Share capital	27	**1,548,106**	1,548,106	**1,548,106**	796,517
Reserves	28	**3,911,484**	3,639,929	**3,196,593**	3,567,211
Shares held for Employees' Shares Scheme	29	**-**	(73,837)	**-**	-
TOTAL EQUITY		**5,459,590**	5,114,198	**4,744,699**	4,363,728
TOTAL LIABILITIES AND EQUITY		**53,902,047**	54,089,064	**42,816,618**	44,559,735
COMMITMENTS AND CONTINGENCIES	47	**22,641,134**	26,493,954	**20,272,725**	24,538,276
Net assets per share attributable to equity holders of the Bank (RM)		**3.53**	3.30		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF INCOME

for the financial year ended 31 March 2018

		Group		Bank	
			Restated		
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	31	**1,921,697**	1,880,213	**1,898,299**	1,852,165
Interest expense	32	**(1,029,186)**	(1,032,668)	**(998,364)**	(1,016,231)
Net interest income		**892,511**	847,545	**899,935**	835,934
Net income from Islamic banking business	33	**318,245**	297,037	**-**	-
		1,210,756	1,144,582	**899,935**	835,934
Fee and commission income		**303,464**	297,075	**259,228**	259,627
Fee and commission expense		**(96,677)**	(99,872)	**(84,373)**	(88,459)
Investment income		**126,757**	143,496	**159,630**	192,437
Other income		**27,723**	(15,858)	**27,222**	(18,708)
Other operating income	34	**361,267**	324,841	**361,707**	344,897
Net income		**1,572,023**	1,469,423	**1,261,642**	1,180,831
Other operating expenses	35	**(794,021)**	(691,907)	**(635,229)**	(538,496)
Operating profit before allowance		**778,002**	777,516	**626,413**	642,335
Allowance for impairment losses on loans, advances and financing and other receivables	36	**(93,386)**	(94,988)	**(43,107)**	(47,986)
Allowance for impairment losses on other assets	37	**(62)**	(1,208)	**(62)**	-
Operating profit after allowance		**684,554**	681,320	**583,244**	594,349
Share of results of joint venture	15	**43**	84	**-**	-
Profit before taxation		**684,597**	681,404	**583,244**	594,349
Taxation	38	**(191,369)**	(169,281)	**(156,334)**	(134,175)
Net profit for the financial year		**493,228**	512,123	**426,910**	460,174
Net profit for the financial year attributable to:					
Equity holders of the Bank		**493,228**	512,123	**426,910**	460,174
Earnings per share attributable to Equity holders of the Bank	39				
- Basic (sen)		**31.9**	33.5		
- Diluted (sen)		**31.9**	33.5		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2018

		Group		Bank	
			Restated		
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year		**493,228**	512,123	**426,910**	460,174
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit or loss					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair values		**25,539**	(14,735)	**16,134**	(7,465)
- Realised gain transferred to statement of income on disposal and impairment		**(4,857)**	(5,684)	**(2,987)**	(3,372)
- Transfer (to)/from deferred tax		**(4,963)**	4,901	**(3,156)**	2,601
Other comprehensive income/(expense), net of tax		**15,719**	(15,518)	**9,991**	(8,236)
Total comprehensive income for the financial year		**508,947**	496,605	**436,901**	451,938
Total comprehensive income attributable to:					
Equity holders of the Bank		**508,947**	496,605	**436,901**	451,938

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2018

Group	Ordinary shares RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserves RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Equity contribution from former parent RM'000	Employees' share scheme ('ESS') reserve RM'000	Shares held for ESS RM'000	Retained profits RM'000	Total equity RM'000
	Attributable to Equity holders of the Bank										
At 1 April 2017											
As previously reported	796,517	401,517	1,223,525	157,900	10,018	99,268	6,062	-	-	2,306,158	5,000,965
Effect of group reorganisation [Note 55(a)]	751,589	(401,517)	-	-	79,992	-	(6,062)	6,444	(73,837)	(243,376)	113,233
As restated	1,548,106	-	1,223,525	157,900	90,010	99,268	-	6,444	(73,837)	2,062,782	5,114,198
Net profit after taxation	-	-	-	-	-	-	-	-	-	493,228	493,228
Other comprehensive income	-	-	-	-	-	15,719	-	-	-	-	15,719
Total comprehensive income	-	-	-	-	-	15,719	-	-	-	493,228	508,947
Share-based payment under ESS	-	-	-	-	-	-	-	204	-	-	204
ESS on shares lapsed:											
- employees of subsidiaries	-	-	-	-	-	-	-	(157)	-	157	-
- bank employees	-	-	-	-	-	-	-	(1,037)	-	1,037	-
ESS shares grant vested to:											
- employees of subsidiaries	-	-	-	-	-	-	-	(488)	488	-	-
- employees of joint venture	-	-	-	-	-	-	-	(111)	111	-	-
- bank employees	-	-	-	-	-	-	-	(3,099)	3,099	-	-
ESS shares option exercised by:											
- employees of subsidiaries	-	-	-	-	-	-	-	(22)	22	-	-
- bank employees	-	-	-	-	-	-	-	(96)	96	-	-
Proceeds from share options exercised	-	-	-	-	-	-	-	-	4,032	-	4,032
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	-	(1,638)	-	1,638	-
Disposal of ESS share	-	-	-	-	-	-	-	-	65,989	-	65,989
Gain from disposal of ESS share	-	-	-	-	-	-	-	-	-	11,247	11,247
Transfer (from)/to reserves	-	-	(1,223,525)	28,164	10,140	-	-	-	-	1,185,221	-
Dividends paid to shareholders [Note 40]	-	-	-	-	-	-	-	-	-	(247,697)	(247,697)
Dividends added back for shares held in ESS trust	-	-	-	-	-	-	-	-	-	2,670	2,670
At 31 March 2018	1,548,106	-	-	186,064	100,150	114,987	-	-	-	3,510,283	5,459,590

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the financial year ended 31 March 2018

	← Attributable to Equity holders of the Bank →										
Group	Ordinary shares RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserves RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Equity contribution from former parent RM'000	Employees' share scheme ('ESS') reserve RM'000	Shares held for ESS RM'000	Retained profits RM'000	Total equity RM'000
At 1 April 2016											
As previously reported	796,517	401,517	1,200,019	157,174	10,018	114,786	10,896	-	-	2,047,248	4,738,175
Effect of group reorganisation [Note 55(a)]	751,589	(401,517)	-	-	67,644	-	(10,896)	11,516	(79,897)	(234,606)	103,833
As restated	1,548,106	-	1,200,019	157,174	77,662	114,786	-	11,516	(79,897)	1,812,642	4,842,008
Net profit after taxation	-	-	-	-	-	-	-	-	-	512,123	512,123
Other comprehensive expense	-	-	-	-	-	(15,518)	-	-	-	-	(15,518)
Total comprehensive (expense)/income	-	-	-	-	-	(15,518)	-	-	-	512,123	496,605
Share-based payment under ESS	-	-	-	-	-	-	-	2,241	-	-	2,241
ESS on shares lapsed:											
- employees of subsidiaries	-	-	-	-	-	-	-	(369)	-	369	-
- employees of joint venture	-	-	-	-	-	-	-	(47)	-	-	(47)
- bank employees	-	-	-	-	-	-	-	(1,857)	-	1,857	-
ESS shares grant vested to:											
- employees of subsidiaries	-	-	-	-	-	-	-	(412)	412	-	-
- employees of joint venture	-	-	-	-	-	-	-	(92)	92	-	-
- bank employees	-	-	-	-	-	-	-	(3,110)	3,110	-	-
ESS shares option exercised by:											
- bank employees	-	-	-	-	-	-	-	(129)	129	-	-
Proceeds from share options exercised	-	-	-	-	-	-	-	-	2,317	-	2,317
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	-	(1,297)	-	1,297	-
Transfer to reserves	-	-	23,506	726	12,348	-	-	-	-	(36,580)	-
Dividends paid to shareholders [Note 40]	-	-	-	-	-	-	-	-	-	(232,216)	(232,216)
Dividends added back for shares held in ESS trust	-	-	-	-	-	-	-	-	-	3,290	3,290
At 31 March 2017	1,548,106	-	1,223,525	157,900	90,010	99,268	-	6,444	(73,837)	2,062,782	5,114,198

The accompanying notes form an integral part of these financial statements.

Bank	Non-distributable/reserves							Distributable reserves	
	Ordinary shares RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserves RM'000	Regulatory reserves RM'000	Revaluation reserves RM'000	Equity contribution from former holding company RM'000	Retained profits RM'000	Total equity RM'000
At 1 April 2017	**796,517**	**401,517**	**835,401**	**-**	**144,349**	**64,916**	**5,523**	**2,115,505**	**4,363,728**
Net profit after taxation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**426,910**	**426,910**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**9,991**	**-**	**-**	**9,991**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**9,991**	**-**	**426,910**	**436,901**
Issuance of shares to former holding company	**100,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100,000**
Bonus issue	**651,589**	**(401,517)**	**-**	**-**	**-**	**-**	**-**	**(250,072)**	**-**
Acquisition of subsidiary under group reorganisation	**-**	**-**	**-**	**95,515**	**-**	**-**	**-**	**-**	**95,515**
Share-based payment under ESS	**-**	**-**	**-**	**-**	**-**	**-**	**188**	**-**	**188**
Payment for ESS recharged from former holding company	**-**	**-**	**-**	**-**	**-**	**-**	**(3,195)**	**-**	**(3,195)**
Transfer of ESS recharged difference on shares vested	**-**	**-**	**-**	**-**	**-**	**-**	**(1,479)**	**1,479**	**-**
ESS on share options lapsed	**-**	**-**	**-**	**-**	**-**	**-**	**(1,037)**	**1,037**	**-**
Transfer (to)/from retained profits	**-**	**-**	**(835,401)**	**-**	**15,680**	**-**	**-**	**819,721**	**-**
Dividends paid [Note 40]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(248,438)**	**(248,438)**
At 31 March 2018	**1,548,106**	**-**	**-**	**95,515**	**160,029**	**74,907**	**-**	**2,866,142**	**4,744,699**
At 1 April 2016	796,517	401,517	835,401	-	140,864	73,152	10,064	1,888,285	4,145,800
Net profit after taxation	-	-	-	-	-	-	-	460,174	460,174
Other comprehensive expense	-	-	-	-	-	(8,236)	-	-	(8,236)
Total comprehensive (expense)/income	-	-	-	-	-	(8,236)	-	460,174	451,938
Share-based payment under ESS	-	-	-	-	-	-	1,733	-	1,733
Payment for ESS recharged from former holding company	-	-	-	-	-	-	(3,240)	-	(3,240)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,177)	1,177	-
ESS on share options lapsed	-	-	-	-	-	-	(1,857)	1,857	-
Transfer to regulatory reserves	-	-	-	-	3,485	-	-	(3,485)	-
Dividends paid [Note 40]	-	-	-	-	-	-	-	(232,503)	(232,503)
At 31 March 2017	796,517	401,517	835,401	-	144,349	64,916	5,523	2,115,505	4,363,728

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2018

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**684,597**	681,404	**583,244**	594,349
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	**(79,830)**	(73,946)	**(77,155)**	(73,010)
Allowance for losses on loans, advances and financing	**105,575**	103,914	**54,703**	57,330
Allowance for losses on other receivables	**4,047**	2,570	**3,169**	2,290
Depreciation of property, plant and equipment	**20,731**	21,352	**19,986**	20,544
Amortisation of computer software	**24,161**	22,397	**23,346**	21,834
Dividends from financial investments available-for-sale	**(1,861)**	(3,218)	**(1,311)**	(2,440)
Dividends from subsidiaries	**-**	-	**(33,913)**	(51,856)
Interest on loan sold to Cagamas	**36,326**	21,770	**24,142**	21,770
Interest expense on other borrowings	**167**	238	**167**	238
Interest expense on subordinated obligations	**72,617**	69,366	**72,735**	69,485
Interest income from financial assets held-for-trading	**(3,566)**	(6,178)	**(3,566)**	(6,178)
Interest income from financial investments available-for-sale	**(267,241)**	(246,536)	**(260,478)**	(246,210)
Interest income from financial investments held-to-maturity	**(17,593)**	(26,691)	**(17,242)**	(21,650)
Allowance for impairment on goodwill	**-**	1,208	**-**	-
Allowance for impairment on property, plant and equipment	**62**	-	**62**	-
Allowance for commitment and contingencies	**-**	2,301	**-**	2,301
Loss/(gain) on disposal of property, plant and equipment	**105**	346	**(1)**	346
Property, plant and equipment written-off	**291**	233	**277**	231
Computer software written-off	**372**	213	**284**	208
Loss on disposal of Computer software	**-**	-	**675**	-
Net gain from sale of financial assets held-for-trading	**(761)**	(988)	**(761)**	(988)
Net gain from sale of financial investments available-for-sale	**(21,863)**	(5,239)	**(21,331)**	(3,154)
Unrealised loss on revaluation of financial assets held-for-trading	**48**	1,147	**6**	1,199
Unrealised loss/(gain) on revaluation of derivative instruments	**74,593**	(144,553)	**74,593**	(144,553)
Unrealised (gain)/loss arising from financial liabilities designated at fair value	**(25,555)**	6,555	**(25,555)**	6,555
Allowance for/(write-back of) losses from amount due from clients	**5**	(2)	**-**	-
Share options/grants under Employees' Share Scheme	**189**	2,154	**191**	1,733
Share of results of joint venture	**(43)**	(84)	**-**	-
Zakat	**150**	143	**-**	-
Cash flow from operating activities before capital changes carried forward	**605,723**	429,876	**416,267**	250,374

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)				
Cash flow from operating activities before capital changes brought forward	**605,723**	429,876	**416,267**	250,374
Changes in working capital:				
Deposits from customers	**(1,705,260)**	(965,889)	**(2,604,131)**	(1,110,739)
Deposits and placements of banks and other financial institutions	**10,967**	(294,346)	**(210,491)**	(367,703)
Other liabilities	**55,187**	84,437	**86,271**	98,115
Deposits and placements with banks and other financial institutions	**(77,283)**	195,865	**(77,283)**	195,865
Financial liabilities designated at fair value	**305,059**	157,043	**305,059**	157,043
Financial assets held-for-trading	**272,407**	(201,848)	**211,887**	(126,634)
Loans, advances and financing	**(1,103,401)**	(684,879)	**(229,360)**	(183,759)
Other assets	**662**	(10,220)	**(38,666)**	2,145
Amount due from/(to) clients and brokers	**17,749**	(16,543)	**-**	-
Statutory deposits	**29,128**	(26,516)	**36,800**	(11,726)
Cash used in operations	**(1,589,062)**	(1,333,020)	**(2,103,647)**	(1,097,019)
Taxation paid	**(196,351)**	(127,946)	**(159,931)**	(106,141)
Zakat paid	**(104)**	(59)	**-**	-
Net cash used in operating activities	**(1,785,517)**	(1,461,025)	**(2,263,578)**	(1,203,160)

STATEMENTS OF CASH FLOWS (Cont'd)

for the financial year ended 31 March 2018

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends from financial investments available-for-sale	**1,861**	3,218	**1,311**	2,440
Dividends from subsidiaries	**-**	-	**33,913**	51,856
Capital injection into subsidiaries	**-**	-	**(537)**	-
Interest received from financial investments assets held-for-trading	**5,677**	5,825	**5,102**	5,825
Interest received from financial investments available-for-sale	**260,342**	232,838	**257,081**	233,433
Interest received from financial investments held-to-maturity	**20,760**	28,929	**18,934**	21,706
Purchase of property, plant and equipment	**(16,670)**	(9,399)	**(16,291)**	(8,649)
Purchase of computer software	**(56,574)**	(38,197)	**(55,300)**	(36,729)
Proceeds from redemption/disposal of financial investments held-to-maturity (net of purchase)	**699,136**	285,522	**389,106**	135,264
Proceeds from redemption/disposal of financial investments available-for-sale (net of purchase)	**1,782,543**	(1,677,931)	**1,728,991**	(843,319)
Proceeds from disposal of property, plant and equipment	**56**	270	**16**	270
Net cash generated from/(used in) investing activities	**2,697,131**	(1,168,925)	**2,362,326**	(437,903)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	**(245,027)**	(228,926)	**(248,438)**	(232,503)
Interest on loan sold to Cagamas	**(36,674)**	(21,782)	**(25,152)**	(21,782)
Interest on other borrowings	**(237)**	(238)	**(237)**	(238)
Interest paid on subordinated obligations	**(68,654)**	(83,434)	**(68,654)**	(83,434)
Recourse obligations on loans and financing sold to Cagamas	**599,998**	-	**99,993**	-
Settlement on other borrowings	**(5,000)**	-	**(5,000)**	-
Proceeds from issuance of/(redemption on) subordinated notes	**150,000**	(600,000)	**150,000**	(600,000)
Proceeds from ESS exercised by employees/joint venture	**4,150**	2,409	**-**	-
Proceeds from disposal of share held in trust	**77,236**	-	**-**	-
Payment for ESS recharged from former parent	**-**	-	**(3,195)**	(3,240)
Subscription of shares from former holding company	**-**	-	**100,000**	-
Transaction costs paid on issuance of subordinated notes	**(427)**	-	**(721)**	-
Net cash generated from/(used in) from financing activities	**475,365**	(931,971)	**(1,404)**	(941,197)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,386,979**	(3,561,921)	**97,344**	(2,582,260)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**1,381,779**	4,943,700	**1,618,617**	4,200,877
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	**2,768,758**	1,381,779	**1,715,961**	1,618,617
Cash and cash equivalents comprise the following:				
Cash and short-term funds	**2,768,758**	1,381,779	**1,715,961**	1,618,617
	2,768,758	1,381,779	**1,715,961**	1,618,617

A reconciliation of liabilities from financing activities to the statement of financial position and statement of cash flows as follows:

Group	Recourse obligations on loans and financing sold to Cagamas	Subordinated obligations	Other borrowings
As at 1 April 2017	502,713	1,226,078	5,070
Cash flow			
- Issuance/redemption	599,998	150,000	(5,000)
- Interest payment	(36,674)	(68,654)	(237)
- Transaction costs	-	(427)	-
Non cash changes			
- Interest accrued	36,326	72,617	167
As at 31 March 2018	1,102,363	1,379,614	-

Bank	Recourse obligations on loans and financing sold to Cagamas	Subordinated obligations	Other borrowings
As at 1 April 2017	502,713	1,225,664	5,070
Cash flow			
- Issuance/redemption	99,993	150,000	(5,000)
- Interest payment	(25,152)	(68,654)	(237)
- Transaction costs	-	(721)	-
Non cash changes			
- Interest accrued	24,142	72,735	167
As at 31 March 2018	601,696	1,379,024	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in all aspects of banking business and the provision of related financial services.

The principal activities of the subsidiaries are Islamic banking, investment banking including stockbroking services, nominees services, investment advisory services and related financial services.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office is located at 3rd Floor, Menara Multi-Purpose, Capital Square, No 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

On 26 September 2017, the group reorganisation exercise was completed upon the transfer of listing status from Alliance Financial Group Berhad (AFG) to the Bank on the Main Market of Bursa Malaysia Securities Berhad. AFG is now the wholly-owned subsidiary of the Bank as disclosed in Note 53.

The assets and liabilities of AFG are included in the consolidated financial statements of the Group at their existing carrying amounts without fair value uplift. The difference between the consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) is recognised in equity. No goodwill is recognised. AFG's assets and liabilities are incorporated in the consolidated financial statements of the Group as if the entities had always been, prior to the group reorganisation.

The comparative financial information of the Group were restated arising from the group reorganisation and the restatement are disclosed in Note 55.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 May 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Malaysian Financial Reporting Standards (MFRS) Framework

The financial statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, as modified by the financial investments available-for-sale and financial assets/liabilities (including derivative instruments) at fair value through profit or loss.

The financial statements incorporate all activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The financial statements are presented in Ringgit Malaysia (RM) and all numbers are rounded to the nearest thousand (RM'000), unless otherwise stated.

The preparation of the financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and the Bank's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Malaysian Financial Reporting Standards (MFRS) Framework (cont'd)

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in the following notes:

(i) Annual testing for impairment of goodwill (Note 18) – the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of estimates for cash flow projections approved by the Board of Directors covering a 4-year period, estimated growth rates for cash flows beyond the fourth year are extrapolated in perpetuity and discount rates are applied to the cash flow projections.

(ii) Allowance for losses on loans, advances and financing and other receivables (Note 36) – the Group and the Bank make allowance for impairment losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the relevant BNM guidelines and accounting standards, management makes judgment on the future and other key factors in respect of the estimation of the amount and timing of the cash flows in assessing allowance for impairment of loans, advances and financing. Among the factors considered are the Group's aggregate exposure to the borrowers, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flows to service debt obligations and the aggregate amount and ranking of all other creditor claims.

Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and the Bank for the financial year beginning on 1 April 2017 are as follows:

- Amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"
- MFRS 12 "Disclosures of Interest in Other Entities"
- Annual Improvements to MFRSs 2014 - 2016 Cycles

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period:

<u>Financial year beginning on/after 1 April 2018</u>

(a) MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement"

<u>Classification and measurements</u>
MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (OCI). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (cont'd)

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period: (cont'd)

Financial year beginning on/after 1 April 2018 (cont'd)

(a) MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement" (cont'd)

Classification and measurements (cont'd)
The combined application of the entity's business model and cash flow characteristics of the financial assets do not result in the significant change in the classification of financial asset other than unquoted equity instruments currently classified as available-for-sale, which will be reclassified to fair value through profit and loss (FVTPL). The reclassification will result in an increase in the Group's and the Bank's opening retained profits as of 1 April 2018 due to the transfer of related fair value gains from financial instruments available-for-sale revaluation reserves to retained earnings.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.

- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

There will be no changes to the Group's and the Bank's accounting for financial liabilities. All the financial liabilities, except for financial liabilities designated at fair value and derivatives financial liabilities which is at FVTPL, will remain as amortised cost as there has not been significant change in the requirements for financial liabilities under MFRS 9.

Impairment of financial assets
MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new impairment model requires the recognition of impairment allowances based on expected credit losses (ECL) rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, loan commitments, financial guarantee contracts and other loan commitments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (cont'd)

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period: (cont'd)

Financial year beginning on/after 1 April 2018 (cont'd)

(a) MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement" (cont'd)

Impairment of financial assets (cont'd)
Under MFRS 9, impairment will be measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 – from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL).

- Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset (Lifetime ECL).

- Stage 3 – when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL).

As all financial assets within the scope of MFRS 9 impairment model will be assessed for at least 12-month ECL, and the population of financial assets to which full lifetime ECL applies is larger than the population of impaired loans for which there is objective evidence of impairment in accordance with MFRS 139, the total allowance for credit losses is expected to increase under MFRS 9 relative to the allowance for credit losses under MFRS 139.

In addition, changes in the required credit loss allowance, including the impact of movements between Stage 1 (12-month ECL) and Stage 2 (lifetime ECL) and the application of forward looking information, will be recorded in profit or loss, allowance for credit losses will be more volatile under MFRS 9.

Disclosures
The new standard requires more extensive disclosures especially in the areas of ECL. The Group and the Bank expect the changes in the extent of disclosures in the financial statements for 31 March 2019.

Based on the preliminary assessments performed, the Group and the Bank expect an increase in the impairment on loans, financing and other losses arising from the new impairment requirements, which will result in a reduction in the Group's and the Bank's opening retained profits and overall capital position as of 1 April 2018.

The Group and the Bank are now progressing to the finalisation of the implementation of the identified changes and will complete this process prior to the releasing of the interim results for the financial period ending 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (cont'd)

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period: (cont'd)

Financial year beginning on/after 1 April 2018 (cont'd)

(b) MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018) replaces MFRS 118 "Revenue" and MFRS 111 "Construction Contracts" and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements;
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal;
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa;
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few;
- As with any new standard, there are also increased disclosures.

(c) IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

IC Interpretation 22 provides guidance how to determine "the date of transaction" when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (cont'd)

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period: (cont'd)

Financial year beginning on/after 1 April 2019

(a) MFRS 16 "Leases" (effective from 1 January 2019) supersedes MFRS 117 "Leases" and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

(b) Amendments to MFRS 9 "Prepayment features with negative compensation" (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a "held to collect" business model.

The amendments will be applied retrospectively.

(c) Amendments to MFRS 128 "Long-term Interest in Associates and Joint Ventures" effective from 1 January 2019) clarify that an entity should apply MFRS 9 "Financial Instruments" (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

The amendments shall be applied retrospectively.

(d) Annual Improvements to MFRSs 2015 - 2017 Cycles:

- Amendments to MFRS 3 "Business Combinations" (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

- Amendments to MFRS 11 "Joint Arrangements" (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (cont'd)

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period: (cont'd)

Financial year beginning on/after 1 April 2019 (cont'd)

(d) Annual Improvements to MFRSs 2015 - 2017 Cycles: (cont'd)

- Amendments to MFRS 112 "Income Taxes" (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

- Amendments to MFRS 123 "Borrowing Costs" (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

(e) IC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

The above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Group and the Bank in the year of initial application, except for the impact on MFRS 9.

(b) Economic Entities in the Group

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

Subsidiaries are consolidated using the acquisition method of accounting. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Economic Entities in the Group (cont'd)

(i) Subsidiaries (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2(d)(i)). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

In a group reorganisation, the assets and liabilities of the acquired entity are included in the consolidated financial statements of the Group at their existing carrying amounts without fair value uplift. The difference between the consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) is recognised in equity. No goodwill is recognised. The acquired entity's assets and liabilities are incorporated in the consolidated financial statements of the Group as if the entity had always been, prior to the group reorganisation.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transfer assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in Ownership Interests in Subsidiaries Without Change of Control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Disposal of Subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Economic Entities in the Group (cont'd)

(iv) Associates

Associates are all entities over which the Group has significant influence, but not control or joint control, generally accompanying a shareholding of between 20% and 50% of voting rights. Significant influence is the power to participate in financial and operating policy decisions of associates but not power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. Any impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in the statements of income.

(v) Joint Arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Economic Entities in the Group (cont'd)

(v) Joint Arrangements (cont'd)

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Investments in Subsidiaries, Joint Ventures and Associates in separate financial statements

In the Bank's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 2(i)(ii)(b). On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statement of income.

(d) Intangible Assets

(i) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segments level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Intangible Assets (cont'd)

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. The costs are amortised over their useful lives of five years and are stated at cost less accumulated amortisation and accumulated impairment, if any. Computer software is assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and amortisation method are reviewed at least at the end of each reporting period.

The policy for the recognition and measurement of impairment is in accordance with Note 2(i)(ii)(b).

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs include software development employee costs and appropriate portion of relevant overheads.

(e) Financial Assets

(i) Classification

The Group and the Bank classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. The policy of the recognition and measurement of impairment is in accordance with Note 2(i).

Financial assets at fair value through profit or loss

The Group and the Bank classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held-for-trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group and the Bank's loans and receivables comprise cash and short-term funds, deposits and placements with bank and other financial institutions, loans, advances and financing and other assets, in the statement of financial position.

Financial investments available-for-sale

Financial investments available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative quoted financial assets with fixed or determinable payments and fixed maturities that the Group and the Bank's management has the positive intention and ability to hold to maturity. If the Group and the Bank were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as financial investments available for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Assets (cont'd)

(ii) Reclassification

The Group and the Bank may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group and the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group and the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

As at the reporting date, the Group and the Bank have not made any such reclassification.

(iii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the settlement date.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iv) Subsequent measurement – gains and losses

Financial investments available-for-sale and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial investments held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of financial investments available-for-sale are recognised in other comprehensive income, except for impairment losses Note 2(i) and foreign exchange gains and losses Note 2(s).

(v) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Bank have transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group and the Bank are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as amount due to Cagamas Berhad.

When financial investments available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Financial Liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost.

Certain financial liabilities are designated at initial recognition at fair value through profit or loss when one of the designation criteria is met:

(i) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
(ii) Its performance is evaluated on a fair value basis, in accordance with a documented with management or investment strategy; or
(iii) The item is a hybrid contract that contains one or more embedded derivative.

Interest payables are now classified into the respective class of financial liabilities.

(g) Repurchase Agreements

Financial instruments purchased under resale agreements are instruments which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the instruments are reflected as an asset in the statement of financial position.

Conversely, obligations on financial instruments sold under repurchase agreements are instruments which the Group and the Bank have sold from their portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligations to repurchase the instruments are reflected as a liability in the statement of financial position.

(h) Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially recorded at cost net of the amount of goods and service tax (GST) except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the statement of income during the financial year in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment, if any. The policy for the recognition and measurement of impairment is in accordance with Note 2(i)(ii)(b).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Property, Plant and Equipment and Depreciation (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, summarised as follows:

Buildings	2%
Office equipment, furniture and fixtures	10% - 20%
Motor vehicles	20%
Renovations	20%
Computer equipment	20% - 33.3%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statement of income.

(i) Impairment of Assets

(i) Impairment of financial assets

(a) Assets carried at amortised cost

The Group and the Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group and the Bank uses to determine that there is objective evidence of an impairment include:

- significant financial difficulty of the obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or winding up petition is served on the borrower, significant shareholder or significant guarantor;
- adverse Center Credit Reference Information System (CCRIS) findings or unfavorable industry developments for that borrower; and
- observable data indicating that there is a measurable decrease in the estimated future cash flows including adverse changes in the repayment behavior of the borrower or downgrade of the borrower's credit ratings.

The Group and the Bank first assesses individually whether objective evidence of impairment exists for all financial assets deemed to be individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset whether significant or not, the loan is then collectively assessed for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment is the current effective interest rate determined under the contract.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of Assets (cont'd)

(i) Impairment of financial assets (cont'd)

(a) Assets carried at amortised cost (cont'd)

Financial assets which are not individually assessed, are grouped together for collective impairment assessment. These financial assets are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group and the Bank.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(b) Assets classified as financial investments available-for-sale

The Group and the Bank assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group and the Bank uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as financial investments available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

In the case of equity securities classified as financial investments available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for financial investments available-for-sale, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as financial investments available-for-sale are not reversed through profit or loss in subsequent periods.

(ii) Non-financial assets

(a) Goodwill/Intangible assets

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from business combinations or intangible assets are allocated to cash-generating units (CGU) which are expected to benefit from the synergies of the business combination or the intangible asset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of Assets (cont'd)

(ii) Non financial assets (cont'd)

(a) Goodwill/Intangible assets (cont'd)

The recoverable amount is determined for each CGU based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment is recognised in the statements of comprehensive income when the carrying amount of the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the CGU. The total impairment is allocated, first, to reduce the carrying amount of goodwill or intangible assets allocated to the CGU and then to the other assets of the CGU on a pro-rata basis.

An impairment on goodwill is not reversed in subsequent periods. An impairment for other intangible assets is reversed if, and only if, there has been a change in the estimates used to determine the intangible asset's recoverable amount since the last impairment was recognised and such reversal is through the statement of income to the extent that the intangible asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment had been recognised.

(b) Other non-financial assets

Other non-financial assets such as property, plant and equipment, computer software, foreclosed properties and investments in subsidiaries and associates are reviewed for objective indications of impairment at the end of each reporting period or whenever there is any indication that these assets may be impaired. Where such indications exist, impairment is determined as the excess of the asset's carrying value over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in the statement of income. An impairment for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised.

The carrying amount is increased to its revised recoverable amount, provided that the amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment been recognised for the asset in prior years. A reversal of impairment for an asset is recognised in the statement of income.

(j) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group and the Bank all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(i) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the statement of income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(h). The policy for the recognition and measurement of impairment is in accordance with Note 2(i)(ii)(b).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Leases (cont'd)

A lease is recognised as a finance lease if it transfers substantially to the Group and the Bank all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases. (cont'd)

(ii) Operating Leases

Operating lease payments are recognised in the statement of income on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

The land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments at the end of the reporting period. In the case of a lease of land and buildings, the prepaid lease payments or the upfront payments made are allocated, whenever necessary, between the land and buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The prepaid lease payments are amortised over the lease term in accordance with the pattern of benefits provided.

(k) Bills and Acceptances Payable

Bills and acceptances payable represent the Group and Bank's own bills and acceptances rediscounted and outstanding in the market. Refer to 2(f).

(l) Share Capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity.

(ii) Share issues costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(iii) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owner of the Group and the Bank, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Subordinated Obligations and Other Borrowings

The interest-bearing instruments are classified as liabilities in the statement of financial position as there is a contractual obligation by the Group and the Bank to make cash payments of either principal or interest or both to holders of the debt securities and the Group and the Bank are contractually obliged to settle the financial instrument in cash or another financial instrument.

Subsequent to initial recognition, debt securities issued are recognised at amortised cost, with any difference between proceeds net of transaction costs and the redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest method.

(n) Other Assets

Other receivables, deposits, trade receivables, amount due from subsidiaries and related party included in other assets are carried at amortised cost using the effective yield method, less impairment allowance. Bad debts are written-off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the end of the reporting period.

(o) Provisions

Provisions are recognised when:

- the Group and the Bank have a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

Where the Group and the Bank expect a provision to be reimbursed by another party (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(p) Balances Due From Clients and Brokers

In accordance with the Rules of Bursa Securities, clients' accounts are classified as impaired accounts under the following circumstances:

	Criteria for classification as impaired	
Types	**Doubtful**	**Bad**
Contra losses	When account remains outstanding for 16 to 30 calendar days from the date of contra transaction.	When the account remains outstanding for more than 30 calendar days from the date of contra transaction.
Overdue purchase contracts	When the account remains outstanding from T+5 market days to 30 calendar days.	When the account remains outstanding for more than 30 calendar days.

Bad debts are written off when all recovery actions have been fully exhausted. Impairment allowances are made for balances due from clients and brokers which are considered doubtful or which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Securities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Revenue Recognition

(i) Recognition of Interest and Financing Income

Interest income and financing income are recognised using effective interest/profit rates, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loans/financing or, where appropriate, a shorter period to the net carrying amount of the loan. When calculating the effective interest/profit rate, the Group and the Bank estimates cash flows considering all contractual terms of the loans/financing but does not consider future credit losses. The calculation includes significant fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income and financing income are recognised in the statement of comprehensive income for all interest/profit-bearing assets on an accrual basis. Interest income and financing income include the amortisation of premium or accretion of discount. Income from the Islamic banking business is recognised on an accrual basis in accordance with the Shariah principles.

For impaired loans/financing where the value has been reduced as a result of impairment loss, interest/financing income continues to be accrued using the rate of interest/profit used to discount the future cash flows for the purposes of measuring the impairment.

(ii) Recognition of Fees and Other Income

Loan arrangement fees and commissions, management and participation fees and underwriting commissions are recognised as income when all conditions precedents are fulfilled.

Commitment, guarantee and portfolio management fees which are material are recognised as income based on time apportionment basis.

Corporate advisory fees are recognised as income on the completion of each stage of the assignment.

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Brokerage charged to clients is recognised on the day when the contracts are executed.

(r) Recognition of Interest and Financing Expenses

Interest expense and attributable profit (on activities relating to Islamic banking business) on deposits and borrowings of the Group and of the Bank are recognised on an accrual basis.

(s) Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Foreign Currencies (cont'd)

(ii) Transactions and balances (cont'd)

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investments available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial investments available-for-sale, are included in other comprehensive income.

(t) Current and Deferred Income Tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of the reporting date. In the event of uncertain tax position, the tax is measured using the single best estimate of the most likely outcome.

Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided in full, using the liability method, on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised as income or an expense in the statement of comprehensive income for the period, except when it arises from a transaction which is recognised directly in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited to other comprehensive income or to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Foreclosed Properties

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell.

(v) Cash and Cash Equivalents

Cash and cash equivalents as stated in the statements of cash flows comprise cash and bank balances and short-term deposits maturity within one month that are readily convertible into cash with insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligations to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statement of comprehensive income as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund (EPF).

(iii) Equity Compensation Benefits

AFG, the former holding company operates a number of equity-settled share-based compensation plan under which the Bank receives services from employees as consideration for equity instruments (options/grants) of the Bank. The award is treated as equity settled in the Bank's financial statements. The fair value of the employee services received in exchange for the grant of the options/grants is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options/grants granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to ESS reserves in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. When options are not exercised and lapsed, the ESS reserves is transferred to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Contingent Liabilities and Contingent Assets

The Group and the Bank do not recognise contingent assets and liabilities other than those from business combination, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

(y) Financial Guarantee Contract

Financial guarantee contracts are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(z) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The Management Committee of the Group is identified as the chief operating decision-maker.

(aa) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

3. CASH AND SHORT-TERM FUNDS

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and balances with banks and other financial institutions	**611,394**	616,096	**524,088**	553,744
Money at call and deposit placements maturing within one month	**2,157,364**	765,683	**1,191,873**	1,064,873
	2,768,758	1,381,779	**1,715,961**	1,618,617

Included in the cash and short-term funds of the Group are accounts held-in-trust for remisiers amounting to RM5,866,000 (2017: RM8,279,000).

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Licensed banks	**77,283**	-	**77,283**	-

5. AMOUNTS DUE FROM CLIENTS AND BROKERS

	Group	
	2018 RM'000	2017 RM'000
Due from clients	**101,475**	96,499
Due from brokers	**670**	17,358
	102,145	113,857
Less: Allowance for losses	**(840)**	(835)
	101,305	113,022

These represent amounts receivable by Alliance Investment Bank Berhad (AIBB) from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

AIBB's normal trade credit terms for non-margin clients is three (3) market days in accordance with the Bursa Malaysia Securities Berhad's (Bursa) Fixed Delivery and Settlement System (FDSS) trading rules.

5. AMOUNTS DUE FROM CLIENTS AND BROKERS (cont'd)

Included in the amounts due from clients and brokers are impaired accounts for contra losses, as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Classified as doubtful	**228**	101
Classified as bad	**851**	846
	1,079	947

The movements in allowance for other losses are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
At beginning of financial year	**835**	837
Allowance for/(write-back) during the financial year (net)	**5**	(2)
At the end of financial year	**840**	835

6. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At fair value				
Money market instruments:				
Malaysian Government investment issues	**-**	20,049	**-**	20,049
Commercial papers	**40,905**	104,773	**25,926**	69,908
Malaysian Government securities	**-**	20,125	**-**	20,125
Unquoted securities:				
Corporate bonds and sukuk	**22,845**	190,313	**22,845**	149,619
	63,750	335,260	**48,771**	259,701

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At fair value				
Money market instruments:				
Malaysian Government securities	**1,698,601**	1,890,820	**1,586,503**	1,729,625
Malaysian Government investment issues	**2,063,704**	1,849,621	**1,196,560**	1,166,584
Negotiable instruments of deposits	**398,898**	2,332,427	**1,058,671**	2,529,876
Commercial papers	**14,978**	49,491	**14,978**	49,491
Khazanah bonds	**113,549**	138,731	**113,549**	138,731
	4,289,730	6,261,090	**3,970,261**	5,614,307
Quoted securities in Malaysia:				
Shares	**21**	26	**21**	26
Accumulated impairment losses	**(11)**	(11)	**(11)**	(11)
	10	15	**10**	15
Unquoted securities:				
Shares	**178,846**	166,719	**121,634**	111,377
Accumulated impairment losses	**-**	(1,440)	**-**	-
	178,846	165,279	**121,634**	111,377
Unit Trust Funds	**-**	4,960	**-**	-
	-	4,960	**-**	-
Corporate bonds and sukuk	**4,046,012**	4,040,124	**2,314,543**	2,509,432
Accumulated impairment losses	**(9,409)**	(231,911)	**-**	(135,681)
	4,036,603	3,808,213	**2,314,543**	2,373,751
	4,215,449	3,978,452	**2,436,177**	2,485,128
	8,505,189	10,239,557	**6,406,448**	8,099,450

The table below shows the movements in accumulated impairment losses during the financial year:

	Group		Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At beginning of financial year	**233,362**	233,362	**135,692**	135,692
Written-off during the financial year	**(223,942)**	-	**(135,681)**	-
At the end of financial year	**9,420**	233,362	**11**	135,692

8. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government securities	**141,686**	689,470	**121,271**	568,160
Malaysian Government investment issues	**-**	80,957	**-**	-
Khazanah bonds	**147,181**	141,920	**93,036**	89,704
	288,867	912,347	**214,307**	657,864
At cost				
Unquoted securities:				
Corporate bonds and sukuk	**18,938**	18,938	**131,690**	1,631
Accumulated impairment losses	**(14,193)**	(14,193)	**(1,294)**	(1,294)
	4,745	4,745	**130,396**	337
	293,612	917,092	**344,703**	658,201

The table below shows the movements in accumulated impairment losses during the financial year:

	Group		Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning/end of financial year	**14,193**	14,193	**1,294**	1,294

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and equity prices) of the underlying instruments. These instruments allow the Group and the Bank and the banking customers to transfer, modify or reduce their foreign exchange and interest rate risk via hedge relationships. The Group and the Bank also transacts in these instruments for proprietary trading purposes. The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 44.

The table below shows the Group and the Bank's derivative financial instruments as at the end of the financial year. The contractual or underlying notional amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values as at the end of financial year are analysed below.

	2018			2017		
	Contract/ Notional	Fair Value		Contract/ Notional	Fair Value	
Bank/Group	**Amount RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
<u>Trading Derivatives</u>						
Foreign exchange contracts:						
- Currency forwards	**1,540,435**	**8,365**	**(96,062)**	1,392,677	45,788	(5,109)
- Currency swaps	**3,240,897**	**47,110**	**(13,774)**	9,675,352	15,809	(46,870)
- Currency spots	**167,965**	**245**	**(185)**	40,255	56	(60)
- Currency options	**198,450**	**1,449**	**(1,616)**	128,868	265	(24)
Interest rate related contracts:						
- Interest rate swaps	**5,342,800**	**26,882**	**(26,667)**	4,344,432	24,339	(24,455)
Equity related contracts:						
- Options	**106,485**	**404**	**(16,382)**	82,735	88	(5,374)
Total derivative assets/(liabilities)	**10,597,032**	**84,455**	**(154,686)**	15,664,319	86,345	(81,892)

10. LOANS, ADVANCES AND FINANCING

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Overdrafts	**3,410,188**	2,763,678	**2,544,606**	2,248,119
Term loans/financing				
- Housing loans/financing	**14,013,987**	14,437,368	**11,568,619**	12,015,876
- Syndicated term loans/financing	**328,508**	363,508	**183,539**	217,224
- Hire purchase receivables	**1,160,135**	1,299,638	**728,742**	764,163
- Other term loans/financing	**13,838,846**	13,674,780	**10,807,750**	10,680,430
Bills receivables	**345,530**	502,836	**340,283**	494,267
Trust receipts	**215,712**	199,515	**187,088**	172,842
Claims on customers under acceptance credits	**3,041,120**	2,616,395	**2,282,838**	2,060,637
Staff loans (Loans to Directors: RM Nil)	**26,123**	29,864	**7,744**	10,123
Credit/charge card receivables	**604,110**	604,197	**604,110**	604,197
Revolving credits	**2,069,989**	1,745,060	**1,510,347**	1,480,339
Share margin financing	**1,253,125**	1,098,842	**1,004,670**	898,084
Gross loans, advances and financing	**40,307,373**	39,335,681	**31,770,336**	31,646,301
Add: Sales commissions and handling fees	**54,591**	35,963	**61,630**	24,390
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	**(75,733)**	(66,627)	**(64,967)**	(64,147)
- Collective assessment allowance	**(296,716)**	(313,328)	**(220,435)**	(234,637)
Total net loans, advances and financing	**39,989,515**	38,991,689	**31,546,564**	31,371,907

(i) By maturity structure:

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Within one year	**11,169,395**	9,595,942	**8,623,585**	7,993,587
One year to three years	**1,320,249**	1,480,000	**951,258**	1,149,354
Three years to five years	**2,475,345**	2,467,214	**1,882,787**	1,862,734
Over five years	**25,342,384**	25,792,525	**20,312,706**	20,640,626
Gross loans, advances and financing	**40,307,373**	39,335,681	**31,770,336**	31,646,301

(ii) By type of customer:

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Domestic non-bank financial institutions	**451,720**	351,484	**374,409**	300,971
Domestic business enterprises				
- Small and medium enterprises	**10,232,690**	9,786,917	**8,040,287**	7,641,456
- Others	**8,005,100**	7,632,297	**6,065,223**	6,345,144
Government and statutory bodies	**3,667**	5,952	**3,667**	5,287
Individuals	**20,690,312**	20,523,924	**16,455,658**	16,428,669
Other domestic entities	**164,843**	188,394	**162,138**	181,071
Foreign entities	**759,041**	846,713	**668,954**	743,703
Gross loans, advances and financing	**40,307,373**	39,335,681	**31,770,336**	31,646,301

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

10. LOANS, ADVANCES AND FINANCING (cont'd)

	Group		Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(iii) By interest/profit rate sensitivity:				
Fixed rate				
- Housing loans/financing	**35,331**	40,638	**4,151**	5,541
- Hire purchase receivables	**1,131,382**	1,262,655	**699,989**	727,180
- Other fixed rate loans/financing	**2,699,007**	2,417,180	**1,295,655**	990,381
Variable rate				
- Base lending rate plus	**26,055,850**	26,754,482	**21,606,411**	22,182,402
- Base rate plus	**3,259,928**	1,807,725	**2,510,143**	1,693,697
- Cost plus	**6,973,819**	6,721,766	**5,501,931**	5,715,865
- Other variable rate loans/financing	**152,056**	331,235	**152,056**	331,235
Gross loans, advances and financing	**40,307,373**	39,335,681	**31,770,336**	31,646,301
(iv) By economic purposes:				
Purchase of securities	**1,245,600**	1,109,188	**997,145**	908,430
Purchase of transport vehicles	**933,698**	1,078,821	**525,290**	563,845
Purchase of landed property	**22,079,479**	22,487,331	**18,335,356**	18,825,353
of which: - Residential	***15,051,340***	*15,506,791*	***12,566,335***	*13,066,242*
- Non-residential	***7,028,139***	*6,980,540*	***5,769,021***	*5,759,111*
Purchase of fixed assets excluding land and buildings	**302,307**	291,617	**256,498**	254,742
Personal use	**3,309,928**	2,656,823	**1,938,753**	1,457,449
Credit card	**604,110**	604,197	**604,110**	604,197
Construction	**451,297**	655,891	**433,393**	641,281
Mergers and acquisitions	**117,705**	117,688	**117,705**	117,688
Working capital	**8,832,929**	7,844,844	**6,774,400**	6,277,761
Others	**2,430,320**	2,489,281	**1,787,686**	1,995,555
Gross loans, advances and financing	**40,307,373**	39,335,681	**31,770,336**	31,646,301
(v) By geographical distribution:				
Northern region	**2,835,527**	2,652,319	**2,139,991**	2,082,450
Central region	**28,946,946**	28,237,847	**23,158,486**	22,856,016
Southern region	**4,951,821**	4,652,964	**3,820,900**	3,584,358
Sabah region	**2,606,218**	2,530,304	**1,992,524**	2,029,525
Sarawak region	**966,861**	1,262,247	**658,435**	1,093,952
Gross loans, advances and financing	**40,307,373**	39,335,681	**31,770,336**	31,646,301

10. LOANS, ADVANCES AND FINANCING (cont'd)

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
(vi) Movements in impaired loans, advances and financing (impaired loans) are as follows:				
At beginning of financial year	**393,349**	487,868	**339,580**	373,199
Impaired during the financial year	**848,111**	600,685	**635,366**	446,621
Reclassified as unimpaired during the financial year	**(352,268)**	(419,465)	**(271,181)**	(284,275)
Recoveries	**(198,592)**	(176,471)	**(165,034)**	(142,857)
Amount written-off	**(113,081)**	(99,268)	**(68,085)**	(53,108)
At the end of financial year	**577,519**	393,349	**470,646**	339,580
Individual assessment allowance	**(75,733)**	(66,627)	**(64,967)**	(64,147)
Collective assessment allowance (impaired portion)	**(107,070)**	(94,714)	**(83,699)**	(74,410)
Net impaired loans, advances and financing	**394,716**	232,008	**321,980**	201,023
Gross impaired loans as % of gross loans, advances and financing	**1.4%**	1.0%	**1.5%**	1.1%
(vii) Movements in the allowance for impairment on loans, advances and financing are as follows:				
Individual assessment allowance				
At beginning of financial year	**66,627**	68,331	**64,147**	58,061
Net allowance made during the financial year (net)	**31,876**	23,506	**24,085**	21,344
Amount written-off	**(25,229)**	(21,875)	**(24,617)**	(12,003)
Transfers from/(to) collective assessment allowance	**2,459**	(3,335)	**1,352**	(3,255)
At the end of financial year	**75,733**	66,627	**64,967**	64,147
Collective assessment allowance				
At beginning of financial year	**313,328**	306,978	**234,637**	236,501
Net allowance made during the financial year (net)	**73,699**	80,408	**30,618**	35,986
Amount written-off	**(87,852)**	(77,393)	**(43,468)**	(41,105)
Transfers (to)/from individual assessment allowance	**(2,459)**	3,335	**(1,352)**	3,255
At the end of financial year	**296,716**	313,328	**220,435**	234,637

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

10. LOANS, ADVANCES AND FINANCING (cont'd)

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
(viii) Impaired loans analysed by economic purposes are as follows:				
Purchase of securities	**50**	7	**50**	7
Purchase of transport vehicles	**13,671**	11,497	**10,131**	7,695
Purchase of landed property	**347,159**	231,786	**281,386**	207,435
of which: - Residential	***188,970***	*176,996*	***155,226***	*158,701*
- Non-residential	***158,189***	*54,790*	***126,160***	*48,734*
Purchase of fixed assets excluding land and buildings	**5,635**	1,206	**4,754**	1,206
Personal use	**56,852**	43,475	**35,527**	25,390
Credit card	**9,074**	10,201	**9,074**	10,201
Construction	**11,771**	3,888	**11,771**	3,888
Working capital	**98,433**	71,965	**89,864**	66,453
Others	**34,874**	19,324	**28,089**	17,305
Gross impaired loans	**577,519**	393,349	**470,646**	339,580
(ix) Impaired loans by geographical distribution:				
Northern region	**42,540**	30,552	**34,658**	28,290
Central region	**417,859**	277,515	**336,653**	238,742
Southern region	**78,417**	58,562	**65,560**	49,829
Sabah region	**28,145**	23,737	**24,263**	20,245
Sarawak region	**10,558**	2,983	**9,512**	2,474
Gross impaired loans	**577,519**	393,349	**470,646**	339,580

11. OTHER ASSETS

	Group 2018 RM'000	Group Restated 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Other receivables	**32,173**	53,410	**18,281**	42,173
Derivative margin	**37,136**	22,381	**36,902**	22,381
Settlement account	**42,924**	34,923	**42,924**	34,923
Deposits	**8,690**	9,245	**8,020**	8,464
Prepayment	**16,430**	19,529	**14,992**	18,498
Amounts due from subsidiaries [Note (a)]	**-**	-	**46,794**	2,696
Amounts due from other related companies[Note (a)]	**-**	-	**-**	37
Amount due from joint venture [Note (a)]	**392**	387	**392**	378
	137,745	139,875	**168,305**	129,550
Less:				
Allowance for impairment losses on other receivables [Note (b)]	**(32,017)**	(29,535)	**(27,578)**	(24,409)
	105,728	110,340	**140,727**	105,141

Note:

(a) Amounts due from subsidiaries/related companies and joint venture

	Group 2018 RM'000	Group Restated 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Non-interest bearing	**392**	387	**47,186**	3,111

The amounts due from subsidiaries/related companies and joint venture are unsecured, interest free and repayable upon demand.

(b) Movement in allowance for impairment losses on other receivables of the Group and the Bank:

	Group 2018 RM'000	Group Restated 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
At beginning of financial year				
As previously stated	**29,535**	26,382	**24,409**	22,119
Effect of group reorganisation	**-**	691	**-**	-
As restated	**29,535**	27,073	**24,409**	22,119
Allowance made during the financial year net of write-back	**4,047**	2,570	**3,169**	2,290
Amount written-off	**(1,565)**	(108)	**-**	-
At the end of financial year	**32,017**	29,535	**27,578**	24,409

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

12. STATUTORY DEPOSITS

(a) Non-interest bearing statutory deposits for the Group and the Bank of RM1,408,316,000 and RM1,092,566,000 (2017: RM1,437,344,000 and RM1,129,366,000) are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

(b) Interest bearing statutory deposits of RM100,000 (2017: RM100,000) relating to a subsidiary, Alliance Trustee Berhad which is maintained with Accountant-General in compliance with Section 3(f) of the Trust Companies Act, 1949.

13. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2018 RM'000	**2017 RM'000**
Unquoted shares, at cost:		
At beginning of financial year	**892,820**	892,820
Acquisition via group reorganisation [Note 53]	**95,745**	-
Subscription of ordinary shares in subsidiaries	**537**	-
At the end of financial year	**989,102**	892,820

The Bank's subsidiaries, all of which incorporated in Malaysia, are:

Name	**Principal activities**	**Effective equity interest**	
		2018 %	**2017 %**
Alliance Investment Bank Berhad	Investment banking business including Islamic banking, provision of stockbroking services and related financial services	**100**	100
Alliance Islamic Bank Berhad	Islamic banking, finance business and the provision of related financial services	**100**	100
Alliance Direct Marketing Sdn. Bhd.	Dealing in sales and distribution of consumer and commercial banking products	**100**	100
Alliance Financial Group Berhad	Investment holding	**100**	-
AllianceGroup Nominees (Asing) Sdn. Bhd.	Nominee services	**100**	100
AllianceGroup Nominees (Tempatan) Sdn. Bhd.	Nominee services	**100**	100
Alliance Trustee Berhad [Note a]	Trustee services	**100**	40
Subsidiaries of Alliance Investment Bank Berhad			
AIBB Nominees (Tempatan) Sdn. Bhd. (under members' voluntary winding up)	Dormant	**100**	100

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name	Principal activities	Effective equity interest 2018 %	2017 %
Subsidiaries of Alliance Investment Bank Berhad (cont'd)			
ARSB Alliance Sdn. Bhd. (under members' voluntary winding up)	Dormant	**100**	100
KLCS Sdn. Bhd. (under members' voluntary winding up)	Dormant	**100**	100
Rothputra Nominees (Tempatan) Sdn. Bhd.	Liquidated	**-**	100
AIBB Nominees (Asing) Sdn. Bhd.	Liquidated	**-**	100

The Bank's subsidiaries, all of which incorporated in Malaysia, are:

Name	Principal activities	Effective equity interest 2018 %	2017 %
Subsidiaries of Alliance Financial Group Berhad			
Hijauan Seitu Sdn. Bhd.	Dormant	**100**	-
Setiu Intergrated Resort Sdn. Bhd.	Dormant	**100**	-
Kota Indrapura Development Corporation Berhad	Dormant	**100**	-
Unincorporated trust for ESS	Special purpose vehicle for ESS	**-**	-

<u>Note:</u>

(a) Alliance Trustee Berhad is jointly held by the following subsidiaries:

Name	Effective equity interest 2018 %	2017 %
Alliance Investment Bank Berhad	**20**	20
Alliance Direct Marketing Sdn. Bhd.	**20**	-
AllianceGroup Nominees (Asing) Sdn. Bhd.	**20**	-
AllianceGroup Nominees (Tempatan) Sdn. Bhd.	**20**	-
Alliance Financial Group Berhad	**-**	100
Hijauan Setiu Sdn. Bhd.	**-**	20
Setiu Intergrated Resort Sdn. Bhd.	**-**	20

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

14. INVESTMENT IN FORMER ASSOCIATE

Alliance Trustee Berhad became a wholly-own subsidiary of the Bank upon completion of the group corporate reorganisation exercise.

15. INVESTMENT IN JOINT VENTURE

	Group	
		Restated
	2018	2017
	RM'000	RM'000
Unquoted shares		
At beginning of financial year	**650**	566
Share of results of joint venture	**43**	84
	693	650
Employees' Share Scheme [Note (a)]		
At beginning of financial year		
As previously stated	**-**	-
Effect of group reorganisation	**113**	165
As restated	**113**	165
Employees' Shares Scheme vested during the financial year	**(113)**	(52)
	-	113
Net Carrying Amount	**693**	763
Represented by:		
Share of net tangible assets	**693**	650

(a) This amount is in respect of the services rendered by the employees of the Banks' joint venture, pursuant to the Employees' Share Scheme.

Details of the joint venture, which is incorporated in Malaysia, are as follows:

Name	Principal activities	Effective equity interest	
		2018	2017
		%	%
AllianceDBS Research Sdn. Bhd.	Research and stock analysis	**51%**	51%

Investment in AllianceDBS Research Sdn. Bhd. (ADBS) is accounted for as an investment in joint venture in accordance with MFRS 128 "Investment in Associates and Joint Ventures" because both of the Group and the other joint venturer have joint control over the decision making of the entity and rights to be net assets of the entity.

15. INVESTMENT IN JOINT VENTURE (cont'd)

The summarised financial information of the joint venture are as follows:

	Group	
		Restated
	2018	2017
	RM'000	RM'000
Assets and Liabilities		
Current assets		
Cash and short term funds	**2,223**	1,859
Other current assets	**565**	651
Total current assets	**2,788**	2,510
Non-current assets	**409**	512
Total assets	**3,197**	3,022
Current liabilities		
Other liabilities (non trade)	**1,838**	1,747
Total liabilities	**1,838**	1,747
Net assets	**1,359**	1,275

	Group	
		Restated
	2018	2017
	RM'000	RM'000
Revenue	**6,570**	6,389
Profit before tax for the financial year	**281**	215
Profit after tax for the financial year	**84**	166
The above profit includes the following:		
Depreciation and amortisation	**(18)**	(18)
Taxation	**(197)**	(49)

Reconciliation of summarised financial information:

<u>Net assets</u>		
At beginning of financial year	**1,275**	1,109
Profit for the financial year	**84**	166
At the end of financial year	**1,359**	1,275
At 51% share of the equity interest of a joint venture	**693**	650
Employees' Share Scheme	**-**	113
Carrying value	**693**	763

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the financial year ended 31 March 2018

16. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land Less than 50 years RM'000	Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2018									
Cost									
At beginning of financial year									
As previously stated	1,953	11,673	1,850	30,332	122,407	57,010	66,955	887	293,067
Effect of group reorganisation	-	-	-	-	631	416	165	501	1,713
As restated	1,953	11,673	1,850	30,332	123,038	57,426	67,120	1,388	294,780
Additions	-	-	-	-	2,032	8,475	6,139	24	16,670
Disposals	-	-	-	-	-	(47)	(17)	(527)	(591)
Written-off	-	-	-	-	(850)	(9,558)	(11,172)	(15)	(21,595)
At the end of financial year	1,953	11,673	1,850	30,332	124,220	56,296	62,070	870	289,264
Accumulated Depreciation									
At beginning of financial year									
As previously stated	-	2,959	1,005	11,745	105,986	41,538	56,071	(26)	219,278
Effect of group reorganisation	-	-	-	-	620	411	168	355	1,554
As restated	-	2,959	1,005	11,745	106,606	41,949	56,239	329	220,832
Charge for the financial year	-	118	19	587	7,385	6,362	6,123	137	20,731
Disposals	-	-	-	-	-	(40)	(9)	(381)	(430)
Written-off	-	-	-	-	(782)	(9,349)	(11,158)	(15)	(21,304)
At the end of financial year	-	3,077	1,024	12,332	113,209	38,922	51,195	70	219,829
Accumulated Impairment									
At beginning of financial year	-	-	-	-	-	-	-	-	-
Charge for the financial year [Note 37]	-	37	-	25	-	-	-	-	62
At the end of financial year	-	37	-	25	-	-	-	-	62
Net Carrying Amount	1,953	8,559	826	17,975	11,011	17,374	10,875	800	69,373

16. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Bank	Freehold land RM'000	Leasehold land: 50 years or more RM'000	Leasehold land: Less than 50 years RM'000	Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2018									
Cost									
At beginning of financial year	1,953	11,673	1,850	29,373	119,667	57,864	60,028	962	283,370
Additions	-	-	-	-	1,770	8,456	6,041	24	16,291
Disposals	-	-	-	-	-	(47)	(17)	(27)	(91)
Written-off	-	-	-	-	(754)	(9,193)	(8,957)	(15)	(18,919)
At the end of financial year	1,953	11,673	1,850	29,373	120,683	57,080	57,095	944	280,651
Accumulated Depreciation									
At beginning of financial year	-	2,959	1,005	10,785	104,181	43,313	49,234	10	211,487
Charge for the financial year	-	118	19	587	6,920	6,196	6,009	137	19,986
Disposals	-	-	-	-	-	(40)	(9)	(27)	(76)
Written-off	-	-	-	-	(695)	(8,986)	(8,946)	(15)	(18,642)
At the end of financial year	-	3,077	1,024	11,372	110,406	40,483	46,288	105	212,755
Accumulated Impairment									
At beginning of year	-	-	-	-	-	-	-	-	-
Charge for the financial year [Note 37]	-	37	-	25	-	-	-	-	62
At the end of financial year	-	37	-	25	-	-	-	-	62
Net Carrying Amount	1,953	8,559	826	17,976	10,277	16,597	10,807	839	67,834

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

16. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land: 50 years or more RM'000	Leasehold land: Less than 50 years RM'000	Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Restated									
2017									
Cost									
At beginning of financial year									
As previously stated	1,953	11,673	1,850	30,332	121,482	53,936	64,158	1,015	286,399
Effect of group reorganisation	-	-	-	-	621	415	165	501	1,702
As restated	1,953	11,673	1,850	30,332	122,103	54,351	64,323	1,516	288,101
Additions	-	-	-	-	1,455	3,914	3,019	1,011	9,399
Disposals	-	-	-	-	-	-	-	(1,139)	(1,139)
Written-off	-	-	-	-	(520)	(839)	(222)	-	(1,581)
At the end of financial year	1,953	11,673	1,850	30,332	123,038	57,426	67,120	1,388	294,780
Accumulated Depreciation									
At beginning of financial year	-	2,845	982	11,158	97,324	36,625	50,632	406	199,972
Effect of group reorganisation	-	-	-	-	619	409	166	185	1,379
As restated	-	2,845	982	11,158	97,943	37,034	50,798	591	201,351
Charge for the financial year	-	114	23	587	9,086	5,625	5,656	261	21,352
Disposals	-	-	-	-	-	-	-	(523)	(523)
Written-off	-	-	-	-	(423)	(710)	(215)	-	(1,348)
At the end of financial year	-	2,959	1,005	11,745	106,606	41,949	56,239	329	220,832
NET CARRYING AMOUNT	1,953	8,714	845	18,587	16,432	15,477	10,881	1,059	73,948

16. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Bank	Freehold land RM'000	Leasehold land: 50 years or more RM'000	Leasehold land: Less than 50 years RM'000	Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2017									
Cost									
At beginning of financial year	1,953	11,673	1,850	29,373	118,797	55,339	57,356	1,090	277,431
Additions	-	-	-	-	1,389	3,363	2,886	1,011	8,649
Disposals	-	-	-	-	-	-	-	(1,139)	(1,139)
Written-off	-	-	-	-	(519)	(838)	(214)	-	(1,571)
At the end of financial year	1,953	11,673	1,850	29,373	119,667	57,864	60,028	962	283,370
Accumulated Depreciation									
At beginning of financial year	-	2,845	982	10,198	95,964	38,513	43,862	442	192,806
Charge for the financial year	-	114	23	587	8,640	5,510	5,579	91	20,544
Disposals	-	-	-	-	-	-	-	(523)	(523)
Written-off	-	-	-	-	(423)	(710)	(207)	-	(1,340)
At the end of financial year	-	2,959	1,005	10,785	104,181	43,313	49,234	10	211,487
NET CARRYING AMOUNT	1,953	8,714	845	18,588	15,486	14,551	10,794	952	71,883

Note:
Included in property, plant and equipment of the Group and the Bank are computer equipment under finance lease with a carrying amount of RM3,329,000 (2017 RM5,805,000).

Details of the finance lease arrangement is disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

17. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net deferred tax assets and liabilities shown in the statement of financial position after appropriate offsetting are as follows:

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	**22,664**	14,738	**9,223**	4,088
Deferred tax liabilities	**(11,907)**	(9,960)	**-**	-
	10,757	4,778	**9,223**	4,088

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year				
As previously stated	**4,073**	(5,416)	**4,088**	(3,887)
Effect of group reorganisation	**705**	438	**-**	-
As restated	**4,778**	(4,978)	**4,088**	(3,887)
Recognised in statement of income	**10,942**	4,855	**8,291**	5,374
Recognised in equity	**(4,963)**	4,901	**(3,156)**	2,601
At the end of financial year	**10,757**	4,778	**9,223**	4,088

17. DEFERRED TAX (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

Group	Unabsorbed tax losses and capital allowance RM'000	Other liabilities RM'000	Financial investments available-for-sale RM'000	Property, plant and equipment RM'000	Total RM'000
Deferred tax assets/liabilities					
At 31 March 2016					
As previously stated	1,096	39,329	(36,249)	(9,592)	(5,416)
Effect of group reorganisation	-	438	-	-	438
As restated	1,096	39,767	(36,249)	(9,592)	(4,978)
Recognised in statement of income	(1,096)	3,321	-	2,630	4,855
Recognised in equity	-	-	4,901	-	4,901
At 31 March 2017	-	43,088	(31,348)	(6,962)	4,778
At 31 March 2017					
As previously stated	**-**	**42,389**	**(31,348)**	**(6,968)**	**4,073**
Effect of group reorganisation	**-**	**699**	**-**	**6**	**705**
As restated	**-**	**43,088**	**(31,348)**	**(6,962)**	**4,778**
Recognised in statement of income	**-**	**6,557**	**-**	**4,385**	**10,942**
Recognised in equity	**-**	**-**	**(4,963)**	**-**	**(4,963)**
At 31 March 2018	**-**	**49,645**	**(36,311)**	**(2,577)**	**10,757**

Bank	Other liabilities RM'000	Financial investments available-for-sale RM'000	Property, plant and equipment RM'000	Total RM'000
Deferred tax assets/liabilities				
At 31 March 2016	28,528	(23,100)	(9,315)	(3,887)
Recognised in statement of income	2,712	-	2,662	5,374
Recognised in equity	-	2,601	-	2,601
At 31 March 2017	**31,240**	**(20,499)**	**(6,653)**	**4,088**
Recognised in statement of income	**3,996**	**-**	**4,295**	**8,291**
Recognised in equity	**-**	**(3,156)**	**-**	**(3,156)**
At 31 March 2018	**35,236**	**(23,655)**	**(2,358)**	**9,223**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

18. INTANGIBLE ASSETS

	Group		Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Goodwill				
Cost:				
At beginning of financial year/end of financial year	**301,997**	301,997	**186,272**	186,272
Impairment:				
At beginning of financial year	**(3,292)**	(2,084)	**(45)**	(45)
Impaired during the financial year	**-**	(1,208)	**-**	-
At the end of financial year	**(3,292)**	(3,292)	**(45)**	(45)
Net carrying amount	**298,705**	298,705	**186,227**	186,227
Computer software				
Cost:				
At beginning of financial year	**203,836**	165,978	**198,008**	161,613
Additions	**56,574**	38,197	**55,300**	36,729
Disposal	**-**	-	**(1,077)**	-
Written-off	**(15,674)**	(339)	**(15,521)**	(334)
At the end of financial year	**244,736**	203,836	**236,710**	198,008
Accumulated amortisation:				
At beginning of financial year	**(125,180)**	(102,909)	**(122,249)**	(100,541)
Charge for the financial year	**(24,161)**	(22,397)	**(23,346)**	(21,834)
Disposal	**-**	-	**402**	-
Written-off	**15,302**	126	**15,237**	126
At the end of financial year	**(134,039)**	(125,180)	**(129,956)**	(122,249)
Net carrying amount	**110,697**	78,656	**106,754**	75,759
Total carrying amount	**409,402**	377,361	**292,981**	261,986

Note:
Computer software of the Group and of the Bank includes work in progress of RM43,146,000 and RM42,774,000 (2017: RM21,888,000) which is not amortised until ready for use.

18. INTANGIBLE ASSETS (cont'd)

(a) Impairment Test on Goodwill

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill has been allocated to the Group's cash-generating units (CGU) that are expected to benefit from the synergies of the acquisitions, identified according to the business segments as follows:

	Group		Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Consumer banking	**101,565**	101,565	**67,513**	67,513
Business banking	**100,822**	100,822	**81,448**	81,448
Financial markets	**83,261**	83,261	**36,960**	36,960
Corporate finance and capital market	**630**	630	**40**	40
Stockbroking business	**12,427**	12,427	**266**	266
	298,705	298,705	**186,227**	186,227

For annual impairment testing purposes, the recoverable amount of the CGUs, which are reportable business segments, are determined based on their value-in-use. The value-in-use calculations uses pre-tax cash flow projections based on financial budget and business plans approved by the Board of Directors. The key assumptions for the computation of value-in-use include the discount rates, cash flow projection and growth rates applied are as follows:

(i) Discount rate

The discount rate used are pre-tax and reflect specific risks relating to the CGUs. The discount rate used in determining the recoverable amount are as follows:

	Group	
	2018 %	**2017 %**
Consumer banking	**10.56**	7.96
Business banking	**10.86**	7.96
Financial markets	**6.18**	7.96
Corporate finance and capital market	**9.92**	7.14
Stockbroking business	**9.80**	7.13

(ii) Cash flow projections and growth rate

Cash flow projections are based on four-year financial budget and business plans approved by the Board of Directors. The cashflow projections are derived based on a number of key factors including past performance and management's expectation of market developments.

Cash flows beyond the fourth year are extrapolated in perpetuity using terminal growth rate at the range of 4.5% to 5.2% (2017: 4.5%), representing the forecasted GDP growth rate of the country for the CGUs.

(b) Sensitivity to Changes in Assumptions

Management is of a view that any reasonable change key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGU.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

19. DEPOSITS FROM CUSTOMERS

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Demand deposits	**14,161,040**	13,605,203	**11,752,631**	11,347,501
Savings deposits	**1,792,710**	1,864,445	**1,468,774**	1,523,658
Fixed/investment deposits	**24,142,700**	24,232,158	**18,393,938**	19,355,858
Money market deposits	**2,277,386**	1,412,241	**1,716,143**	1,142,226
Negotiable instruments of deposits	**366,624**	3,331,673	**176,884**	2,743,258
	42,740,460	44,445,720	**33,508,370**	36,112,501

Structured investments of the Group and the Bank which are not principal guaranteed were reclassified from Deposit from Customers to Financial Liabilities Designated at Fair Value and Other Liabilities to conform with Bank Negara Malaysia's Policy Document on Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013.

(i) The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follows:

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Due within six months	**17,234,419**	21,189,833	**13,695,607**	16,533,626
Six months to one year	**8,371,649**	7,566,156	**5,709,738**	6,611,177
One year to three years	**1,018,884**	32,637	**869,862**	64,464
Three years to five years	**161,758**	187,446	**11,758**	32,075
	26,786,710	28,976,072	**20,286,965**	23,241,342

(ii) The deposits are sourced from the following types of customers:

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Domestic financial institutions	**358,990**	3,299,060	**190,812**	2,845,588
Domestic non-bank financial institutions	**2,676,350**	2,292,516	**1,854,863**	2,069,893
Government and statutory bodies	**4,312,577**	3,647,891	**2,106,387**	1,265,071
Business enterprises	**16,354,335**	15,562,716	**12,945,816**	11,979,574
Individuals	**17,941,780**	18,553,298	**15,432,649**	16,964,325
Foreign entities	**596,011**	638,800	**534,617**	584,019
Others	**500,417**	451,439	**443,226**	404,031
	42,740,460	44,445,720	**33,508,370**	36,112,501

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Licensed banks	**203,995**	273,325	**63,619**	273,325
Licensed investment banks	**22,004**	-	**-**	-
Bank Negara Malaysia	**619,467**	589,579	**375,619**	376,404
Others	**28,405**	-	**-**	-
	873,871	862,904	**439,238**	649,729

21. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

Structured investments designated at fair value for the Group and the Bank include investments with embedded equity linked options, interest rate linked index investment and foreign currency options.

During the financial year, the Group and the Bank designated certain structured investments at fair value through profit or loss. The structured investments are recorded at fair value.

The fair value changes of the structured investments that are attributable to the changes in own risk are not significant.

	Group/Bank	
		Restated
	2018 RM'000	2017 RM'000
Structured investments	**731,703**	426,644
Fair value changes arising from designation at fair value through profit or loss	**(49,465)**	(23,910)
	682,238	402,734

Structured investments that are not principal guaranteed which are applying fair value option are reclassified from Deposit to Customers to Financial Liabilities Designated at Fair Value in order to conform with Bank Negara Malaysia's Policy Document on Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013.

22. AMOUNTS DUE TO CLIENTS AND BROKERS

	Group	
	2018 RM'000	2017 RM'000
Due to clients	**75,103**	69,066
	75,103	69,066

These mainly relate to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

The Group's normal trade credit terms for non-margin clients is three (3) market days according to the Bursa's FDSS trading rules.

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM71,652,000 (2017: RM75,447,000) have been excluded accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

23. RECOURSE OBLIGATIONS ON LOANS AND FINANCING SOLD TO CAGAMAS

This relates to proceeds received from housing loans/financing and hire purchase loans/financing sold directly to Cagamas Berhad with recourse to the Group and the Bank. Under the agreement, the Group and the Bank undertakes to administer the loans/financing on behalf of Cagamas Berhad and to buy back any loans/financing which are regarded as defective based on pre-determined and agreed upon prudential criteria set by Cagamas Berhad.

24. OTHER LIABILITIES

	Group		Bank	
	2018 RM'000	Restated 2017 RM'000	2018 RM'000	2017 RM'000
Other payables	**254,276**	243,811	**205,527**	189,311
Derivative premium	**32,751**	-	**32,751**	-
Bills payable	**157,335**	203,663	**143,126**	194,225
Settlement account	**53,882**	30,116	**53,882**	30,116
Clearing account	**201,208**	331,384	**161,741**	253,267
Sundry deposits	**54,924**	43,340	**47,306**	35,835
Provision and accruals	**131,272**	99,829	**131,524**	89,426
Remisiers accounts	**5,866**	8,279	**-**	-
Allowance for impairment losses on commitment and contingencies	**148**	2,301	**148**	2,301
Finance lease liabilities [Note (a)]	**3,329**	5,805	**3,329**	5,805
Structured investments [Note (b)]	**504,143**	379,982	**504,143**	379,982
Amounts due to subsidiaries [Note (c)]	**-**	-	**-**	21,338
Amount due to joint venture [Note (c)]	**168**	260	**-**	-
	1,399,302	1,348,770	**1,283,477**	1,201,606

Note (a):

Finance lease liabilities of the Bank and the Group are payable as follows:

Bank/Group	Future minimum lease payments RM'000	Future finance charges RM'000	Present value of finance lease liabilities RM'000
At 31 March 2018			
Within one year	**2,780**	**(139)**	**2,641**
One year to five years	**695**	**(7)**	**688**
	3,475	**(146)**	**3,329**
At 31 March 2017			
Within one year	2,780	(304)	2,476
One year to five years	3,475	(146)	3,329
	6,255	(450)	5,805

24. OTHER LIABILITIES (cont'd)

Note (a): (cont'd)
The Group and the Bank leases computer equipment under finance lease. At the end of the lease term, the Group and the Bank has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

Note (b):
Structured investments that are not principal guaranteed and are accounted separately from the embedded derivative are reclassified from Deposit to Customers to Other Liabilities in order to conform with Bank Negara Malaysia's Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013.

Note (c):
The amounts due to subsidiaries/joint venture are unsecured, interest-free, and repayable upon demand.

25. OTHER BORROWINGS

On 28 August 2015, the Bank obtained approval from Bank Negara Malaysia for establishment of Senior Medium Term Notes Programme (Senior MTN Programme) up to RM1.5 billion in nominal value with tenure up to (30) years from the first issuance.

On 14 December 2015, the Bank issued RM5.0 million Senior Medium Term Notes (Senior MTNs) under the RM1.5 billion Senior MTN Programme.

	Group/Bank	
	2018 RM'000	2017 RM'000
At cost	-	5,000
Interest accrued	-	70
	-	5,070

The Senior MTNs have assigned a long term rating of A1 by RAM Rating Services Berhad with tenure of 2 years.

The coupon rate for the Senior MTNs is fixed at 4.75% per annum, payable semi-annually throughout the entire tenure.

The main features of the Senior MTNs are as follows:

(i) Issue date : 14 December 2015

(ii) Tenor of the facility/issue : 2 years after issue date

(iii) Maturity date : 14 December 2017

(iv) Interest rate/coupon : 4.75% per annum, payable semi-annually in arrears

(v) Call option : Not available

(vi) The Senior MTNs constitutes direct unsecured obligations of the issuer, to the extent and in the manner provided for in the Senior MTN and ranks at least pari passu with all other present and future unsecured obligations of the issuer.

On 14 December 2017, the Group and the Bank has fully redeemed its RM5.0 million Senior MTNs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the financial year ended 31 March 2018

26. SUBORDINATED OBLIGATIONS

		Group		Bank	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sub-MTNs					
RM900 million Sub-MTNs	(a)	**921,793**	921,295	**921,295**	921,024
RM300 million Sub-MTNs	(b)	**304,829**	304,783	**304,714**	304,640
RM150 million Additional Tier I Capital Securities	(c)	**152,992**	-	**153,015**	-
		1,379,614	1,226,078	**1,379,024**	1,225,664

(a) RM900 million Sub-MTNs

On 27 October 2015, the Bank issued RM900 million Sub-MTNs under the RM2.0 billion Sub-MTN Programme.

	Group		Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At cost	**900,000**	900,000	**900,000**	900,000
Accumulated unamortised discount	**(325)**	(823)	**(823)**	(1,094)
Interest accrued	**22,118**	22,118	**22,118**	22,118
	921,793	921,295	**921,295**	921,024

The Subordinated Notes have been assigned a long term rating of A2 by RAM Rating Services Berhad with tenure of 10 years, callable five (5)-years after issue date.

The coupon rate for the Sub-MTNs is fixed at 5.75% per annum, payable semi-annually throughout the entire tenure.

The main features of the Sub-MTNs are as follows:

(i) Issue date : 27 October 2015

(ii) Tenor of the facility/issue : 10 years from the issue date and callable five (5) years after issue date

(iii) Maturity date : 27 October 2025

(iv) Interest rate/coupon : 5.75% per annum, payable semi-annually in arrears

(v) Call option : 27 October 2020 and thereafter on every coupon payment date

(vi) The Sub-MTNs constitutes direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.

(vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

26. SUBORDINATED OBLIGATIONS (cont'd)

(b) RM300 million Sub-MTNs

On 18 December 2015, the Bank issued RM300 million Sub-MTNs under the RM2.0 billion Sub-MTN Programme.

	Group		Bank	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost	**300,000**	300,000	**300,000**	300,000
Accumulated unamortised discount	**-**	-	**(115)**	(143)
Interest accrued	**4,829**	4,783	**4,829**	4,783
	304,829	304,783	**304,714**	304,640

The Sub-MTNs have been assigned a long term rating of A2 by RAM Rating Services Berhad with tenure of 10 years, callable five (5)-years after issue date.

The coupon rate for the Sub-MTNs is fixed at 5.65% per annum, payable semi-annually throughout the entire tenure.

The main features of the Sub-MTNs are as follows:

(i) Issue date : 18 December 2015

(ii) Tenor of the facility/issue : 10 years from the issue date and callable five (5) years after issue date

(iii) Maturity date : 18 December 2025

(iv) Interest rate/coupon : 5.65% per annum, payable semi-annually in arrears

(v) Call option : 18 December 2020 and thereafter on every coupon payment date

(vi) The Sub-MTNs constitutes direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.

(vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

26. SUBORDINATED OBLIGATIONS (cont'd)

(c) RM150 million Additional Tier 1 Capital Securities

On 8 November 2017, the Bank issued RM150 million Additional Tier 1 Capital Securities under the RM1.0 billion Additional Tier 1 Capital Securities Programme.

	Group		Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At cost	**150,000**	-	**150,000**	-
Accumulated unamortised discount	**(707)**	-	**(684)**	-
Interest accrued	**3,699**	-	**3,699**	-
	152,992	-	**153,015**	-

Capital Securities have been assigned a long term rating of BBB1 by RAM Rating Services Berhad.

The coupon rate for the Sub-MTNs is fixed at 6.25% per annum, payable semi-annually throughout the entire tenure.

The main features of the Sub-MTNs are as follows:

(i) Issue date : 8 November 2017

(ii) Tenor of the facility/issue : Perpertual Non-callable five (5) years

(iii) Interest rate/coupon : 6.25% per annum, payable semi-annually in arrears

(iv) Call date : 8 November 2022 and thereafter on every coupon payment date

(v) The Capital Securities constitutes direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.

(vi) Upon the occurace of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

27. SHARE CAPITAL

Group	2018 Number of ordinary shares '000	2018 RM'000	Restated 2017 Number of ordinary shares '000	Restated 2017 RM'000
Ordinary shares issued and fully paid:				
At beginning of the financial year				
As previously stated	**796,517**	**796,517**	796,517	796,517
Effect of group reorganisation	**751,589**	**751,589**	751,589	751,589
As restated				
At the end of financial year	**1,548,106**	**1,548,106**	1,548,106	1,548,106

Bank	2018 Number of ordinary shares '000	2018 RM'000	2017 Number of ordinary shares '000	2017 RM'000
Ordinary shares issued and fully paid:				
At beginning of the financial year	**796,517**	**796,517**	796,517	796,517
Issuance of shares to former holding company	**100,000**	**100,000**	-	-
Bonus issue	**651,589**	**651,589**	-	-
At the end of financial year	**1,548,106**	**1,548,106**	796,517	796,517

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

28. RESERVES

		Group		Bank	
			Restated		
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-distributable:					
Statutory reserve	(a)	**-**	1,223,525	**-**	835,401
Regulatory reserves	(b)	**186,064**	157,900	**160,029**	144,349
Capital reserves	(c)	**100,150**	90,010	**95,515**	-
Revaluation reserves	(d)	**114,987**	99,268	**74,907**	64,916
Equity contribution from former parent	(e)	**-**	-	**-**	5,523
Employees' share scheme (ESS) reserves	(e)	**-**	6,444	**-**	-
Share premium	(f)	**-**	-	**-**	401,517
		401,201	1,577,147	**330,451**	1,451,706
Distributable:					
Retained profits		**3,510,283**	2,062,782	**2,866,142**	2,115,505
		3,911,484	3,639,929	**3,196,593**	3,567,211

Notes:

(a) The requirement to maintain a statutory reserve fund is no longer required pursuant to BNM's Capital Fund Policy with effect from 3 May 2017.

(b) The Group is required to maintain in aggregate collective impairment allowances of no less than 1.2% of the total outstanding loans, advances and financing, net of individual impairment allowances, in accordance with the BNM guideline dated 6 April 2015 on "Classification and Impairment Provisions for Loans/Financing".

(c) Capital reserves are in respect of retained profits capitalised for a bonus issue by a subsidiary.

(d) The revaluation reserves are in respect of unrealised fair value gains and losses on financial investments available-for-sale.

(e) The ESS reserves and equity contribution from former parent relate to the equity-settled share options/share grants to former Executive Directors and employees. This reserve is made up of the estimated fair value of the share options/share grants based on the cumulative services received from former Executive Directors and employees over the vesting period.

(f) Share premium is used to record premium arising from new shares issued by the Bank. Prior to 31 January 2017, the application of the share premium account was governed by Section 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the Companies Act, 2016, on 31 January 2017 any amount standing to the credit of the Group and the Bank's share premium account has been aggregated as part of the Group and the Bank's share capital (refer to Note 27). Notwithstanding this provision, the Group and the Bank may within 24 months from the commencement of the Companies Act, 2016, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Companies Act, 2016.

During the financial year, the Group and the Bank has utilised the Share Premium of RM401,517,000 for a bonus issue of new ABMB share as part of the group reorganisation exercise.

29. SHARES HELD FOR EMPLOYEES' SHARE SCHEME

A trust has been established for the ESS and is administrated by an appointed trustee. The Trustee will be entitled from time to time to accept financial assistance from the AFG upon such terms and conditions as stipulated in the Trust Deed dated 3 December 2007 and the Trustee may purchase the ABMB's shares (before corporate reorganisation exercise was AFG's shares) from the open market for the purpose of the ESS. The Trustee shall refrain from exercising any voting rights attached to these shares. In accordance with MFRS 132 Financial Instruments: Presentation, the share purchased for the benefit of the ESS are recorded as "Shares Held for ESS" in equity.

In the financial year ended 31 March 2018, 2,246,300 shares (2017: 1,731,400 shares) have been vested and transferred from the Trustee to the eligible employees of the Bank and its subsidiaries in accordance with the terms under the Share Grant Plan and Share Option Plan of the ESS.

During the financial year ended 31 March 2018, the Trustee of the ESS had fully disposed the shares of the Bank to the open market.

As at 31 March 2018, the Trustee of the ESS does not hold any ordinary shares (2017: 21,195,100, representing 1.37% of the issued and paid-up capital of the Bank).

30. ALLIANCE FINANCIAL GROUP BERHAD EMPLOYEES' SHARE SCHEME

The Alliance Financial Group Berhad Employees' Share Scheme (AFG Bhd ESS) is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 August 2007. The AFG Bhd ESS which comprises the Share Option Plan, the Share Grant Plan and the Share Save Plan took effect on 3 December 2007 and is in force for a period of 10 years. The scheme ended on 2 December 2017.

There were no share grants and share options offered under the Share Grant Plan and Share Option Plan during the current financial year.

Upon the completion of group reorganisation exercise as disclosed in Note 53, the AFG shares held previously will be replaced with the same number of ABMB shares, and will continue to be held by the Trustee under AFG Bhd ESS.

The salient features of the AFG Bhd ESS are as follows:

(i) The AFG Bhd ESS is implemented and administered by the Employees' Share Participating Scheme Committee (ESPS Committee) in accordance with the Bye-Laws.

(ii) The total number of shares which may be available under the AFG Bhd ESS shall not exceed in aggregate 10% of the total issued and paid-up share capital of AFG Bhd at any one time during the existence of the AFG Bhd ESS and out of which not more than 50% of the shares available under the AFG Bhd ESS shall be allocated, in aggregate, to Directors and senior management. In addition, not more than 10% of the shares available under the AFG Bhd ESS shall be allocated to any individual Director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of AFG Bhd.

(iii) The subscription price for each share under the Share Option Plan, Share Grant Plan and Share Save Plan may be at a discount (as determined by the ESPS Committee or such other pricing mechanism as may from time to time be permitted by Bursa Malaysia Securities Berhad or such other relevant regulatory authorities), provided that the discount shall not be more than 10% from the 5-day weighted average market price of the Bank's shares transacted on Bursa Malaysia Securities Berhad immediately preceding the date on which an offer is made or at par value of the shares, whichever is higher.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

30. ALLIANCE FINANCIAL GROUP BERHAD EMPLOYEES' SHARE SCHEME (cont'd)

(iv) The ESPS Committee may at its discretion offer to any Director or employee of a corporation in the Group to participate in the AFG Bhd ESS if the Director or employee:

(a) has attained the age of 18 years;
(b) in the case of a Director, is on the board of directors of a corporation in the Group;
(c) in the case of an employee, is employed by a corporation in the Group; and
(d) is not a participant of any other employee share option scheme implemented by any other corporation within the Group which is in force for the time being.

Provided that the non-executive directors of the Group who are not employed by a corporation in the Group shall not be eligible to participate in the Share Save Plan.

(v) Under the Share Option Plan and Share Grant Plan, the ESPS Committee may stipulate the performance targets, performance period, value and/or other conditions deemed appropriate.

(vi) Under the Share Save Plan, the ESPS Committee may at its discretion offer Share Save Option(s) to any employees of the Group to subscribe for the Bank's shares and the employee shall authorise deductions to be made from his/her salary.

(vii) AFG Bhd may decide to satisfy the exercise of options/awards of shares under the AFG Bhd ESS through the issue of new Bank's shares, transfer of existing shares or a combination of both new and existing shares.

(viii) AFG Bhd may appoint or authorise the trustee of the AFG Bhd ESS to acquire its shares from the open market to give effect to the AFG Bhd ESS.

30. ALLIANCE FINANCIAL GROUP BERHAD EMPLOYEES' SHARE SCHEME (cont'd)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options/grants during the financial year:

Group	2018	Share Grants Number of Share Grants			Restated 2017		Share Grants Number of Share Grants			
	At beginning of financial year '000	Vested '000	Lapsed/ forfeited '000	At end of financial year '000	At beginning of financial year '000	Effect of group reorganisation '000	As restated '000	Vested/ exercise '000	Lapsed/ forfeited '000	At end of financial year '000
2014 Share Scheme	-	-	-	-	173	14	187	(167)	(20)	-
2015 Share Scheme (1st grant)	**356**	**(325)**	**(31)**	-	848	55	903	(416)	(131)	356
2015 Share Scheme (2nd grant)	**12**	**(12)**	-	-	23	-	23	(11)	-	12
2016 Share Scheme	**773**	**(725)**	**(48)**	-	1,362	71	1,433	(443)	(217)	773
	1,141	**(1,062)**	**(79)**	-	2,406	140	2,546	(1,037)	(368)	1,141
WAEP	-	-	-	-	-	-	-	-		

	2018	Share Options Number of Share Options			Restated 2017		Share Options Number of Share Options			
	At beginning of financial year '000	Vested '000	Lapsed/ forfeited '000	At end of financial year '000	At beginning of financial year '000	Effect of group reorganisation '000	As restated '000	Vested/ exercise '000	Lapsed/ forfeited '000	At end of financial year '000
2014 Share Scheme	-	-	-	-	6,122	571	6,693	-	(6,693)	-
	-	-	-	-	6,122	571	6,693	-	(6,693)	-
WAEP	-	-	-	-	5.36	-	5.36		5.36	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

30. ALLIANCE FINANCIAL GROUP BERHAD EMPLOYEES' SHARE SCHEME (cont'd)

The following table illustrates the number and WAEP of, and movements in, share options/grants during the financial year: (cont'd)

Bank	2018	Share Grants Number of Share Grants			2017	Share Grants Number of Share Grants			
	At beginning of financial year '000	Vested '000	Lapsed/ forfeited '000	At end of financial year '000	At beginning of financial year '000	Offered/ awarded '000	Vested '000	Lapsed/ forfeited '000	At end of financial year '000
2014 Share Scheme	**-**	**-**	**-**	**-**	162	-	(144)	(18)	-
2015 Share Scheme (1st grant)	**298**	**(279)**	**(19)**	**-**	788	-	(359)	(131)	298
2015 Share Scheme (2nd grant)	**12**	**(12)**	**-**	**-**	23	-	(11)	-	12
2016 Share Scheme	**640**	**(598)**	**(42)**	**-**	1,235	-	(378)	(217)	640
	950	**(889)**	**(61)**	**-**	2,208	-	(892)	(366)	950
WAEP	**-**	**-**	**-**	**-**	-	-	-	-	-

WAEP	2018	Share Options Number of Share Options			2017	Share Options Number of Share Options			
	At beginning of financial year '000	Vested '000	Lapsed/ forfeited '000	At end of financial year '000	At beginning of financial year '000	Offered/ awarded '000	Vested '000	Lapsed/ forfeited '000	At end of financial year '000
2014 Share Scheme	**-**	**-**	**-**	**-**	5,538	-	-	(5,538)	-
	-	**-**	**-**	**-**	5,538	-	-	(5,538)	-
WAEP	**-**	**-**	**-**	**-**	5.36	-	-	5.36	-

30. ALLIANCE FINANCIAL GROUP BERHAD EMPLOYEES' SHARE SCHEME (cont'd)

(a) Details of share options/grants at the end of financial year:

	Vesting Schedule	Vesting Dates
2015 Share Grants (1st grant)	- First 33.3% of the share grants	23.06.2015
	- Second 33.3% of the share grants	23.06.2016
	- Third 33.4% of the share grants	23.06.2017
2015 Share Grants (2nd grant)	- First 33.3% of the share grants	26.01.2016
	- Second 33.3% of the share grants	26.01.2017
	- Third 33.4% of the share grants	26.11.2017
2016 Share Grants	- First 33% of the share grants	22.06.2016
	- Second 67% of the share grants	22.06.2017

(b) Fair value of share options/grants offered/awarded:

The fair value of share options/share grants under the Share Option Plan and the Share Grant Plan during the financial year was estimated by an external valuer using a binomial model, taking into account the terms and conditions upon which the share options/share grants were offered/awarded. The rates are based on observable prices. The fair value of share options and share grants measured at offer/award date and the assumptions are as follows:

	Share Grants		
	2015 (1st grant)	2015 (2nd grant)	2016
Fair value of the shares as at grant date,			
- 23 June 2014 (RM)	4.3400	-	-
- 26 January 2015 (RM)	-	4.3500	-
- 22 June 2015 (RM)	-	-	4.0600
Weighted average share price (RM)	4.7400	4.7430	4.3700
Expected volatility (%)	0.2418	0.1884	0.1736
Risk free rate (%)	3.17 to 4.43	3.36 to 4.39	2.99 to 4.29
Expected dividend yield (%)	4.36	4.31	4.31

The expected life of the share options is based on the exercisable period of the option and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the share option/share grant were incorporated into the measurement of fair value.

The risk-free rate is employed using a range of risk-free rates for Malaysian Government Securities (MGS) tenure from 1-year to 20-year MGS.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

31. INTEREST INCOME

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	**1,522,604**	1,491,006	**1,504,903**	1,464,874
Money at call and deposit placements with financial institutions	**12,546**	23,975	**16,640**	28,363
Financial assets held-for-trading	**3,566**	6,178	**3,566**	6,178
Financial investments available-for-sale	**267,241**	246,536	**260,478**	246,210
Financial investments held-to-maturity	**17,593**	26,691	**17,242**	21,650
Others	**18,317**	11,881	**18,315**	11,880
	1,841,867	1,806,267	**1,821,144**	1,779,155
Accretion of discount less amortisation of premium	**79,830**	73,946	**77,155**	73,010
	1,921,697	1,880,213	**1,898,299**	1,852,165

32. INTEREST EXPENSE

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	**25,294**	15,572	**13,833**	13,201
Deposits from customers	**846,632**	888,191	**827,153**	874,006
Recourse obligations on loans and financing sold to Cagamas	**24,142**	21,770	**24,142**	21,770
Other borrowings	**167**	238	**167**	238
Subordinated obligations	**72,617**	69,366	**72,735**	69,485
Others	**60,334**	37,531	**60,334**	37,531
	1,029,186	1,032,668	**998,364**	1,016,231

33. NET INCOME FROM ISLAMIC BANKING BUSINESS

	Group	
	2018	2017
	RM'000	RM'000
Income derived from investment of depositors' funds and others	**488,710**	471,698
Income derived from investment of Islamic Banking funds	**54,332**	47,429
Income attributable to the depositors and financial institutions	**(224,797)**	(222,090)
	318,245	297,037

Note:

Net income from Islamic banking business comprises income generated from Alliance Islamic Bank Berhad (AIS), and Islamic banking business of Alliance Investment Bank Berhad (AIBB). Both AIS and AIBB are wholly-owned subsidiaries of the Bank.

34. OTHER OPERATING INCOME

		Group		Bank	
		2018 RM'000	Restated 2017 RM'000	2018 RM'000	2017 RM'000
(a)	**Fee and commission income:**				
	Commissions	**89,165**	87,570	**89,165**	87,570
	Service charges and fees	**31,076**	30,938	**30,242**	30,310
	Corporate advisory fees	**3,221**	1,785	**-**	-
	Underwriting commissions	**472**	85	**-**	-
	Brokerage fees	**36,811**	29,795	**-**	-
	Guarantee fees	**15,807**	18,427	**15,807**	18,165
	Processing fees	**11,368**	12,857	**8,508**	7,993
	Commitment fees	**16,413**	15,972	**16,376**	15,947
	Cards related income	**96,130**	96,643	**96,130**	96,643
	Other fee income	**3,001**	3,003	**3,000**	2,999
		303,464	297,075	**259,228**	259,627
(b)	**Fee and commission expense:**				
	Commissions expense	**(1,624)**	(1,965)	**(1,624)**	(1,965)
	Brokerage fees expense	**(12,311)**	(11,420)	**(7)**	(7)
	Guarantee fees expense	**(461)**	(1,047)	**(461)**	(1,047)
	Cards related expense	**(82,281)**	(85,440)	**(82,281)**	(85,440)
		(96,677)	(99,872)	**(84,373)**	(88,459)
(c)	**Investment income:**				
	Gain arising from sale/redemption of:				
	- Financial assets held-for-trading	**761**	988	**761**	988
	- Financial investments available-for-sale	**21,863**	5,239	**21,331**	3,154
	Marked-to-market revaluation of:				
	- Financial assets held-for-trading	**(48)**	(1,147)	**(6)**	(1,199)
	- Derivative instruments	**(74,593)**	144,553	**(74,593)**	144,553
	- Financial liabilities designated at fair value	**25,555**	(6,555)	**25,555**	(6,555)
	Realised gain/(loss) on derivative instruments	**151,358**	(2,800)	**151,358**	(2,800)
	Gross dividend income from:				
	- Financial investments available-for-sale	**1,861**	3,218	**1,311**	2,440
	- Subsidiaries	**-**	-	**33,913**	51,856
		126,757	143,496	**159,630**	192,437
(d)	**Other income:**				
	Foreign exchange gain/(loss)	**1,163**	(43,706)	**804**	(44,129)
	Rental income	**-**	-	**680**	698
	(Loss)/gain on disposal of property, plant and equipment	**(105)**	(346)	**1**	(346)
	Others	**26,665**	28,194	**25,737**	25,069
		27,723	(15,858)	**27,222**	(18,708)
	Total other operating income	**361,267**	324,841	**361,707**	344,897

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

35. OTHER OPERATING EXPENSES

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Personnel costs				
- Salaries, allowances and bonuses	**354,861**	337,104	**272,572**	258,404
- Contribution to EPF	**55,857**	53,839	**43,188**	41,415
- Share options/grants under ESS	**189**	2,154	**191**	1,733
- Termination benefits	**42,365**	-	**42,225**	-
- Others	**51,028**	34,611	**42,470**	28,462
	504,300	427,708	**400,646**	330,014
Establishment costs				
- Depreciation of property, plant and equipment	**20,731**	21,352	**19,986**	20,544
- Amortisation of computer software	**24,161**	22,397	**23,346**	21,834
- Rental of premises	**29,648**	30,660	**23,104**	23,715
- Water and electricity	**7,991**	7,799	**5,905**	5,662
- Repairs and maintenance	**9,980**	9,905	**7,947**	7,382
- Information technology expenses	**50,010**	48,140	**40,538**	37,739
- Others	**13,982**	13,146	**5,480**	3,736
	156,503	153,399	**126,306**	120,612
Marketing expenses				
- Promotion and advertisement	**14,193**	7,416	**13,437**	6,851
- Branding and publicity	**13,160**	10,727	**11,633**	9,092
- Others	**7,096**	7,463	**4,340**	4,266
	34,449	25,606	**29,410**	20,209
Administration and general expenses				
- Communication expenses	**10,708**	13,874	**8,197**	11,116
- Printing and stationery	**2,829**	3,176	**2,277**	2,594
- Insurance	**11,345**	10,959	**10,384**	10,118
- Professional fees	**27,853**	22,019	**20,838**	15,176
- Others	**46,034**	35,166	**37,171**	28,657
	98,769	85,194	**78,867**	67,661
Total other operating expenses	**794,021**	691,907	**635,229**	538,496

35. OTHER OPERATING EXPENSES (cont'd)

Included in the other operating expenses are the following:

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit fees	**1,239**	1,178	**850**	726
- audit related fees	**1,349**	858	**1,067**	389
- tax compliance fees	**113**	105	**53**	49
- tax related services	**116**	135	**-**	-
- non-audit related services	**510**	-	**440**	-
Hire of equipment	**2,994**	4,869	**2,994**	4,870
Property, plant and equipment written-off	**291**	233	**277**	231
Computer software written-off	**372**	213	**284**	208

36. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING AND OTHER RECEIVABLES

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment losses on loans, advances and financing and other receivables:				
(a) Individual assessment allowance				
- Made during the financial year (net)	**31,876**	23,506	**24,085**	21,344
(b) Collective assessment allowance				
- Made during the financial year (net)	**73,699**	80,408	**30,618**	35,986
(c) Bad debts on loans and financing				
- Recovered	**(37,099)**	(33,552)	**(25,698)**	(24,720)
- Written-off	**20,858**	19,757	**10,933**	10,785
	89,334	90,119	**39,938**	43,395
Allowance for impairment losses on other receivables (net)	**4,047**	2,570	**3,169**	2,290
Allowance for/(write-back of) losses from amounts due from clients	**5**	(2)	**-**	-
Allowance for impairment losses on commitment and contingencies	**-**	2,301	**-**	2,301
	93,386	94,988	**43,107**	47,986

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

37. ALLOWANCE FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Group		Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Allowance for impairment losses of goodwill	**-**	1,208	**-**	-
Allowance for impairment losses on property, plant and equipment	**62**	-	**62**	-
	62	1,208	**62**	-

38. TAXATION

	Group		Bank	
		Restated		
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Income tax:				
Provision for current financial year	**191,044**	174,953	**153,605**	140,537
Under/(over) provision in prior years	**11,267**	(817)	**11,020**	(988)
	202,311	174,136	**164,625**	139,549
Deferred tax [Note 17]	**(10,942)**	(4,855)	**(8,291)**	(5,374)
	191,369	169,281	**156,334**	134,175

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) on the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	Group		Bank	
		Restated		
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Profit before taxation	**684,597**	681,404	**583,244**	594,349
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	**164,303**	163,537	**139,979**	142,644
Effect of income not subject to tax	**(398)**	(482)	**(8,455)**	(13,031)
Effect of expenses not deductible for tax purposes	**12,204**	7,043	**10,190**	5,550
Under/(over) provision of tax expense in prior years	**15,260**	(817)	**14,620**	(988)
Tax expense for the financial year	**191,369**	169,281	**156,334**	134,175

39. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to Equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit for the year attributable to Equity holders of the Bank	**493,228**	512,123	**426,910**	460,174
	2018	2017	**2018**	2017
	'000	'000	**'000**	'000
Weighted average numbers of ordinary shares in issue	**1,548,106**	1,548,106	**1,506,439**	1,448,106
Shares held for ESS	**-**	(21,195)	**-**	-
	1,548,106	1,526,911	**1,506,439**	1,448,106
	2018	**2017**	**2018**	**2017**
	sen	**sen**	**sen**	**sen**
Basic earnings per share	**31.9**	33.5	**28.3**	31.8

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to Equity holders of the Bank and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, (non-cumulative).

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit for the year attributable to Equity holders of the Bank	**493,228**	512,123	**426,910**	460,174
	2018	**2017**	**2018**	**2017**
	'000	**'000**	**'000**	**'000**
Weighted average numbers of ordinary shares in issue	**1,548,106**	1,548,106	**1,506,439**	1,448,106
Shares held for ESS	**-**	(21,195)	**-**	-
Share Grants held for ESS	**-**	1,141	**-**	-
	1,548,106	1,528,052	**1,506,439**	1,448,106
	2018	**2017**	**2018**	**2017**
	sen	**sen**	**sen**	**sen**
Diluted earnings per share	**31.9**	33.5	**28.3**	31.8

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

40. DIVIDENDS

Dividends on Ordinary Shares:

	Dividend recognised during the financial year			
	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Former Holding Company				
First interim dividend				
8.5 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2017, was paid on 30 December 2016 by AFG, the former holding company of the Bank to shareholders	**-**	131,589	**-**	-
Second interim dividend				
6.5 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2016, was paid on 30 June 2016 by AFG, the former holding company of the Bank to shareholders	**-**	100,627	**-**	-
7.5 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2017, was paid on 22 June 2017 by AFG, the former holding company of the Bank to shareholders	**116,108**	-	**-**	-
Bank				
First interim dividend				
16.53 sen per share, on 796,517,043 ordinary shares, declared in financial year ended 31 March 2017, was paid on 21 December 2016 by the Bank to AFG and was eliminated at the Group	**-**	-	**-**	131,664
8.5 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ending 31 March 2018, was paid on 28 December 2017 to the shareholders	**131,589**	-	131,589	-
Second interim dividend				
12.66 sen per share, on 796,517,043 ordinary shares, declared in financial year ended 31 March 2016, was paid on 17 June 2016 by the Bank to AFG and was eliminated at the Group	**-**	-	**-**	100,839
14.67 sen per share, on 796,517,043 ordinary shares, declared in financial year ended 31 March 2017, was paid on 20 June 2017 to AFG, and was eliminated at the Group	**-**	-	**116,849**	-
	247,697	232,216	**248,438**	232,503

40. DIVIDENDS (cont'd)

Dividends paid on the shares held in Trust pursuant to the Group's ESS which are classified as shares held for ESS are not accounted for in the total equity. An amount of RM1,121,000 (2017: RM1,818,000) for the first interim dividend and RM1,549,000 (2017: RM1,472,000) for second interim dividend being dividends paid for those shares were added back to the appropriation of retained profits in respect of the dividends.

The dividend paid by the Bank to AFG prior to group reorganisation exercise, is eliminated at the Group level. Upon the completion of group reorganisation exercise on 26 September 2017, the Bank is now the holding company of AFG. Dividends paid by the Bank after the group reorganisation will be reflected both in the Group and the Bank.

Subsequent to the financial year end, on 31 May 2018, the Directors declared a second interim dividend of 6.8 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM105,271,000 in respect of current financial year. The accompanying financial statements do not reflect these dividend. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2019.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2018.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the Group and the Bank's other significant related party transactions and balances:

The related parties of, and their relationship with the Company are as follows:

Relationship	**Related parties**
- Key management personnel	Key management personnel refer to those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank, directly or indirectly, including Executive Directors and Non-Executive Director of the Group and the Bank (including close members of their families). Other members of key management personnel of the Group and the Bank are the Business Support Heads who report directly to Group Chief Executive Officer or to the Board Committees (including close members of their families).
- Former holding company	Alliance Financial Group Berhad
- Subsidiaries	Subsidiaries of the Bank as disclosed in Note 13.
- Joint venture/other related company	Joint venture of the Group as disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

Significant related party transactions and balances as follows:

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(a) Transactions				
Interest income				
- subsidiaries	**-**	-	**38,800**	35,935
- key management personnel	**26**	2	**26**	1
Dividend income				
- subsidiaries	**-**	-	**33,913**	51,856
Management fees				
- subsidiaries	**-**	-	**336**	327
Rental income				
- subsidiaries	**-**	-	**680**	698
- joint venture	**1**	-	**1**	-
Other operating expenses recharged				
- former holding company	**-**	-	**-**	3,072
- subsidiaries	**-**	-	**102,052**	98,933
- joint venture	**203**	240	**203**	185
Interest expenses				
- subsidiaries	**-**	-	**(47)**	(11)
- joint venture	**(32)**	-	**-**	-
- former associate	**-**	-	**-**	(39)
- key management personnel	**(314)**	(176)	**(281)**	(147)
Rental expenses				
- subsidiaries	**-**	-	**(89)**	-
Other operating expenses				
- former holding company	**-**	-	**-**	(4,005)
- subsidiaries	**-**	-	**(2,676)**	(5,136)
- joint venture/other related company [Note(a)]	**(3,052)**	(2,979)	**(936)**	(595)
- shareholders [Note(b)]	**(785)**	(1,149)	**(785)**	(1,149)
Commission paid				
- subsidiaries	**-**	-	**(6,267)**	(23,619)
Dividend paid				
- former holding company	**-**	-	**(117,971)**	(232,503)

Note:
As at 31 March 2018:

(a) The Group and the Bank have paid RM3,213,000 and RM974,000 respectively to the joint venture/other related company for the research services provided, where the joint venture/other related company was jointly held by AIBB and a DBS Vickers Securities Pte. Ltd, a company incorporated in Singapore.

(b) The Group and the Bank has paid RM784,000 for staff secondment to an indirect shareholder, Fullerton Financial Holdings (International) Pte. Ltd., a company incorporated in Singapore.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

Significant related party transactions and balances as follows: (cont'd)

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(b) Balances				
Deposits from customers				
- former holding company	**-**	-	**-**	(17)
- subsidiaries	**-**	-	**(24,844)**	(33,445)
- former other related companies	**-**	-	**-**	(505)
- former associate	**-**	-	**-**	(1,227)
- joint venture	**(2,223)**	(1,859)	**(721)**	(58)
- key management personnel	**(15,376)**	(12,239)	**(13,925)**	(10,589)
Financial investments available-for-sale				
- subsidiaries	**-**	-	**754,750**	939,529
Financial investments held-to-maturity				
- subsidiaries	**-**	-	**130,059**	-
Loans, advances and financing				
- key management personnel	**4,875**	3,042	**3,210**	2,282
Money at call and deposit placements with financial institutions				
- subsidiaries	**-**	-	**300,054**	431,375
Other assets				
- former holding company	**-**	-	**-**	191
- subsidiaries	**-**	-	**46,794**	2,327
- former other related companies	**-**	-	**-**	215
- joint venture	**392**	387	**392**	378
Other liabilities				
- subsidiaries	**-**	-	**-**	(21,338)
- joint venture	**(168)**	(260)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

(c) Compensation of key management personnel

Remuneration of Chief Executive Officers (CEO), Non-executive Directors and other members of key management excluding past CEO and Directors for the financial year is as follows:

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CEO and other Key Management:				
- Salary and other remuneration	**30,145**	26,828	**27,714**	23,189
- Contribution to EPF	**4,080**	3,544	**3,772**	3,052
- Share options/grants under ESS	**-**	1,031	**-**	747
- Benefits-in-kind	**309**	220	**266**	220
	34,534	31,623	**31,752**	27,208
Non-executive Directors:				
- Fees payables	**2,820**	2,825	**1,530**	1,286
- Allowances	**790**	829	**496**	508
- Benefits-in-kind	**34**	21	**34**	-
	3,644	3,675	**2,060**	1,794

Included in the total key management personnel are:

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
CEO and Directors' remuneration, excluding past CEO and Directors [Note 43]	**13,272**	13,746	**8,907**	8,468

Key management personnel of the Group and the Bank have been offered/awarded the following number of share options/share grants under the AFG Bhd ESS:

	Share Options		Share Grants	
		Restated		Restated
Group	2018 '000	2017 '000	2018 '000	2017 '000
At beginning of financial year				
As previously stated	**-**	2,419	**415**	831
Effect of group reorganisation	**-**	363	**-**	80
As restated	**-**	2,782	**415**	911
Key management personnel appointed during the financial year	**-**	154	**-**	27
Vested	**-**	-	**(415)**	(411)
Lapsed	**-**	(2,936)	**-**	(112)
At the end of financial year	**-**	-	**-**	415

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

(c) Compensation of key management personnel (cont'd)

Key management personnel of the Group and the Bank have been offered/awarded the following number of share options/share grants under the AFG Bhd ESS: (cont'd)

Bank	Share Options 2018 '000	Share Options 2017 '000	Share Grants 2018 '000	Share Grants 2017 '000
At beginning of financial year	**-**	2,148	**300**	712
Key management personnel appointed during the financial year	**-**	154	**43**	27
Vested	**-**	-	**(343)**	(327)
Lapsed	**-**	(2,302)	**-**	(112)
At the end of financial year	**-**	-	**-**	300

The above share options/grants were offered/awarded on the same terms and conditions as those offered to other employees of the Group and the Bank (Note 30).

Total value of remuneration and numbers of officers with variable remuneration for the financial year are as follow:

	2018				Restated 2017			
Group	**Number**	**Unrestricted RM'000**	**Number**	**Deferred RM'000**	**Number**	**Unrestricted RM'000**	**Number**	**Deferred RM'000**
Fixed remuneration								
Cash		**25,512**		**-**		24,125		-
		25,512		**-**		24,125		-
Variable remuneration								
Cash	**19**	**9,589**	**19**	**3,077**	18	8,877	16	1,265
Shares and share-linked instruments		**-**		**-**		-	10	1,031
		9,589		**3,077**		8,877		2,296
		35,101		**3,077**		33,002		2,296

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

(c) Compensation of key management personnel (cont'd)

Total value of remuneration and numbers of officers with variable remuneration for the financial year are as follow: (cont'd)

	2018				2017			
Bank	**Number**	**Unrestricted RM'000**	**Number**	**Deferred RM'000**	**Number**	**Unrestricted RM'000**	**Number**	**Deferred RM'000**
Fixed remuneration								
Cash		**22,025**		**-**		19,415		-
		22,025		**-**		19,415		-
Variable remuneration								
Cash	**17**	**8,929**	**17**	**2,858**	15	7,777	13	1,063
Shares and share-linked instruments		**-**		**-**		-	7	747
		8,929		**2,858**		7,777		1,810
		30,954		**2,858**		27,192		1,810

42. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Bank 2018 RM'000	Bank 2017 RM'000
Outstanding credit exposures with connected parties	**44,698**	96,182
of which:		
Total credit exposure which is impaired or in default	**-**	-
Total credit exposures	**44,389,189**	45,970,955
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	**0.10%**	0.21%
- which is impaired or in default	**0.00%**	0.00%

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties, which became effective on 1 January 2008.

42. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (cont'd)

Based on these guidelines, a connected party refers to the following:

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder and his close relatives;

(iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his close relatives;

(iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

43. CEOS AND DIRECTORS' REMUNERATION

Remuneration in aggregate for CEO/Directors charged to the statement of comprehensive income for the year is as follows:

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Chief Executive Officers:				
- Salary and other remuneration	**5,295**	5,669	**3,525**	3,638
- Bonuses	**3,131**	3,100	**2,471**	2,300
- Contribution to EPF	**1,080**	1,085	**771**	699
- Share options/grants under ESS	**-**	180	**-**	-
- Benefits-in-kind	**122**	37	**80**	37
	9,628	10,071	**6,847**	6,674
Non-executive Directors:				
- Fees payables	**2,820**	2,825	**1,530**	1,286
- Allowances	**790**	829	**496**	508
- Benefits-in-kind	**34**	21	**34**	-
	3,644	3,675	**2,060**	1,794
	13,272	13,746	**8,907**	8,468
Past Chief Executive Officers/Directors:				
- Salary and other remuneration, including meeting allowance	**336**	95	**-**	52
- Fees	**146**	267	**-**	128
- Contribution to EPF	**49**	-	**-**	-
- Benefits-in-kind	**51**	10	**-**	10
	582	372	**-**	190
	13,854	14,118	**8,907**	8,658
Total Directors' remuneration excluding benefits-in-kind	**13,647**	14,050	**8,793**	8,611

Notes:

(a) Other than Directors fees and allowances, there were no amount paid or payable for services rendered by any Directors of the Group and the Bank during the financial year.

(b) The Directors of the Group and the Bank are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as Directors of the Group and the Bank, provided that such Director has not acted negligently, fraudulently or dishonestly, or is in breach of his or her duty of trust. The total apportioned amount of insurance effected for Directors under the Group and the Bank was 2018: RM134,000 and RM121,000 (2017: RM104,000 and RM85,000) respectively.

43. CEOS AND DIRECTORS' REMUNERATION (cont'd)

The total remuneration (including benefits-in-kind) of the CEOs and Directors of the Group and the Bank are as follows:

	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payables RM'000	Allowances RM'000	Share options/ grants under ESS RM'000	Benefits-in-kind RM'000	Total RM'000
Group								
2018								
Chief Executive Officers:								
Joel Kornreich	3,525	2,471	771	-	-	-	80	6,847
Mahesh s/o Shri Pranlal Rupawalla	1,385	436	246	-	-	-	42	2,109
Rizal IL-Ehzan Bin Fadil Azim	385	224	63	-	-	-	-	672
	5,295	3,131	1,080	-	-	-	122	9,628
Non-executive Directors:								
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	211	32	-	34	277
Kung Beng Hong	-	-	-	404	89	-	-	493
Ou Shian Waei	-	-	-	242	68	-	-	310
Kuah Hun Liang	-	-	-	273	91	-	-	364
Lee Ah Boon	-	-	-	234	55	-	-	289
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	319	88	-	-	407
Lee Boon Huat	-	-	-	167	58	-	-	225
Ho Hon Cheong	-	-	-	142	62	-	-	204
Thayaparan S Sangarapillai	-	-	-	132	50	-	-	182
Tan Chian Khong	-	-	-	191	33	-	-	224
Dato' Majid Bin Mohamad	-	-	-	164	56	-	-	220
Mazidah Binti Abdul Malik	-	-	-	107	36	-	-	143
Dato' Yeoh Beow Tit	-	-	-	76	19	-	-	95
Hj Md Ali Bin Md Sarif	-	-	-	76	23	-	-	99
Ibrahim Bin Hassan	-	-	-	82	30	-	-	112
	-	-	-	2,820	790	-	34	3,644
Past Chief Executive Officer:								
Foziakhatoon Binti Amanulla Khan	310	-	49	-	-	-	-	359
	310	-	49	-	-	-	-	359
Past Non-executive Directors:								
Shaharuddin Bin Zainuddin	-	-	-	37	15	-	-	52
Datuk Oh Chong Peng	-	-	-	109	11	-	51	171
	-	-	-	146	26	-	51	223
Total CEOs and Directors' remuneration	5,605	3,131	1,129	2,966	816	-	207	13,854

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

43. CEOS AND DIRECTORS' REMUNERATION (cont'd)

The total remuneration (including benefits-in-kind) of the CEOs and Directors of the Group and the Bank are as follows: (cont'd)

	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payables RM'000	Allowances RM'000	Share options/ grants under ESS RM'000	Benefits-in-kind RM'000	Total RM'000
Bank								
2018								
Chief Executive Officer:								
Joel Kornreich	3,525	2,471	771	-	-	-	80	6,847
	3,525	2,471	771	-	-	-	80	6,847
Non-executive Directors:								
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	211	32	-	34	277
Kung Beng Hong	-	-	-	142	48	-	-	190
Ou Shian Waei	-	-	-	157	55	-	-	212
Kuah Hun Liang	-	-	-	157	66	-	-	223
Lee Ah Boon	-	-	-	157	45	-	-	202
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	167	69	-	-	236
Lee Boon Huat	-	-	-	167	58	-	-	225
Ho Hon Cheong	-	-	-	142	62	-	-	204
Thayaparan S Sangarapillai	-	-	-	132	50	-	-	182
Tan Chian Khong	-	-	-	98	11	-	-	109
	-	-	-	1,530	496	-	34	2,060
Total CEO and Directors' remuneration	3,525	2,471	771	1,530	496	-	114	8,907

43. CEOS AND DIRECTORS' REMUNERATION (cont'd)

The total remuneration (including benefits-in-kind) of the CEOs and Directors of the Group and the Bank are as follows: (cont'd)

	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payables RM'000	Allowances RM'000	Share options/ grants under ESS RM'000	Benefits-in-kind RM'000	Total RM'000
Group								
Restated								
2017								
Chief Executive Officers:								
Joel Kornreich	3,638	2,300	699	-	-	-	37	6,674
Mahesh s/o Shri Pranlal Rupawalla	1,286	500	243	-	-	96	-	2,125
Foziakhatoon Binti Amanulla Khan	745	300	143	-	-	84	-	1,272
	5,669	3,100	1,085	-	-	180	37	10,071
Non-executive Directors:								
Datuk Oh Chong Peng	-	-	-	224	29	-	21	274
Tan Chian Khong	-	-	-	76	14	-	-	90
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	37	5	-	-	42
Kung Beng Hong	-	-	-	441	126	-	-	567
Ou Shian Waei	-	-	-	326	94	-	-	420
Kuah Hun Liang	-	-	-	269	85	-	-	354
Lee Ah Boon	-	-	-	241	83	-	-	324
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	280	90	-	-	370
Lee Boon Huat	-	-	-	157	64	-	-	221
Ho Hon Cheong	-	-	-	142	62	-	-	204
Thayaparan S Sangarapillai	-	-	-	113	37	-	-	150
Dato' Majid Bin Mohammad	-	-	-	188	57	-	-	245
Mazidah Binti Abdul Malik	-	-	-	101	29	-	-	130
Dato' Yeoh Beow Tit	-	-	-	66	11	-	-	77
Hj Md Ali Bin Md Sarif	-	-	-	76	21	-	-	97
Ibrahim Bin Hassan	-	-	-	44	11	-	-	55
Shaharuddin Bin Zainuddin	-	-	-	44	11	-	-	55
	-	-	-	2,825	829	-	21	3,675
Past Non-executive Directors:								
Dato' Thomas Mun Lung Lee	-	-	-	70	27	-	10	107
Tan Yuen Fah	-	-	-	61	25	-	-	86
Premod Paul Thomas	-	-	-	4	-	-	-	4
Megat Dziauddin Bin Megat Mahmud	-	-	-	75	19	-	-	94
Stephen Geh Sim Whye	-	-	-	57	24	-	-	81
	-	-	-	267	95	-	10	372
Total CEOs and Directors' remuneration	5,669	3,100	1,085	3,092	924	180	68	14,118

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

43. CEOS AND DIRECTORS' REMUNERATION (cont'd)

The total remuneration (including benefits-in-kind) of the Directors of the Group and the Bank are as follows: (cont'd)

	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payables RM'000	Allowances RM'000	Share options/ grants under ESS RM'000	Benefits-in-kind RM'000	Total RM'000
Bank								
2017								
Chief Executive Officer:								
Joel Kornreich	3,638	2,300	699	-	-	-	37	6,674
	3,638	2,300	699	-	-	-	37	6,674
Non-executive Directors:								
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	37	5	-	-	42
Kung Beng Hong	-	-	-	155	73	-	-	228
Ou Shian Waei	-	-	-	212	68	-	-	280
Kuah Hun Liang	-	-	-	157	61	-	-	218
Lee Ah Boon	-	-	-	153	63	-	-	216
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	160	75	-	-	235
Lee Boon Huat	-	-	-	157	64	-	-	221
Ho Hon Cheong	-	-	-	142	62	-	-	204
Thayaparan S Sangarapillai	-	-	-	113	37	-	-	150
	-	-	-	1,286	508	-	-	1,794
Past Non-executive Directors:								
Dato' Thomas Mun Lung Lee	-	-	-	67	27	-	10	104
Tan Yuen Fah	-	-	-	61	25	-	-	86
	-	-	-	128	52	-	10	190
Total CEO and Directors' remuneration	3,638	2,300	699	1,414	560	-	47	8,658

44. FINANCIAL RISK MANAGEMENT POLICIES

The Group manages risk within clearly defined guidelines that are approved by the Directors. In addition, the Board of Directors of the Group provides independent oversight to ensure that risk management policies are complied with, through a framework of established controls and reporting processes.

The guidelines and policies adopted by the Group to manage the main risks that arise in the conduct of its business activities are as follows:

(a) Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the Group's borrowers or counterparties to fulfil their contractual obligations to repay their loans or settle commitments.

Credit risk arises from loans/financing, advances, investment in securities, amongst others. The amount of credit exposure is represented by the carrying amount of loans/financing, advances and investment securities in the statements of financial position. The lending/financing activities in the Group are guided by the Group's Credit Risk Management Framework, in line with regulatory guidelines and best practices.

Credit risk also arises from financial transactions with counterparties (including interbank market activities, derivative instruments used for hedging and debt instruments), of which the amount of credit exposure in respect of these instruments is equal to the carrying amount of these assets in the statements of financial position. This exposure is monitored on an on-going basis against predetermined counterparty limits.

The credit exposure arising from off-balance sheet activities, i.e. commitments and contingencies is set out in Note 47 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(i) Maximum exposure to credit risk (cont'd)

The following table presents the Group and the Bank's maximum exposure to credit risk of on balance sheet and off-balance sheet financial instruments, before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

For on-balance sheet financial assets, the maximum exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts granted, the maximum exposure to credit risk is the maximum amount that would have to be paid if the guarantees were to be called upon. For credit related commitments and contingencies that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the credit facilities granted to customers.

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Credit risk exposure: on-balance sheet				
Cash and short-term funds (exclude cash in hand)	**2,503,354**	1,114,086	**1,450,557**	1,350,926
Deposits and placements with banks and other financial institutions	**77,283**	-	**77,283**	-
Amounts due from clients and brokers	**101,305**	113,022	**-**	-
Financial assets held-for-trading	**63,750**	335,260	**48,771**	259,701
Financial investments available-for-sale (exclude equity securities)	**8,326,333**	10,074,263	**6,284,804**	7,988,058
Financial investments held-to-maturity	**293,612**	917,092	**344,703**	658,201
Derivative financial assets	**84,455**	86,345	**84,455**	86,345
Loans, advances and financing (exclude sales commissions and handling fees)	**39,934,924**	38,955,726	**31,484,934**	31,347,517
Statutory deposits	**1,408,316**	1,437,444	**1,092,566**	1,129,366
Other assets (exclude prepayment)	**89,298**	90,811	**125,735**	86,643
	52,882,630	53,124,049	**40,993,808**	42,906,757
Credit risk exposure: off-balance sheet				
Financial guarantees	**730,771**	620,666	**556,701**	488,537
Credit related commitments and contingencies	**11,313,331**	10,208,969	**9,118,992**	8,385,420
	12,044,102	10,829,635	**9,675,693**	8,873,957
Total maximum exposure	**64,926,732**	63,953,684	**50,669,501**	51,780,714

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(ii) Credit risk concentrations (cont'd)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analyses of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged.

Group 2018	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,877,818	625,536	-	-	-	-	-	2,503,354
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	-	-	77,283
Amounts due from clients and brokers	-	670	-	-	-	-	100,635	101,305
Financial assets held-for-trading	-	53,527	10,223	-	-	-	-	63,750
Financial investments available-for-sale (exclude equity securities)	3,853,262	2,806,383	1,161,400	208,142	297,146	-	-	8,326,333
Financial investments held-to-maturity	141,686	151,926	-	-	-	-	-	293,612
Derivative financial assets	-	56,969	-	-	-	-	27,486	84,455
Loans, advances and financing (exclude sales commissions and handling fees)	-	4,930,498	497,730	11,318,771	1,361,096	21,313,630	513,199	39,934,924
Statutory deposits	1,408,316	-	-	-	-	-	-	1,408,316
Other assets (exclude prepayment)	-	392	-	-	-	-	88,906	89,298
	7,281,082	8,703,184	1,669,353	11,526,913	1,658,242	21,313,630	730,226	52,882,630
Financial guarantees	-	36,669	31,573	576,904	57,355	7,680	20,590	730,771
Credit related commitments and contingencies	-	1,453,597	128,259	4,495,893	1,515,553	2,900,735	819,294	11,313,331
	-	1,490,266	159,832	5,072,797	1,572,908	2,908,415	839,884	12,044,102
Total credit risk	7,281,082	10,193,450	1,829,185	16,599,710	3,231,150	24,222,045	1,570,110	64,926,732

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(ii) Credit risk concentrations (cont'd)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analyses of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (cont'd)

Bank 2018	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	587,207	863,350	-	-	-	-	-	1,450,557
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	-	-	77,283
Financial assets held-for-trading	-	38,549	10,222	-	-	-	-	48,771
Financial investments available-for-sale (exclude equity securities)	2,863,925	2,453,110	679,796	182,188	105,785	-	-	6,284,804
Financial investments held-to-maturity	121,271	223,432	-	-	-	-	-	344,703
Derivative financial assets	-	56,969	-	-	-	-	27,486	84,455
Loans, advances and financing (exclude sales commissions and handling fees)	-	3,917,597	349,960	8,710,547	1,065,567	17,038,464	402,799	31,484,934
Statutory deposits	1,092,566	-	-	-	-	-	-	1,092,566
Other assets (exclude prepayment)	-	47,186	-	-	-	-	78,549	125,735
	4,664,969	7,677,476	1,039,978	8,892,735	1,171,352	17,038,464	508,834	40,993,808
Financial guarantees	-	31,839	26,419	432,615	37,837	7,638	20,353	556,701
Credit related commitments and contingencies	-	1,292,655	122,364	3,509,320	1,382,911	2,302,406	509,336	9,118,992
	-	1,324,494	148,783	3,941,935	1,420,748	2,310,044	529,689	9,675,693
Total credit risk	4,664,969	9,001,970	1,188,761	12,834,670	2,592,100	19,348,508	1,038,523	50,669,501

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(ii) Credit risk concentrations (cont'd)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analyses of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (cont'd)

Group Restated 2017	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	971,784	142,302	-	-	-	-	-	1,114,086
Amounts due from clients and brokers	-	17,358	-	-	-	-	95,664	113,022
Financial assets held-for-trading	40,159	193,889	101,212	-	-	-	-	335,260
Financial investments available-for-sale (exclude equity securities)	3,841,396	4,672,634	999,537	304,556	256,140	-	-	10,074,263
Financial investments held-to-maturity	770,427	146,665	-	-	-	-	-	917,092
Derivative financial assets	675	25,249	-	-	-	-	60,421	86,345
Loans, advances and financing (exclude sales commissions and handling fees)	-	5,166,846	366,667	10,749,144	979,757	21,237,776	455,536	38,955,726
Statutory deposits	1,437,444	-	-	-	-	-	-	1,437,444
Other assets (exclude prepayment)	-	387	-	-	-	-	90,424	90,811
	7,061,885	10,365,330	1,467,416	11,053,700	1,235,897	21,237,776	702,045	53,124,049
Financial guarantees	-	79,098	23,502	440,327	47,378	4,985	25,376	620,666
Credit related commitments and contingencies	-	1,347,539	120,834	4,296,222	1,328,052	2,322,542	793,780	10,208,969
	-	1,426,637	144,336	4,736,549	1,375,430	2,327,527	819,156	10,829,635
Total credit risk	7,061,885	11,791,967	1,611,752	15,790,249	2,611,327	23,565,303	1,521,201	63,953,684

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(ii) Credit risk concentrations (cont'd)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analyses of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (cont'd)

Bank 2017	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	801,475	549,451	-	-	-	-	-	1,350,926
Financial assets held-for-trading	40,159	118,330	101,212	-	-	-	-	259,701
Financial investments available-for-sale (exclude equity securities)	2,977,001	4,003,013	675,032	237,846	95,166	-	-	7,988,058
Financial investments held-to-maturity	568,160	90,041	-	-	-	-	-	658,201
Derivative financial assets	675	25,249	-	-	-	-	60,421	86,345
Loans, advances and financing (exclude sales commissions and handling fees)	-	4,211,348	289,869	8,566,414	843,848	17,085,232	350,806	31,347,517
Statutory deposits	1,129,366	-	-	-	-	-	-	1,129,366
Other assets (exclude prepayment)	-	3,111	-	-	-	-	83,532	86,643
	5,516,836	9,000,543	1,066,113	8,804,260	939,014	17,085,232	494,759	42,906,757
Financial guarantees	-	76,039	23,391	318,115	40,949	4,944	25,099	488,537
Credit related commitments and contingencies	-	1,108,015	113,699	3,410,715	1,246,506	2,032,265	474,220	8,385,420
	-	1,184,054	137,090	3,728,830	1,287,455	2,037,209	499,319	8,873,957
Total credit risk	5,516,836	10,184,597	1,203,203	12,533,090	2,226,469	19,122,441	994,078	51,780,714

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(iii) Collaterals

The main types of collateral obtained by the Group and the Bank are as follows:

- For personal housing loans/financing, mortgages over residential properties;
- For commercial property loans/financing, charges over the properties being financed;
- For hire purchase, ownership rights over the vehicles or equipment financed; and
- For other loans/financing, charges over business assets such as premises, financial/trade receivables, or deposits.

(iv) Credit quality – Loans, advances and financing

All loans, advances and financing are categorised as either:

- Neither past due nor impaired;
- Past due but not impaired; or
- Impaired.

Past due loans/financing, advances and financing refer to loans that are overdue by one day or more. Impaired loans/financing are classified in accordance to the BNM guideline "Classification and Impairment Provision for Loan/Financing".

Distribution of loans, advances and financing by credit quality

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Neither past due nor impaired	**38,368,245**	37,672,110	**30,283,493**	30,362,759
Past due but not impaired	**1,361,609**	1,270,222	**1,016,197**	943,962
Impaired	**577,519**	393,349	**470,646**	339,580
Gross loans, advances and financing	**40,307,373**	39,335,681	**31,770,336**	31,646,301
Less: Allowance for impairment				
- Individual assessment	**(75,733)**	(66,627)	**(64,967)**	(64,147)
- Collective assessment	**(296,716)**	(313,328)	**(220,435)**	(234,637)
Net loans, advances and financing	**39,934,924**	38,955,726	**31,484,934**	31,347,517
Percentage of collateral held for loans, advances and financing	**72.0%**	73.7%	**73.9%**	75.0%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(iv) Credit quality – Loans, advances and financing (cont'd)

Credit quality of loans, advances and financing neither past due nor impaired

Analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Grading classification				
- Good	**37,096,620**	36,188,329	**29,271,361**	29,166,724
- Fair	**1,271,625**	1,483,781	**1,012,132**	1,196,035
	38,368,245	37,672,110	**30,283,493**	30,362,759

The definition of the grading classification can be summarised as follows:

Good: Refers to loans, advances and financing which have never been past due in the last 6 months and have never undergone any restructuring or rescheduling exercise previously.

Fair: Refers to loans, advances and financing which have been past due at some point within the last 6 months, or have undergone restructuring or rescheduling exercise previously.

Loans, advances and financing that are past due but not impaired

An aging analysis of loans, advances and financing that are past due but not impaired is set out below.

For the purpose of this analysis an asset is considered past due and included below when any payment due under strict contractual terms is received late or missed. The amount included is the entire financial asset, not just the payment of principal or interest/profit or both overdue.

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Past due up to 1 month	**1,105,247**	1,016,032	**836,874**	779,123
Past due > 1 - 2 months	**221,479**	219,448	**159,159**	148,204
Past due > 2 - 3 months	**34,883**	34,742	**20,164**	16,635
	1,361,609	1,270,222	**1,016,197**	943,962

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(iv) Credit quality – Loans, advances and financing (cont'd)

Loans, advances and financing assessed as impaired

An analysis of the gross amount of loans, advances and financing individually assessed as impaired by the Group and the Bank is as follows:

	Group		Bank	
		Restated		
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Gross impaired loans	**577,519**	393,349	**470,646**	339,580
Gross individually assessed impaired loans [Note]	**209,987**	129,176	**154,629**	122,790
Less: Allowance for impairment				
- Individual assessment	**(75,733)**	(66,627)	**(64,967)**	(64,147)
Net individually assessed impaired loans	**134,254**	62,549	**89,662**	58,643

Note:
Exclude individually assessed impaired loans which were fully collateralised and subsequently assessed under collective allowance for the Group (2018: RM128,035,000; 2017: RM37,345,000) and the Bank (2018: RM126,404,000; 2017: RM28,137,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality – financial instruments and financial assets

Financial instrument include cash and short term funds, deposits and placements with other financial institutions, amounts due from clients and brokers, debt securities, derivative financial assets, statutory deposits with BNM and other assets. Cash and short term funds herein excludes cash in hand. Debt securities include financial assets held-for-trading, financial investments available-for-sale and financial investments held-to-maturity. Financial assets held-for-trading and financial investments available-for-sale are measured at fair value. The fair value will reflect the credit risk of the issuer.

Distribution of financial instruments by credit quality are summarised as below:

Group 2018	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Allowance for impairment losses RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	2,503,354	-	-	-	2,503,354
Deposits and placements with banks and other financial institutions	77,283	-	-	-	77,283
Amounts due from clients and brokers	101,066	-	1,079	(840)	101,305
Financial assets held-for-trading	63,750	-	-	-	63,750
Financial investments available-for-sale (exclude equity securities)	8,326,333	-	9,420	(9,420)	8,326,333
Financial investments held-to-maturity	289,240	-	18,565	(14,193)	293,612
Derivative financial assets	84,455	-	-	-	84,455
Statutory deposits	1,408,316	-	-	-	1,408,316
Other assets (exclude prepayment)	89,298	-	32,017	(32,017)	89,298
	12,943,095	-	61,081	(56,470)	12,947,706

Bank 2018	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Allowance for impairment losses RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,450,557	-	-	-	1,450,557
Deposits and placements with banks and other financial institutions	77,283	-	-	-	77,283
Financial assets held-for-trading	48,771	-	-	-	48,771
Financial investments available-for-sale (exclude equity securities)	6,284,804	-	11	(11)	6,284,804
Financial investments held-to-maturity	344,703	-	1,294	(1,294)	344,703
Derivative financial assets	84,455	-	-	-	84,455
Statutory deposits	1,092,566	-	-	-	1,092,566
Other assets (exclude prepayment)	125,735	-	27,578	(27,578)	125,735
	9,508,874	-	28,883	(28,883)	9,508,874

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality – financial instruments and financial assets (cont'd)

Distribution of financial instruments by credit quality are summarised as below: (cont'd)

Group Restated 2017	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Allowance for impairment losses RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,114,086	-	-	-	1,114,086
Amounts due from clients and brokers	112,910	-	947	(835)	113,022
Financial assets held-for-trading	335,260	-	-	-	335,260
Financial investments available-for-sale (exclude equity securities)	10,074,263	-	231,911	(231,911)	10,074,263
Financial investments held-to-maturity	912,720	-	18,565	(14,193)	917,092
Derivative financial assets	86,345	-	-	-	86,345
Statutory deposits	1,437,444	-	-	-	1,437,444
Other assets (exclude prepayment)	90,811	-	29,535	(29,535)	90,811
	14,163,839	-	280,958	(276,474)	14,168,323

Bank 2017	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Allowance for impairment losses RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,350,926	-	-	-	1,350,926
Financial assets held-for-trading	259,701	-	-	-	259,701
Financial investments available-for-sale (exclude equity securities)	7,988,058	-	135,681	(135,681)	7,988,058
Financial investments held-to-maturity	658,201	-	1,294	(1,294)	658,201
Derivative financial assets	86,345	-	-	-	86,345
Statutory deposits	1,129,366	-	-	-	1,129,366
Other assets (exclude prepayment)	86,643	-	24,409	(24,409)	86,643
	11,559,240	-	161,384	(161,384)	11,559,240

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality – financial instruments and financial assets (cont'd)

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank uses external credit ratings provided by RAM, MARC, FITCH, Moody's and S&P. The table below presents an analysis of debt securities by rating agency:

	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held-for-trading RM'000	Financial investments available-for sale RM'000	Financial investments held-to-maturity RM'000	Derivative financial assets RM'000	Statutory deposits RM'000	Total RM'000
Group								
2018								
By rating agencies								
RAM								
AAA	103,496	77,283	-	1,508,539	-	28,948	-	1,718,266
AA1	-	-	-	288,265	-	842	-	289,107
AA2	105,868	-	-	386,986	-	24,556	-	517,410
AA3	50,009	-	-	380,297	-	324	-	430,630
A1	59,250	-	12,623	73,250	-	34	-	145,157
P1	-	-	40,904	14,978	-	-	-	55,882
MARC								
AA	-	-	-	151,794	-	-	-	151,794
AAA	-	-	-	354,440	-	-	-	354,440
AA-	-	-	-	100,280	-	-	-	100,280
A	-	-	-	-	-	5	-	5
FITCH								
AA	84	-	-	-	-	-	-	84
BBB+	947	-	-	-	-	-	-	947
Moody's								
AA3	-	-	-	-	-	48	-	48
A1	397	-	-	-	-	210	-	607
A3	154,649	-	-	-	-	-	-	154,649
S&P								
AA-	1,783	-	-	-	-	743	-	2,526
A	1,132	-	-	-	-	-	-	1,132
BBB+	1,530	-	-	-	-	-	-	1,530
Government backed	1,877,818	-	10,223	5,067,504	288,867	-	1,408,316	8,652,728
Unrated [Note]	146,391	-	-	-	4,745	28,745	-	179,881
	2,503,354	77,283	63,750	8,326,333	293,612	84,455	1,408,316	12,757,103

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality – financial instruments and financial assets (cont'd)

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank uses external credit ratings provided by RAM, MARC, FITCH, Moody's and S&P. The table below presents an analysis of debt securities by rating agency: (cont'd)

	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held-for-trading RM'000	Financial investments available-for sale RM'000	Financial investments held-to-maturity RM'000	Derivative financial assets RM'000	Statutory deposits RM'000	Total RM'000
Bank								
2018								
By rating agencies								
RAM								
AAA	100,506	77,283	-	1,107,723	-	28,948	-	1,314,460
AA1	-	-	-	201,941	-	842	-	202,783
AA2	105,868	-	-	336,535	-	24,556	-	466,959
AA3	50,009	-	-	82,194	-	324	-	132,527
A1	300,054	-	12,622	817,003	130,059	34	-	1,259,772
P1	-	-	25,926	14,978	-	-	-	40,904
MARC								
AA	-	-	-	45,852	-	-	-	45,852
AAA	-	-	-	307,873	-	-	-	307,873
AA-	-	-	-	80,206	-	-	-	80,206
A	-	-	-	-	-	5	-	5
FITCH								
AA	84	-	-	-	-	-	-	84
BBB+	947	-	-	-	-	-	-	947
Moody's								
AA3	-	-	-	-	-	48	-	48
A1	397	-	-	-	-	210	-	607
A3	154,649	-	-	-	-	-	-	154,649
S&P								
AA-	1,783	-	-	-	-	743	-	2,526
A	1,132	-	-	-	-	-	-	1,132
BBB+	1,530	-	-	-	-	-	-	1,530
Government backed	587,207	-	10,223	3,290,499	214,307	-	1,092,566	5,194,802
Unrated [Note]	146,391	-	-	-	337	28,745	-	175,473
	1,450,557	77,283	48,771	6,284,804	344,703	84,455	1,092,566	9,383,139

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality – financial instruments and financial assets (cont'd)

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank uses external credit ratings provided by RAM, MARC, FITCH, Moody's and S&P. The table below presents an analysis of debt securities by rating agency: (cont'd)

	Cash and short-term funds RM'000	Financial assets held-for-trading RM'000	Financial investments available-for sale RM'000	Financial investments held-to-maturity RM'000	Derivative financial assets RM'000	Statutory deposits RM'000	Total RM'000
Group							
Restated							
2017							
By rating agencies							
RAM							
AAA	61,042	-	615,122	-	18,830	-	694,994
AA1	-	-	1,028,787	-	1,311	-	1,030,098
AA2	1,959	-	1,164,113	-	2,864	-	1,168,936
AA3	-	-	696,887	-	-	-	696,887
A1	7,395	2,849	58,835	-	-	-	69,079
A2	-	-	-	-	125	-	125
P1	-	79,815	49,491	-	-	-	129,306
MARC							
AA	-	-	127,092	-	-	-	127,092
AAA	-	61,045	1,011,773	-	-	-	1,072,818
AA-	-	-	280,875	-	-	-	280,875
MARC-1	-	24,972	-	-	-	-	24,972
FITCH							
AA	305	-	-	-	-	-	305
Moody's							
AA1	1,052	-	-	-	-	-	1,052
AA2	2,663	-	-	-	153	-	2,816
AA3	1,641	-	-	-	558	-	2,199
A1	434	-	-	-	234	-	668
BAA3	354	-	-	-	-	-	354
S&P							
AA-	170	-	-	-	-	-	170
BBB+	54	-	-	-	-	-	54
Government backed	971,784	166,579	5,036,328	912,347	675	1,437,444	8,525,157
Unrated [Note]	65,233	-	4,960	4,745	61,595	-	136,533
	1,114,086	335,260	10,074,263	917,092	86,345	1,437,444	13,964,490

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality – financial instruments and financial assets (cont'd)

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank uses external credit ratings provided by RAM, MARC, FITCH, Moody's and S&P. The table below presents an analysis of debt securities by rating agency: (cont'd)

	Cash and short-term funds RM'000	Financial assets held-for-trading RM'000	Financial investments available-for sale RM'000	Financial investments held-to-maturity RM'000	Derivative financial assets RM'000	Statutory deposits RM'000	Total RM'000
Bank							
2017							
By rating agencies							
RAM							
AAA	45,504	-	405,989	-	18,830	-	470,323
AA1	-	-	642,627	-	1,311	-	643,938
AA2	2,501	-	800,886	-	2,864	-	806,251
AA3	-	-	476,413	-	-	-	476,413
A1	431,375	2,849	988,583	-	-	-	1,422,807
A2	-	-	-	-	125	-	125
P1	-	44,950	49,491	-	-	-	94,441
MARC							
AA	-	-	86,254	-	-	-	86,254
AAA	-	20,351	822,810	-	-	-	843,161
AA-	-	-	260,867	-	-	-	260,867
MARC-1	-	24,972	-	-	-	-	24,972
FITCH							
AA	459	-	-	-	-	-	459
Moody's							
AA2	1,666	-	-	-	153	-	1,819
AA3	2,442	-	-	-	558	-	3,000
A1	226	-	-	-	234	-	460
A3	1,641	-	-	-	-	-	1,641
S&P							
AA-	440	-	-	-	-	-	440
BBB+	83	-	-	-	-	-	83
Government backed	801,475	166,579	3,454,138	657,864	675	1,129,366	6,210,097
Unrated [Note]	63,114	-	-	337	61,595	-	125,046
	1,350,926	259,701	7,988,058	658,201	86,345	1,129,366	11,472,597

Note:
Unrated financial instruments comprise of placement with financial institutions where credit rating is not available, investments in bankers' acceptances, negotiable instruments of deposits and debt securities that are no longer rated, or are exempted from credit rating.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk

Market Risk is the risk of loss of earnings arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices and in their implied volatilities.

The Group has established a framework of risk policies, measurement methodologies and risk limits as approved by the Group Risk Management Committee (GRMC) to manage market risk. Market risk arising from the trading activities is controlled via position limits, loss limits sensitivity limits and regular revaluation of positions versus market prices, where available.

The Group is also susceptible to exposure to market risk arising from changes in prices of the shares quoted on Bursa Malaysia, which will impact on the Group's amount due from clients and brokers. The risk is controlled by application of credit approvals, limits and monitoring procedures.

(i) Interest rate/profit rate risk

As a subset of market risk, interest/profit rate risk refers to the volatility in net interest/profit income as a result of changes in interest/profit rate of return and shifts in the composition of the assets and liabilities. Interest rate/rate of return risk is managed through interest/profit rate sensitivity analysis. The sensitivity in net interest/profit income from interest/profit rate movement is monitored and reported to Management. In addition to pre-scheduled meetings, Group Assets and Liabilities Management Committee (GALCO) will also deliberate on revising the Group and the Bank's lending/financing and deposit rates in response to changes in the benchmark rates set by the central bank.

The effects of changes in the levels of interest rates/rates of return on the market value of securities are monitored closely and mark-to-market valuations are regularly reported to Management.

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of interest/profit rates on its financial position and cash flows. The effects of changes in the levels of interest rates/rates of return on the market value of securities are monitored regularly and the outcome of mark-to-market valuations are escalated to Management regularly. The table below summarises the effective interest/profit rates at the end of the reporting period and the periods in which the financial instruments will re-price or mature, whichever is the earlier.

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest rate/profit rate risk (cont'd)

Group 2018	Non-trading book: Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets									
Cash and short-term funds	2,156,551	-	-	-	-	-	612,207	-	2,768,758
Deposits and placements with banks and other financial institutions	-	77,265	-	-	-	-	18	-	77,283
Amounts due from clients and brokers	1,302	-	-	-	-	-	100,003	-	101,305
Financial assets held-for-trading	-	-	-	-	-	-	-	63,750	63,750
Financial investments available-for-sale	24,978	325,123	492,862	620,622	5,184,435	1,590,833	266,336	-	8,505,189
Financial investments held-to-maturity	-	-	84,356	82,818	119,713	-	6,725	-	293,612
Derivative financial assets	-	-	-	-	-	-	-	84,455	84,455
Loans, advances and financing	32,947,800	1,612,546	450,341	358,424	2,626,983	1,788,351	205,070*	-	39,989,515
Other financial assets [Note]	-	-	-	-	-	-	1,497,614	-	1,497,614
Total assets	35,130,631	2,014,934	1,027,559	1,061,864	7,931,131	3,379,184	2,687,973	148,205	53,381,481
Liabilities									
Deposits from customers	16,798,741	4,052,178	4,316,145	8,329,210	1,164,868	-	8,079,318	-	42,740,460
Deposits and placements of banks and other financial institutions	249,495	13,117	13,944	22,649	571,472	-	3,194	-	873,871
Financial liabilities designated at fair value	5,686	12,644	14,160	2,532	260,227	383,460	3,529	-	682,238
Amounts due to clients and brokers	-	-	-	-	-	-	75,103	-	75,103
Derivative financial liabilities	-	-	-	-	-	-	-	154,686	154,686
Recourse obligations on loans and financing sold to Cagamas	-	-	-	300,011	800,006	-	2,346	-	1,102,363
Subordinated obligations	-	-	-	-	149,316	1,199,593	30,705	-	1,379,614
Other financial liabilities	32,913	-	13,835	20,419	283,264	151,400	766,199	-	1,268,030
Total liabilities	17,086,835	4,077,939	4,358,084	8,674,821	3,229,153	1,734,453	8,960,394	154,686	48,276,365
On-balance sheet interest sensitivity gap	18,043,796	(2,063,005)	(3,330,525)	(7,612,957)	4,701,978	1,644,731	(6,272,421)	(6,481)	5,105,116

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest rate/profit rate risk (cont'd)

Bank 2018	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets									
Cash and short-term funds	1,191,507	-	-	-	-	-	524,454	-	1,715,961
Deposits and placements with banks and other financial institutions	-	77,265	-	-	-	-	18	-	77,283
Financial assets held-for-trading	-	-	-	-	-	-	-	48,771	48,771
Financial investments available-for-sale	34,978	255,076	469,394	455,478	4,461,124	542,517	187,881	-	6,406,448
Financial investments held-to-maturity	-	-	49,698	63,330	229,596	-	2,079	-	344,703
Derivative financial assets	-	-	-	-	-	-	-	84,455	84,455
Loans, advances and financing	27,070,544	1,167,774	283,597	299,478	1,721,997	817,930	185,244*	-	31,546,564
Other financial assets [Note]	-	-	-	-	-	-	1,218,301	-	1,218,301
Total assets	28,297,029	1,500,115	802,689	818,286	6,412,717	1,360,447	2,117,977	133,226	41,442,486
Liabilities									
Deposits from customers	12,660,602	3,315,387	3,331,588	5,679,854	865,845	-	7,655,094	-	33,508,370
Deposits and placements of banks and other financial institutions	58,587	13,117	12,774	18,597	333,872	-	2,291	-	439,238
Financial liabilities designated at fair value	5,686	12,644	14,160	2,532	260,227	383,460	3,529	-	682,238
Derivative financial liabilities	-	-	-	-	-	-	-	154,686	154,686
Recourse obligations on loans and financing sold to Cagamas	-	-	-	300,011	300,000	-	1,685	-	601,696
Subordinated obligations	-	-	-	-	149,316	1,199,062	30,646	-	1,379,024
Other financial liabilities	32,913	-	13,835	20,419	283,264	151,400	650,122	-	1,151,953
Total liabilities	12,757,788	3,341,148	3,372,357	6,021,413	2,192,524	1,733,922	8,343,367	154,686	37,917,205
On-balance sheet interest sensitivity gap	15,539,241	(1,841,033)	(2,569,668)	(5,203,127)	4,220,193	(373,475)	(6,225,390)	(21,460)	3,525,281

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest rate/profit rate risk (cont'd)

Group Restated 2017	Non-trading book Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets									
Cash and short-term funds	750,424	-	-	-	-	-	631,355	-	1,381,779
Amounts due from clients and brokers	3,561	-	-	-	-	-	109,461	-	113,022
Financial assets held-for-trading	-	-	-	-	-	-	-	335,260	335,260
Financial investments available-for-sale	1,259,455	1,203,276	143,948	760,579	4,887,652	1,874,448	110,199	-	10,239,557
Financial investments held-to-maturity	-	80,030	265,429	280,223	281,518	-	9,892	-	917,092
Derivative financial assets	-	-	-	-	-	-	-	86,345	86,345
Loans, advances and financing	32,032,633	1,527,569	352,462	368,454	2,818,711	1,878,466	13,394*	-	38,991,689
Other financial assets [Note]	-	-	-	-	-	-	1,547,784	-	1,547,784
Total assets	34,046,073	2,810,875	761,839	1,409,256	7,987,881	3,752,914	2,422,085	421,605	53,612,528
Liabilities									
Deposits from customers	21,321,953	5,879,990	3,428,826	7,624,286	209,538	5,680	5,975,447	-	44,445,720
Deposits and placements of banks and other financial institutions	93,041	182,862	7,400	18,220	553,341	-	8,040	-	862,904
Financial liabilities designated at fair value	200	6,796	4,749	36,774	130,074	222,362	1,779	-	402,734
Amounts due to clients and brokers	-	-	-	-	-	-	69,066	-	69,066
Derivative financial liabilities	-	-	-	-	-	-	-	81,892	81,892
Recourse obligations on loans and financing sold to Cagamas	-	-	-	200,010	300,009	-	2,694	-	502,713
Other borrowings	-	-	-	5,000	-	-	70	-	5,070
Subordinated obligations	-	-	-	-	1,199,177	-	26,901	-	1,226,078
Other financial liabilities	55,200	2,673	-	-	85,498	235,080	870,490	-	1,248,941
Total liabilities	21,470,394	6,072,321	3,440,975	7,884,290	2,477,637	463,122	6,954,487	81,892	48,845,118
On-balance sheet interest sensitivity gap	12,575,679	(3,261,446)	(2,679,136)	(6,475,034)	5,510,244	3,289,792	(4,532,402)	339,713	4,767,410

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest rate/profit rate risk (cont'd)

Bank 2017	Non-trading book: Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets									
Cash and short-term funds	1,064,674	-	-	-	-	-	553,943	-	1,618,617
Financial assets held-for-trading	-	-	-	-	-	-	-	259,701	259,701
Financial investments available-for-sale	1,030,050	890,159	194,657	760,963	4,213,754	971,315	38,552	-	8,099,450
Financial investments held-to-maturity	-	-	235,373	209,943	209,115	-	3,770	-	658,201
Derivative financial assets	-	-	-	-	-	-	-	86,345	86,345
Loans, advances and financing	26,841,225	1,265,292	271,276	348,579	1,963,546	641,193	40,796*	-	31,371,907
Other financial assets [Note]	-	-	-	-	-	-	1,234,507	-	1,234,507
Total assets	28,935,949	2,155,451	701,306	1,319,485	6,386,415	1,612,508	1,871,568	346,046	43,328,728
Liabilities									
Deposits from customers	16,607,848	4,314,152	2,711,769	6,575,410	85,994	5,680	5,811,648	-	36,112,501
Deposits and placements of banks and other financial institutions	92,403	180,200	4,500	14,340	350,988	-	7,298	-	649,729
Financial liabilities designated at fair value	200	6,796	4,749	36,774	130,074	222,362	1,779	-	402,734
Derivative financial liabilities	-	-	-	-	-	-	-	81,892	81,892
Recourse obligations on loans and financing sold to Cagamas	-	-	-	200,010	300,009	-	2,694	-	502,713
Other borrowings	-	-	-	5,000	-	-	70	-	5,070
Subordinated obligations	-	-	-	-	1,198,763	-	26,901	-	1,225,664
Other financial liabilities	55,200	2,673	-	-	85,498	235,080	733,729	-	1,112,180
Total liabilities	16,755,651	4,503,821	2,721,018	6,831,534	2,151,326	463,122	6,584,119	81,892	40,092,483
On-balance sheet interest sensitivity gap	12,180,298	(2,348,370)	(2,019,712)	(5,512,049)	4,235,089	1,149,386	(4,712,551)	264,154	3,236,245

* Impaired loans/financing, individual assessment allowance and collective assessment allowance of the Group and the Bank are classified under the non-interest/profit sensitive column.

Note:
Include statutory deposits and other assets.

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(ii) Foreign exchange risk

Foreign exchange risk refers to the risk that fair value or future cash flows of a financial instruments will fluctuate because of the movements in the exchange rates for foreign exchange positions taken by the Group and the Bank from time to time.

Foreign currency exchange risk is managed via approved risk limits and open positions are regularly revalued against current exchange rates and reported to Management and Board.

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

Group/Bank 2018	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Others RM'000	Total RM'000
Assets							
Cash and short-term funds	247,253	1,502	948	178	1,929	10,463	262,273
Deposits and placements with banks and other financial institutions	77,283	-	-	-	-	-	77,283
Loans, advances and financing	332,833	-	5,220	-	32,237	1,199	371,489
Other financial assets	39,817	-	-	6	19	120	39,962
Total financial assets	697,186	1,502	6,168	184	34,185	11,782	751,007
Liabilities							
Deposits from customers	501,381	52,496	33,618	125,844	41,470	36,923	791,732
Deposits and placements of banks and other financial institutions	19,318	-	-	-	-	21,864	41,182
Financial liabilities designated at fair value	-	-	-	-	-	911	911
Other financial liabilities	13,530	431	2,463	6,071	-	1,804	24,299
Total financial liabilities	534,229	52,927	36,081	131,915	41,470	61,502	858,124
On-balance sheet open position	162,957	(51,425)	(29,913)	(131,731)	(7,285)	(49,720)	(107,117)
Off-balance sheet open position	(190,218)	50,042	27,941	104,387	(11,117)	56,264	37,299
Net open position	(27,261)	(1,383)	(1,972)	(27,344)	(18,402)	6,544	(69,818)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(ii) Foreign exchange risk (cont'd)

Group/Bank Restated 2017	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Others RM'000	Total RM'000
Assets							
Cash and short-term funds	107,019	1,641	-	1,666	1,273	6,476	118,075
Loans, advances and financing	738,782	-	8,281	-	101	2,089	749,253
Other financial assets	22,206	4	-	2	-	5	22,217
Total financial assets	868,007	1,645	8,281	1,668	1,374	8,570	889,545
Liabilities							
Deposits from customers	464,444	55,233	22,891	127,047	33,757	35,515	738,887
Deposits and placements of banks and other financial institutions	267,483	-	2,608	-	160	1,074	271,325
Financial liabilities designated at fair value	-	-	-	-	-	560	560
Other financial liabilities	29,398	5,320	651	13,012	54	4,348	52,783
Total financial liabilities	761,325	60,553	26,150	140,059	33,971	41,497	1,063,555
On-balance sheet open position	106,682	(58,908)	(17,869)	(138,391)	(32,597)	(32,927)	(174,010)
Off-balance sheet open position	(157,562)	57,334	14,957	129,672	22,442	38,950	105,793
Net open position	(50,880)	(1,574)	(2,912)	(8,719)	(10,155)	6,023	(68,217)

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(iii) Value at risk (VaR)

Value-at-risk (VaR) reflects the maximum potential loss of value of a portfolio resulting from market movements within a specified probability of occurrence (level of confidence); for a specific period of time (holding period). For the Group and the Bank, VaR is computed based on the historical simulation approach with parameters in accordance with BNM and Basel requirements. Backtesting is performed daily to validate and reassess the accuracy of the VaR model. This involves the comparison of the daily VaR values against the hypothetical profit and loss over the corresponding period.

The table below sets out a summary of the Group and the Bank's VaR profile by financial instrument types for the Trading Portfolio:

Group 2018	**Balance RM'000**	**Average for the year RM'000**	**Minimum RM'000**	**Maximum RM'000**
Instruments:				
FX related derivatives	**(578)**	**(1,179)**	**(461)**	**(2,706)**
Government securities	**(4,093)**	**(14,646)**	**(4,093)**	**(41,511)**
Private debt securities	**(3,391)**	**(8,761)**	**(3,391)**	**(14,624)**
Bank 2018				
FX related derivatives	**(578)**	**(1,179)**	**(461)**	**(2,706)**
Government securities	**(3,017)**	**(11,387)**	**(3,015)**	**(32,749)**
Private debt securities	**(1,308)**	**(2,515)**	**(1,070)**	**(4,359)**
Group Restated 2017				
Instruments:				
FX related derivatives	(2,183)	(9,803)	(773)	(372,076)
Government securities	(41,610)	(27,976)	(3,218)	(42,152)
Private debt securities	(14,010)	(12,190)	(3,279)	(16,298)
Bank 2017				
FX related derivatives	(2,183)	(9,803)	(773)	(372,076)
Government securities	(32,809)	(22,879)	(7,722)	(33,850)
Private debt securities	(4,317)	(4,524)	(1,417)	(10,634)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(iv) Interest rate risk/rate of return risk in the banking book

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

	2018 Group		2018 Bank	
	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps
	Increase/(Decrease)		Increase/(Decrease)	
	RM'000	RM'000	RM'000	RM'000
Impact on net profit after tax	**(95,584)**	**95,584**	**(78,216)**	**78,216**
Impact on equity	**198,551**	**(173,091)**	**128,578**	**(109,818)**

	Restated 2017 Group		2017 Bank	
	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps
	Increase/(Decrease)		Increase/(Decrease)	
	RM'000	RM'000	RM'000	RM'000
Impact on net profit after tax	(77,078)	77,078	(73,278)	73,278
Impact on equity	197,914	(187,315)	137,650	(130,741)

Note:
The foreign currency impact on net interest income is considered insignificant as the individual exposure is less than 5% of Banking Book assets/liabilities.

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(v) Other risk measures

(i) Stress test

Stress testing is normally used by banks to gauge their potential vulnerability to exceptional but plausible events. The Group performs stress testing regularly to measure and alert the Board and Management on the effects of potential political, economic or other disruptive events on our exposures. The Group's stress testing process is governed by the Stress Testing Framework as approved by the Board. Stress testing is conducted on a bank-wide basis as well as on specific portfolios. The Group's bank-wide stress testing exercise uses a variety of broad macroeconomic indicators that are then translated into stress impacts on the various business units. The results are then consolidated to provide an overall impact on the Group's financial results and capital requirements. Stress testing results are reported to the Board and Management to provide them with an assessment of the financial impact of such events would have on the Group's profitability and capital levels.

(ii) Sensitivity analysis

Sensitivity analysis is used to measure the impact of changes in individual stress factors such as interest/profit rates or foreign exchange rates. It is normally designed to isolate and quantify exposure to the underlying risk. The Group performs sensitivity analysis such as parallel shifts of interest/profit rates on its exposures, primarily on the banking and trading book positions.

(c) Liquidity Risk

Liquidity risk is the inability of the Group to meet financial commitments when due.

The Bank's liquidity risk profile is managed using liquidity risk management strategies set in the Liquidity Risk Management Policy. Liquidity Risk Measures are monitored against approved thresholds by GALCO and GRMC. A contingency funding plan is also established by the Group as a forward-looking measure to ensure that liquidity risk can be addressed according to the degrees of key risk indicators, and which incorporates alternative funding strategies which are ready to be implemented on a timely basis to mitigate the impact of unforeseen adverse changes in liquidity in the market place.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities:

Group 2018	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Assets						
Cash and short-term funds	2,768,758	-	-	-	-	2,768,758
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	77,283
Amounts due from clients and brokers	101,305	-	-	-	-	101,305
Financial investment held-for-trading	14,978	25,926	167	-	22,679	63,750
Financial investment available-for-sale	61,848	355,038	519,110	619,793	6,949,400	8,505,189
Financial investment held to maturity	1,229	744	84,422	82,636	124,581	293,612
Loans, advances and financing	7,889,139	1,974,013	995,243	187,093	28,944,027	39,989,515
Other financial and non financial assets	87,177	37,283	7,211	15,060	1,955,904	2,102,635
Total assets	10,924,434	2,470,287	1,606,153	904,582	37,996,591	53,902,047
Liabilities						
Deposits from customers	24,747,374	4,098,867	4,396,044	8,391,457	1,106,718	42,740,460
Deposits and placements of banks and other financial institutions	250,481	13,118	16,150	22,650	571,472	873,871
Financial liabilities designated at fair value	1,759	1,869	21,315	15,600	641,695	682,238
Amounts due to clients and brokers	75,103	-	-	-	-	75,103
Recourse obligations on loans and financing sold to Cagamas	-	2,346	-	300,011	800,006	1,102,363
Other borrowings	-	-	-	-	-	-
Subordinated obligations	22,118	8,528	59	-	1,348,909	1,379,614
Other financial and non financial liabilities	534,360	17,982	52,857	47,094	936,515	1,588,808
Total liabilities	25,631,195	4,142,710	4,486,425	8,776,812	5,405,315	48,442,457
Net maturity mismatch	(14,706,761)	(1,672,423)	(2,880,272)	(7,872,230)	32,591,276	5,459,590

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

Bank 2018	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Assets						
Cash and short-term funds	1,715,961	-	-	-	-	1,715,961
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	77,283
Financial investment held-for-trading	-	25,926	167	-	22,678	48,771
Financial investment available-for-sale	61,449	274,130	489,924	455,660	5,125,285	6,406,448
Financial investment held to maturity	1,229	446	49,764	63,149	230,115	344,703
Loans, advances and financing	6,209,355	1,484,709	696,125	127,651	23,028,724	31,546,564
Other financial and non financial assets	106,587	29,877	7,173	14,735	2,518,516	2,676,888
Total assets	8,094,581	1,892,371	1,243,153	661,195	30,925,318	42,816,618
Liabilities						
Deposits from customers	20,217,072	3,354,730	3,391,908	5,730,196	814,464	33,508,370
Deposits and placements of banks and other financial institutions	59,539	13,117	14,113	18,598	333,871	439,238
Financial liabilities designated at fair value	1,759	1,869	21,315	15,600	641,695	682,238
Recourse obligations on loans and financing sold to Cagamas	-	1,685	-	300,011	300,000	601,696
Subordinated obligations	22,118	8,528	-	-	1,348,378	1,379,024
Other financial and non financial liabilities	434,694	17,012	52,630	46,640	910,377	1,461,353
Total liabilities	20,735,182	3,396,941	3,479,966	6,111,045	4,348,785	38,071,919
Net maturity mismatch	(12,640,601)	(1,504,570)	(2,236,813)	(5,449,850)	26,576,533	4,744,699

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

Group Restated 2017	**Up to 1 month RM'000**	**>1-3 months RM'000**	**>3-6 months RM'000**	**>6-12 months RM'000**	**>1 year RM'000**	**Total RM'000**
Assets						
Cash and short-term funds	1,381,779	-	-	-	-	1,381,779
Amounts due from clients and brokers	113,022	-	-	-	-	113,022
Financial investment held-for-trading	45,323	181,602	215	-	108,120	335,260
Financial investment available-for-sale	1,292,220	1,231,788	163,256	624,899	6,927,394	10,239,557
Financial investment held to maturity	2,226	81,701	266,680	280,223	286,262	917,092
Loans, advances and financing	6,919,500	1,798,614	653,263	154,309	29,466,003	38,991,689
Other financial and non financial assets	81,259	26,298	28,035	15,253	1,959,820	2,110,665
Total assets	9,835,329	3,320,003	1,111,449	1,074,684	38,747,599	54,089,064
Liabilities						
Deposits from customers	27,157,697	5,934,667	3,466,141	7,667,132	220,083	44,445,720
Deposits and placements of banks and other financial institutions	98,792	185,151	7,400	18,220	553,341	862,904
Financial liabilities designated at fair value	939	7,564	5,021	36,774	352,436	402,734
Amounts due to clients and brokers	69,066	-	-	-	-	69,066
Recourse obligations on loans and financing sold to Cagamas	-	2,695	-	200,010	300,008	502,713
Other borrowings	-	70	-	5,000	-	5,070
Subordinated obligations	22,118	4,783	-	-	1,199,177	1,226,078
Other financial and non financial liabilities	639,743	103,091	12,855	16,552	688,340	1,460,581
Total liabilities	27,988,355	6,238,021	3,491,417	7,943,688	3,313,385	48,974,866
Net maturity mismatch	(18,153,026)	(2,918,018)	(2,379,968)	(6,869,004)	35,434,214	5,114,198

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

Bank 2017	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Assets						
Cash and short-term funds	1,618,617	-	-	-	-	1,618,617
Financial investment held-for-trading	45,323	146,162	215	-	68,001	259,701
Financial investment available-for-sale	1,052,055	909,695	215,957	625,282	5,296,461	8,099,450
Financial investment held to maturity	2,226	446	236,134	209,943	209,452	658,201
Loans, advances and financing	5,768,137	1,496,507	531,156	136,474	23,439,633	31,371,907
Other financial and non financial assets	82,262	25,199	27,869	15,024	2,401,505	2,551,859
Total assets	8,568,620	2,578,009	1,011,331	986,723	31,415,052	44,559,735
Liabilities						
Deposits from customers	22,306,914	4,357,737	2,740,133	6,611,178	96,539	36,112,501
Deposits and placements of banks and other financial institutions	98,155	181,746	4,500	14,340	350,988	649,729
Financial liabilities designated at fair value	939	7,564	5,021	36,774	352,436	402,734
Recourse obligations on loans and financing sold to Cagamas	-	2,695	-	200,010	300,008	502,713
Other borrowings	-	70	-	5,000	-	5,070
Subordinated obligations	22,118	4,783	-	-	1,198,763	1,225,664
Other financial and non financial liabilities	568,759	91,923	11,415	16,553	608,946	1,297,596
Total liabilities	22,996,885	4,646,518	2,761,069	6,883,855	2,907,680	40,196,007
Net maturity mismatch	(14,428,265)	(2,068,509)	(1,749,738)	(5,897,132)	28,507,372	4,363,728

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(ii) Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amount disclosed in the table are the contractual undiscounted cash flows of all financial liabilities.

Group 2018	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Non derivative financial liabilities							
Deposits from customers	24,728,020	4,138,871	4,453,018	8,618,218	1,249,501	-	43,187,628
Deposits and placements of banks and other financial institutions	250,504	6,197	13,944	27,105	587,990	-	885,740
Financial liabilities designated at fair value	6,351	14,222	15,935	2,567	284,895	423,084	747,054
Amounts due to clients and brokers	75,103	-	-	-	-	-	75,103
Recourse obligations on loans and financing sold to Cagamas	-	10,661	10,661	321,207	901,218	-	1,243,747
Subordinated obligations	25,875	13,163	-	39,038	462,300	1,406,100	1,946,476
Other financial liabilities	451,387	656	17,534	26,255	607,767	142,202	1,245,801
	25,537,240	4,183,770	4,511,092	9,034,390	4,093,671	1,971,386	49,331,549
Items not recognised in the statements of financial position							
Financial guarantees	84,641	244,156	102,040	167,005	121,920	11,009	730,771
Credit related commitments and contingencies	9,366,683	51,452	77,569	350,202	1,442,650	24,775	11,313,331
	9,451,324	295,608	179,609	517,207	1,564,570	35,784	12,044,102
Derivatives financial liabilities							
Derivatives settled on a net basis							
Interest rate derivatives and equity option	(236)	(2,610)	(2,352)	(2,942)	(8,735)	232	(16,643)
Net outflow	(236)	(2,610)	(2,352)	(2,942)	(8,735)	232	(16,643)
Derivatives settled on a gross basis							
Outflow	(2,056,306)	(419,572)	(461,162)	(296,537)	(97,443)	(5,778)	(3,336,798)
Inflow	2,028,453	406,649	428,965	276,566	86,689	4,972	3,232,294
	(27,853)	(12,923)	(32,197)	(19,971)	(10,754)	(806)	(104,504)

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

Bank 2018	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Non derivative financial liabilities							
Deposits from customers	20,194,470	3,388,950	3,437,874	5,865,455	916,250	-	33,802,999
Deposits and placements of banks and other financial institutions	59,544	4,376	12,774	21,241	343,095	-	441,030
Financial liabilities designated at fair value	6,351	14,222	15,935	2,567	284,895	423,084	747,054
Recourse obligations on loans and financing sold to Cagamas	-	6,726	6,688	313,377	351,047	-	677,838
Subordinated obligations	25,875	13,163	-	39,038	462,300	1,406,100	1,946,476
Other financial liabilities	391,677	656	17,534	26,255	551,400	142,202	1,129,724
	20,677,917	3,428,093	3,490,805	6,267,933	2,908,987	1,971,386	38,745,121
Items not recognised in the statements of financial position							
Financial guarantees	76,226	220,820	90,046	137,873	31,736	-	556,701
Credit related commitments and contingencies	7,549,654	45,861	72,315	338,040	1,088,876	24,246	9,118,992
	7,625,880	266,681	162,361	475,913	1,120,612	24,246	9,675,693
Derivatives financial liabilities							
Derivatives settled on a net basis							
Interest rate derivatives and equity option	(236)	(2,610)	(2,352)	(2,942)	(8,735)	232	(16,643)
Net outflow	(236)	(2,610)	(2,352)	(2,942)	(8,735)	232	(16,643)
Derivatives settled on a gross basis							
Outflow	(2,056,306)	(419,572)	(461,162)	(296,537)	(97,443)	(5,778)	(3,336,798)
Inflow	2,028,453	406,649	428,965	276,566	86,689	4,972	3,232,294
	(27,853)	(12,923)	(32,197)	(19,971)	(10,754)	(806)	(104,504)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

Group Restated 2017	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Non derivative financial liabilities							
Deposits from customers	27,175,963	5,989,487	3,535,993	7,826,122	242,741	-	44,770,306
Deposits and placements of banks and other financial institutions	98,883	187,979	7,400	22,507	574,346	-	891,115
Financial liabilities designated at fair value	114	5,803	6,527	20,496	149,325	245,825	428,090
Amounts due to clients and brokers	69,066	-	-	-	-	-	69,066
Recourse obligations on loans and financing sold to Cagamas	-	5,450	5,450	210,900	313,200	-	535,000
Other borrowings	-	119	-	5,119	-	-	5,238
Subordinated obligations	25,875	8,475	-	34,350	1,406,100	-	1,474,800
Other financial liabilities	624,074	104,199	16,335	24,026	456,162	263,524	1,488,320
	27,993,975	6,301,512	3,571,705	8,143,520	3,141,874	509,349	49,661,935
Items not recognised in the statements of financial position							
Financial guarantees	72,101	141,686	114,034	218,164	74,557	124	620,666
Credit related commitments and contingencies	9,265,178	38,650	60,219	300,677	505,971	38,274	10,208,969
	9,337,279	180,336	174,253	518,841	580,528	38,398	10,829,635
Derivatives financial liabilities							
Derivatives settled on a net basis							
Interest rate derivatives and equity option	(603)	(797)	(1,673)	(3,756)	(14,234)	(2,613)	(23,676)
Net outflow	(603)	(797)	(1,673)	(3,756)	(14,234)	(2,613)	(23,676)
Derivatives settled on a gross basis							
Outflow	(4,342,913)	(1,307,582)	(243,192)	(531,461)	(75,190)	-	(6,500,338)
Inflow	4,326,600	1,298,768	237,886	520,030	72,537	-	6,455,821
	(16,313)	(8,814)	(5,306)	(11,431)	(2,653)	-	(44,517)

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

Bank 2017	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Non derivative financial liabilities							
Deposits from customers	22,321,926	4,402,433	2,799,571	6,737,049	103,774	-	36,364,753
Deposits and placements of banks and other financial institutions	98,245	183,728	4,500	17,080	363,851	-	667,404
Financial liabilities designated at fair value	114	5,803	6,527	20,496	149,325	245,825	428,090
Recourse obligations on loans and financing sold to Cagamas	-	5,450	5,450	210,900	313,200	-	535,000
Other borrowings	-	119	-	5,119	-	-	5,238
Subordinated obligations	25,875	8,475	-	34,350	1,406,100	-	1,474,800
Other financial liabilities	556,111	93,031	14,858	23,926	389,706	263,524	1,341,156
	23,002,271	4,699,039	2,830,906	7,048,920	2,725,956	509,349	40,816,441
Items not recognised in the statements of financial position							
Financial guarantees	62,563	120,927	103,345	135,645	65,957	100	488,537
Credit related commitments and contingencies	7,486,097	35,708	57,373	294,054	477,598	34,590	8,385,420
	7,548,660	156,635	160,718	429,699	543,555	34,690	8,873,957
Derivatives financial liabilities							
Derivatives settled on a net basis							
Interest rate derivatives and equity option	(603)	(797)	(1,673)	(3,756)	(14,234)	(2,613)	(23,676)
Net outflow	(603)	(797)	(1,673)	(3,756)	(14,234)	(2,613)	(23,676)
Derivatives settled on a gross basis							
Outflow	(4,342,913)	(1,307,582)	(243,192)	(531,461)	(75,190)	-	(6,500,338)
Inflow	4,326,600	1,298,768	237,886	520,030	72,537	-	6,455,821
	(16,313)	(8,814)	(5,306)	(11,431)	(2,653)	-	(44,517)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

44. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(d) Operational and Shariah Compliance Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition of Operational Risk includes legal risk, but excludes strategic and reputational risk. Operational risk include Shariah non-compliance risk which arises from the Group's failure to comply with the Shariah rules and principles determined by the relevant Shariah advisory councils.

Group Operational Risk of Group Risk Management formulates and implements operational risk framework within the Group while the line of businesses in conjunction with the Risk Control Officers are responsible for the management of their day to day operational and Shariah non-compliance risks.

Operational and Shariah non-compliance risk management is a continual cyclic process which includes risk identification, assessment, control, mitigation and monitoring. This includes analysing the risk profile of the Group, determining control gaps, assessing potential loss and enhancing controls to mitigate the risks.

The main activities undertaken by the Group in managing operational and Shariah non-compliance risks include the identification of risks and controls, monitoring of key risk indicators, reviews of policies and procedures, operational risk and Shariah non-compliance risk awareness training, and business continuity management.

The Group and the Bank applies the Basic Indicator Approach for operational risk capital charge computation.

45. CAPITAL COMMITMENTS

	Group		Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Capital expenditure:				
Authorised and contracted for	**56,026**	43,956	**55,198**	43,956
Authorised but not contracted for	**113,418**	101,102	**111,664**	101,102
	169,444	145,058	**166,862**	145,058

46. LEASE COMMITMENTS

The Group and the Bank have lease commitments in respect of equipment on hire and premises, all of which are classified as operating leases. A summary of the non-cancellable lease commitments are as follows:

	Group		Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Within one year	**29,719**	18,481	**27,933**	20,759
Between one to five years	**40,510**	12,071	**37,810**	15,688
	70,229	30,552	**65,743**	36,447

The operating leases of the Group and the Bank's premises typically cover for an initial period of two to three years with options for renewal. These leases are cancellable but are usually renewed upon expiry or replaced by leases on other properties.

47. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The off-balance sheet notional exposures of the Group and the Bank are as follows:

	Group		Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Credit-related exposures				
Direct credit substitutes [Note a]	**719,148**	757,816	**564,446**	649,782
Transaction-related contingent items [Note a]	**739,535**	710,106	**651,896**	653,885
Short-term self-liquidating trade-related contingencies	**235,056**	138,588	**215,445**	114,249
Irrevocable commitments to extend credit:				
- maturity exceeding one year	**1,056,899**	1,111,249	**744,972**	927,426
- maturity not exceeding one year	**7,543,400**	6,527,092	**5,748,870**	4,943,831
Unutilised credit card lines	**1,750,064**	1,584,784	**1,750,064**	1,584,784
	12,044,102	10,829,635	**9,675,693**	8,873,957
Derivative financial instruments [Note b]				
Foreign exchange related contracts:				
- one year or less	**5,057,347**	11,082,789	**5,057,347**	11,082,789
- over one year to three years	**73,015**	116,546	**73,015**	116,546
- over three years	**17,385**	37,817	**17,385**	37,817
Interest rate related contracts:				
- one year or less	**1,206,130**	750,000	**1,206,130**	750,000
- over one year to three years	**1,990,360**	1,988,572	**1,990,360**	1,988,572
- over three years	**2,146,310**	1,605,860	**2,146,310**	1,605,860
Equity related contracts:				
- one year or less	**38,825**	52,405	**38,825**	52,405
- over one year to three years	**67,660**	30,330	**67,660**	30,330
	10,597,032	15,664,319	**10,597,032**	15,664,319
	22,641,134	26,493,954	**20,272,725**	24,538,276

Note:

(a) Included in direct credit substitutes and transaction-related contingent item are financial guarantee contracts of RM730,771,000 and RM556,701,000 (2017: RM620,666,000 and RM488,537,000) for the Group and the Bank respectively, of which the fair value at the time of issuance is RM Nil.

(b) These derivatives are valued on gross position basis and the unrealised gains or losses have been reflected in the statements of income and statements of financial position as derivatives financial assests and derivatives financial liabilities. The fair value of derivatives are disclosed under Note 9.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

48. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank 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 Group and the Bank are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

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

	Group		Bank	
		Restated		
	2018	2017	2018	2017
Before deducting proposed dividends				
CET 1 capital ratio	**13.695%**	13.334%	**11.680%**	11.558%
Tier 1 capital ratio	**14.123%**	13.334%	**12.217%**	11.558%
Total capital ratio	**18.638%**	17.999%	**17.122%**	16.347%
After deducting proposed dividends				
CET 1 capital ratio	**13.393%**	12.990%	**11.302%**	11.136%
Tier 1 capital ratio	**13.821%**	12.990%	**11.839%**	11.136%
Total capital ratio	**18.337%**	17.655%	**16.744%**	15.924%

48. CAPITAL ADEQUACY (cont'd)

(a) Components of Common Equity Tier I (CET I), Tier I and Tier II capital under the revised Capital Adequacy Framework are as follows:

	Group		Bank	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CET I Capital				
Paid-up share capital	**1,548,106**	1,548,106	**1,548,106**	796,517
Share premium	**-**	-	**-**	401,517
Retained profits	**3,510,283**	2,062,782	**2,866,142**	2,115,505
Statutory reserves	**-**	1,223,525	**-**	835,401
Revaluation reserves	**114,987**	99,268	**74,907**	64,916
Capital reserves	**100,150**	90,010	**95,515**	-
	5,273,526	5,023,691	**4,584,670**	4,213,856
Less: Regulatory adjustments				
- Goodwill and other intangibles	**(409,402)**	(377,361)	**(292,981)**	(261,986)
- Deferred tax assets	**(22,664)**	(14,738)	**(9,223)**	(4,088)
- 55% of revaluation reserves	**(63,243)**	(54,597)	**(41,199)**	(35,704)
- Direct/indirect investment in own ordinary shares	**-**	(73,837)	**-**	-
- Investment in subsidiaries, associate and joint venture	**(693)**	(610)	**(989,102)**	(714,440)
Total CET I Capital	**4,777,524**	4,502,548	**3,252,165**	3,197,638
Additional Tier 1 Capital Securities	**149,293**	-	**149,316**	-
Total Tier I Capital	**4,926,817**	4,502,548	**3,401,481**	3,197,638
Tier II Capital				
Subordinated obligations	**1,199,675**	1,199,177	**1,199,062**	1,198,764
Collective assessment allowance and regulatory reserves	**375,710**	376,514	**296,765**	304,576
Less: Regulatory adjustments				
- Investment in subsidiaries, associate and joint venture	**-**	(153)	**-**	(178,610)
- Investment in Tier 2 capital instruments	**-**	-	**(130,000)**	-
Total Tier II Capital	**1,575,385**	1,575,538	**1,365,827**	1,324,730
Total Capital	**6,502,202**	6,078,086	**4,767,308**	4,522,368

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

48. CAPITAL ADEQUACY (cont'd)

(b) The breakdown of risk-weighted assets (RWA) by exposures in each major risk category are as follows:

	Group		Bank	
	2018 RM'000	Restated 2017 RM'000	2018 RM'000	2017 RM'000
Credit risk	**31,973,585**	30,938,021	**25,299,261**	25,162,190
Market risk	**110,857**	126,042	**110,389**	104,490
Operational risk	**2,801,473**	2,704,544	**2,433,159**	2,398,898
Total RWA and capital requirements	**34,885,915**	33,768,607	**27,842,809**	27,665,578

Detailed information on the risk exposures above is presented in the Bank's Pillar 3 Report.

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
2018		
Before deducting proposed dividends		
CET I capital ratio	**12.569%**	**86.830%**
Tier I capital ratio	**12.569%**	**86.830%**
Total capital ratio	**15.421%**	**87.642%**
After deducting proposed dividends		
CET I capital ratio	**12.198%**	**85.079%**
Tier I capital ratio	**12.198%**	**85.079%**
Total capital ratio	**15.050%**	**85.892%**
2017		
Before deducting proposed dividends		
CET I capital ratio	13.430%	84.804%
Tier I capital ratio	13.430%	84.804%
Total capital ratio	14.509%	85.516%
After deducting proposed dividends		
CET I capital ratio	13.430%	83.729%
Tier I capital ratio	13.430%	83.729%
Total capital ratio	14.509%	84.441%

49. CAPITAL

In managing its capital, the Group's objectives are:

- to maintain sufficient capital resources to meet the regulatory capital requirements as set forth by Bank Negara Malaysia;
- to maintain sufficient capital resources to support the Group's risk appetite and to enable future business growth; and
- to meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are comfortably above the regulatory requirement, while balancing shareholders' desire for sustainable returns and high standards of prudence.

The Group carries out stress testing to estimate the potential impact of extreme, but plausible, events on the Group's earnings, balance sheet and capital. The results of the stress test are to facilitate the formation of action plan(s) in advance if the stress test reveals that the Group's capital will be adversely affected. The results of the stress test are tabled to the Group Risk Management Committee for approval.

The Group's and the Bank's regulatory capital are determined under Bank Negara Malaysia's Capital Adequacy Framework and their capital ratios complied with the prescribed capital adequacy ratios.

50. FAIR VALUE MEASUREMENTS

(a) Determination of fair value and the fair value hierarchy

MFRS 13 Fair Value Measurement requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

50. FAIR VALUE MEASUREMENTS (cont'd)

(a) Determination of fair value and the fair value hierarchy (cont'd)

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes, repurchase agreements and most of the Group's and the Bank's derivatives.

(iii) Financial instruments in Level 3

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, net asset value, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

(b) Financial instruments measured at fair value and the fair value hierarchy

The following tables show the Group and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

Group 2018	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets held-for-trading				
- Money market instruments	-	40,905	-	40,905
- Unquoted securities	-	22,845	-	22,845
Financial investments available-for-sale				
- Money market instruments	-	4,289,730	-	4,289,730
- Quoted securities in Malaysia	10	-	-	10
- Unquoted securities	-	4,036,603	178,846	4,215,449
Derivative financial assets	-	84,455	-	84,455
Liabilities				
Financial liabilities designated at fair value	-	682,238	-	682,238
Derivative financial liabilities	-	154,686	-	154,686

50. FAIR VALUE MEASUREMENTS (cont'd)

(b) Financial instruments measured at fair value and the fair value hierarchy (cont'd)

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy: (cont'd)

Bank 2018	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets held-for-trading				
- Money market instruments	**-**	**25,926**	**-**	**25,926**
- Unquoted securities	**-**	**22,845**	**-**	**22,845**
Financial investments available-for-sale				
- Money market instruments	**-**	**3,970,261**	**-**	**3,970,261**
- Quoted securities in Malaysia	**10**	**-**	**-**	**10**
- Unquoted securities	**-**	**2,314,543**	**121,634**	**2,436,177**
Derivative financial assets	**-**	**84,455**	**-**	**84,455**
Liabilities				
Financial liabilities designated at fair value	**-**	**682,238**	**-**	**682,238**
Derivative financial liabilities	**-**	**154,686**	**-**	**154,686**

Group Restated 2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets held-for-trading				
- Money market instruments	-	144,947	-	144,947
- Unquoted securities	-	190,313	-	190,313
Financial investments available-for-sale				
- Money market instruments	-	6,261,090	-	6,261,090
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	3,808,213	170,239	3,978,452
Derivative financial assets	-	86,345	-	86,345
Liabilities				
Financial liabilities designated at fair value	-	402,734	-	402,734
Derivative financial liabilities	-	81,892	-	81,892

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

50. FAIR VALUE MEASUREMENTS (cont'd)

(b) Financial instruments measured at fair value and the fair value hierarchy (cont'd)

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy: (cont'd)

Bank 2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets held-for-trading				
- Money market instruments	-	110,082	-	110,082
- Unquoted securities	-	149,619	-	149,619
Financial investments available-for-sale				
- Money market instruments	-	5,614,307	-	5,614,307
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	2,373,751	111,377	2,485,128
Derivative financial assets	-	86,345	-	86,345
Liabilities				
Financial liabilities designated at fair value	-	402,734	-	402,734
Derivative financial liabilities	-	81,892	-	81,892

There were no transfers between levels 1 and 2 of the fair value hierarchy for the Group and the Bank during the financial year ended 31 March 2018 and 31 March 2017.

Reconciliation of movements in level 3 financial instruments:

	Group		Bank	
	2018 RM'000	Restated 2017 RM'000	2018 RM'000	2017 RM'000
At beginning of financial year	**170,239**	157,333	**111,377**	102,657
Disposal	**(4,970)**	-	**-**	-
Total gains/(losses) recognised in:				
- Other comprehensive income				
(i) Revaluation reserves	**13,607**	12,906	**10,257**	8,720
- Statement of income				
(i) Loss arising from sales of financial investments available-for-sale	**(30)**	-	**-**	-
At the end of financial year	**178,846**	170,239	**121,634**	111,377

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Bank's and the Group's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

50. FAIR VALUE MEASUREMENTS (cont'd)

(c) Fair values of financial instruments not carried at fair value

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statement of financial position. It does not include those short term/on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values.

Group 2018	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Financial assets					
Financial investments held-to-maturity	-	306,490	-	306,490	293,612
Loans, advances and financing	-	-	40,423,458	40,423,458	39,989,515
Financial liabilities					
Deposits from customers	-	42,742,783	-	42,742,783	42,740,460
Deposits and placements of banks and other financial institutions	-	855,375	-	855,375	873,871
Recourse obligations on loans and financing sold to Cagamas	-	1,219,264	-	1,219,264	1,102,363
Subordinated obligations	-	1,184,048	-	1,184,048	1,379,614

Bank 2018	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Financial assets					
Financial investments held-to-maturity	-	357,020	-	357,020	344,703
Loans, advances and financing	-	-	31,802,940	31,802,940	31,546,564
Financial liabilities					
Deposits from customers	-	33,508,377	-	33,508,377	33,508,370
Deposits and placements of banks and other financial institutions	-	433,145	-	433,145	439,238
Recourse obligations on loans and financing sold to Cagamas	-	642,664	-	642,664	601,696
Subordinated obligations	-	1,172,415	-	1,172,415	1,379,024

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

50. FAIR VALUE MEASUREMENTS (cont'd)

(c) Fair values of financial instruments not carried at fair value (cont'd)

Group Restated 2017	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Financial assets					
Financial investments held-to-maturity	-	924,614	-	924,614	917,092
Loans, advances and financing	-	-	39,496,789	39,496,789	38,991,689
Financial liabilities					
Deposits from customers	-	45,332,674	-	45,332,674	44,445,720
Deposits and placements of banks and other financial institutions	-	832,353	-	832,353	862,904
Recourse obligations on loans and financing sold to Cagamas	-	500,583	-	500,583	502,713
Other borrowings	-	4,870	-	4,870	5,070
Subordinated obligations	-	1,170,346	-	1,170,346	1,226,078

Bank 2017	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Financial assets					
Financial investments held-to-maturity	-	663,470	-	663,470	658,201
Loans, advances and financing	-	-	31,677,396	31,677,396	31,371,907
Financial liabilities					
Deposits from customers	-	36,895,706	-	36,895,706	36,112,501
Deposits and placements of banks and other financial institutions	-	629,947	-	629,947	649,729
Recourse obligations on loans and financing sold to Cagamas	-	500,583	-	500,583	502,713
Other borrowings	-	4,870	-	4,870	5,070
Subordinated obligations	-	1,169,931	-	1,169,931	1,225,664

50. FAIR VALUE MEASUREMENTS (cont'd)

(c) Fair values of financial instruments not carried at fair value (cont'd)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Financial investments held-to-maturity

The fair values are estimated based on quoted or observable market prices at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the expected future cash flows are discounted using prevailing market rates for a similar instrument at the end of the reporting period.

(ii) Loans, advances and financing

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values. For fixed rate loans and Islamic financing with remaining maturity of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at applicable prevailing rates at end of the reporting period offered to new borrowers with similar credit profiles. In respect of impaired loans, the fair values represented by their carrying values, net of impairment allowances, being the expected recoverable amount.

(iii) Deposits from customers, deposits and placements of banks and other financial institutions

The fair values of deposit liabilities payable on demand (demand and savings deposits), or deposits with maturity of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on expected future cash flows discounted at applicable prevailing rates offered for deposits of similar remaining maturities. For negotiable instruments of deposits, the fair values are estimated based on quoted or observable market prices as at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values of negotiable instruments of deposits are estimated using the discounted cash flow technique.

(iv) Recourse obligations on loans and financing sold to Cagamas Berhad

The fair values of Recourse obligations on loans and financing sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at the end of the reporting period.

(v) Other borrowings and subordinated obligations

The fair value of the other borrowings and subordinated bonds/notes is estimated based on the discounted cash flows techniques using the current yield curve appropriate for the remaining term to maturity.

51. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 Financial Instruments: Presentation, the Group and the Bank reports financial assets and financial liabilities on a net basis on the statement of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

(i) all financial assets and liabilities that are reported net on the statement of financial position; and

(ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statement of financial position netting.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

51. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
Group						
2018						
Derivative financial assets	**84,455**	**-**	**84,455**	**(6,271)**	**(32,751)**	**45,433**
Amounts due from clients and brokers	**188,129**	**(86,824)**	**101,305**	**-**	**-**	**101,305**
Total	**272,584**	**(86,824)**	**185,760**	**(6,271)**	**(32,751)**	**146,738**
Bank						
2018						
Derivative financial assets	**84,455**	**-**	**84,455**	**(6,271)**	**(32,751)**	**45,433**
Group						
2017						
Derivative financial assets	86,345	-	86,345	(18,681)	-	67,664
Amounts due from clients and brokers	213,368	(100,346)	113,022	-	-	113,022
Total	299,713	(100,346)	199,367	(18,681)	-	180,686
Bank						
2017						
Derivative financial assets	86,345	-	86,345	(18,681)	-	67,664

51. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

(b) Financial liabilities

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the statement of financial position RM'000	Net amounts of financial liabilities presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
Group						
2018						
Derivative financial liabilities	**154,686**	**-**	**154,686**	**(6,271)**	**(36,901)**	**111,514**
Amounts due to clients and brokers	**161,927**	**(86,824)**	**75,103**	**-**	**-**	**75,103**
Total	**316,613**	**(86,824)**	**229,789**	**(6,271)**	**(36,901)**	**186,617**
Bank						
2018						
Derivative financial liabilities	**154,686**	**-**	**154,686**	**(6,271)**	**(36,901)**	**111,514**
Group						
2017						
Derivative financial liabilities	81,892	-	81,892	(18,681)	(22,381)	40,830
Amounts due to clients and brokers	169,412	(100,346)	69,066	-	-	69,066
	251,304	(100,346)	150,958	(18,681)	(22,381)	109,896
Bank						
2017						
Derivative financial liabilities	81,892	-	81,892	(18,681)	(22,381)	40,830

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

52. SEGMENT INFORMATION

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprise (SME), Corporate and Commercial Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Corporate and Commercial Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Stockbroking and Corporate Advisory

Stockbroking and Corporate Advisory covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refer to mainly other business operations such as unit trust, asset management, alternative distribution channels, trustee services and head office.

52. SEGMENT INFORMATION (cont'd)

Group 2018	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Net interest income								
- External income	416,778	329,102	158,108	13,005	2,582	919,575	(27,064)	892,511
- inter-segment	(88,599)	80,102	16,222	(7,725)	-	-	-	-
	328,179	409,204	174,330	5,280	2,582	919,575	(27,064)	892,511
Net income from Islamic banking business	113,858	99,461	56,929	-	-	270,248	47,997	318,245
Other operating income	112,495	166,369	51,242	32,423	22,553	385,082	(23,815)	361,267
Net income	554,532	675,034	282,501	37,703	25,135	1,574,905	(2,882)	1,572,023
Other operating expenses	(305,031)	(290,864)	(51,790)	(37,404)	(68,500)	(753,589)	4,460	(749,129)
Depreciation and amortisation	(25,830)	(15,205)	(2,657)	(1,194)	(6)	(44,892)	-	(44,892)
Operating profit	223,671	368,965	228,054	(895)	(43,371)	776,424	1,578	778,002
(Allowance for)/write-back of impairment losses on loans, advances and financing and other receivables	(81,284)	(11,855)	36	58	(341)	(93,386)	-	(93,386)
Allowance for impairment losses on other assets	-	-	(62)	-	-	(62)	-	(62)
Segment results	142,387	357,110	228,028	(837)	(43,712)	682,976	1,578	684,554
Share of results of joint venture								43
Taxation								(191,369)
Net profit for the financial year								493,228
Segment assets	21,323,742	18,239,957	15,998,118	51,675	126,171	55,739,663	(2,341,752)	53,397,911
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								693
Property, plant and equipment								69,373
Tax recoverable and deferred tax assets								24,668
Intangible assets								409,402
Total assets								53,902,047

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

52. SEGMENT INFORMATION (cont'd)

Group Restated 2017	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Net interest income								
- External income	420,521	322,142	109,647	10,437	5,756	868,503	(20,958)	847,545
- inter-segment	(96,259)	79,839	22,660	(6,240)	-	-	-	-
	324,262	401,981	132,307	4,197	5,756	868,503	(20,958)	847,545
Net income from Islamic banking business	113,828	87,274	51,667	-	-	252,769	44,268	297,037
Other operating income	115,631	158,064	24,011	29,067	25,114	351,887	(27,046)	324,841
Net income	553,721	647,319	207,985	33,264	30,870	1,473,159	(3,736)	1,469,423
Other operating expenses	(300,217)	(254,721)	(44,391)	(36,788)	(17,910)	(654,027)	5,869	(648,158)
Depreciation and amortisation	(23,478)	(16,058)	(3,143)	(895)	(175)	(43,749)	-	(43,749)
Operating profit/(loss) before allowance	230,026	376,540	160,451	(4,419)	12,785	775,383	2,133	777,516
(Allowance for)/write-back of impairment losses on loans, advances and financing and other receivables	(68,860)	(26,159)	10	30	(9)	(94,988)	-	(94,988)
Allowance for impairment losses on other assets	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Segment result	161,166	350,381	160,461	(5,597)	12,776	679,187	2,133	681,320
Share of results of joint venture								84
Taxation								(169,281)
Net profit for the financial year								512,123
Segment assets	21,282,364	17,367,429	16,945,999	352,657	1,881,976	57,830,425	(4,217,897)	53,612,528
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								763
Property, plant and equipment								73,948
Tax recoverable and deferred tax assets								24,464
Intangible assets								377,361
Total assets								54,089,064

52. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 21 September 2016, AFG, the former holding company of the Bank announced that it proposed to undertake a group reorganisation exercise whereby the listing status of AFG will be assumed by the Bank. The proposal involved, among others, the shareholders of AFG exchanging their existing AFG shares for the Bank's shares on a 1-for-1 basis, where their number of shares held and percentage shareholdings in AFG will be the same in the Bank upon completion of the group reorganisation exercise. This will enable the existing shareholders of AFG to have direct participation in the equity and future growth of the Bank.

The shareholders of AFG had, at the Extraordinary General Meeting held on 12 July 2017, approved the group corporate reorganisation exercise.

On 26 September 2017, the group reorganisation exercise was completed upon the transfer of the listing of AFG on the Main Market of Bursa Malaysia Securities Berhad to the Bank. AFG is now a wholly-owned subsidiary of the Bank.

54. SUBSEQUENT EVENTS

There were no material event subsequent to the end of the financial year that require disclosure or adjustment.

55. RESTATEMENT AND COMPARATIVES

(a) Restatement of comparatives due to group reorganisation

The comparatives of the Group was restated in order to reflect the completion of group reorganisation exercise on 26 September 2017 as below:

(i) AFG subscription of RM100,000,000 new shares of the Bank at the issue price of RM1.00 per share;

(ii) The bonus issue by the Bank of RM651,588,886 new shares to AFG;

(iii) The transfer of AFG and its non-banking subsidiaries to the Bank is accounted for as an internal reorganisation within the AFG Group. Consequently the assets, liabilities and equity of AFG Group, at their carrying amounts, are included in the consolidated financial statements of the ABMB Group, as disclosed in Note 53.

(b) Reclassification of structured investments

Structured investments of the Group and the Bank which are not principal guaranteed and designated at fair value were reclassified from Deposit from Customers to Financial Liabilities Designated at Fair Value, while those that are not principal guaranteed and accounted for separately from the embedded derivative are reclassified from Deposit from Customers to Other Liabilities. This conforms with Bank Negara Malaysia's Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

55. RESTATEMENT AND COMPARATIVES (cont'd)

The effects of items (a) and (b) to the Group are as follow:

Group	As previously stated RM'000	Effect of group reorganisation RM'000 (a)	Structured investments reclassification RM'000 (b)	As restated RM'000
Statements of Financial Position as at 31 March 2016				
ASSETS				
Allowances for impairment losses on other receivables	26,382	691	-	27,073
Investment in joint venture	566	165	-	731
Property, plant and equipment	86,427	323	-	86,750
Deferred tax assets	10,201	438	-	10,639
EQUITY				
Share capital	796,517	751,589	-	1,548,106
Reserves	3,941,658	(567,859)	-	3,373,799
Shares held for Employees' Share Scheme	-	(79,897)	-	(79,897)
Statements of Financial Position as at 31 March 2017				
ASSETS				
Cash and short-term funds	1,368,636	13,143	-	1,381,779
Other assets	109,908	432	-	110,340
Statutory deposits	1,437,344	100	-	1,437,444
Investment in former associate	530	(530)	-	-
Investment in joint venture	650	113	-	763
Property, plant and equipment	73,789	159	-	73,948
Deferred tax assets	14,033	705	-	14,738
LIABILITIES				
Deposits from customers	45,330,615	(102,179)	(782,716)	44,445,720
Financial liabilities designated at fair value	-	-	402,734	402,734
Other liabilities	965,906	2,882	379,982	1,348,770
Provision for taxation	19,567	186	-	19,753
EQUITY				
Share capital	796,517	751,589	-	1,548,106
Reserves	4,204,448	(564,519)	-	3,639,929
Shares held for Employees' Share Scheme	-	(73,837)	-	(73,837)

55. RESTATEMENT AND COMPARATIVES (cont'd)

The effects of items (a) and (b) to the Group are as follow: (cont'd)

Bank	As previously stated RM'000	Structured investments reclassification RM'000 (b)	After reclassification RM'000
Statements of Financial Position as at 31 March 2017			
LIABILITIES AND EQUITY			
Deposits from customers	36,895,217	(782,716)	36,112,501
Financial liabilities designated at fair value	-	402,734	402,734
Other liabilities	821,624	379,982	1,201,606

Group	As previously stated RM'000	Effect of group reorganisation RM'000 (a)	As restated RM'000
Statements of Comprehensive Income for the financial year ended 31 March 2017			
Interest income	1,879,859	354	1,880,213
Interest expense	(1,035,935)	3,267	(1,032,668)
Net interest income	843,924	3,621	847,545
Net income from Islamic banking business	297,037	-	297,037
	1,140,961	3,621	1,144,582
Fee and commission income	297,571	(496)	297,075
Fee and commission expense	(99,872)	-	(99,872)
Investment income	143,496	-	143,496
Other income	(15,992)	134	(15,858)
Other operating income	325,203	(362)	324,841
Net income	1,466,164	3,259	1,469,423
Other operating expenses	(689,675)	(2,232)	(691,907)
Operating profit before allowances	776,489	1,027	777,516
Allowance for impairment losses on loans, advances and financing and other receivables	(94,979)	(9)	(94,988)
Allowance for impairment losses on other assets	(1,208)	-	(1,208)
Operating profit after allowances	680,302	1,018	681,320
Share of results of associate	10	(10)	-
Share of results of joint venture	84	-	84
Profit before taxation	680,396	1,008	681,404
Taxation	(168,096)	(1,185)	(169,281)
Net profit for the financial year	512,300	(177)	512,123

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 31 March 2018

55. RESTATEMENT AND COMPARATIVES (cont'd)

The effects of items (a) and (b) to the Group are as follow: (cont'd)

Group	As previously stated RM'000	Effect of group reorganisation RM'000 (a)	As restated RM'000
Statements of Comprehensive Income for the financial year ended 31 March 2017 (cont'd)			
Net profit for the financial period attributable to:			
Equity holders of the Bank	512,300	(177)	512,123
Earnings per share attributable to Equity holders of the Bank			
- Basic (sen)	64.0	(30.5)	33.5
- Diluted (sen)	64.0	(30.5)	33.5
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Revaluation reserve on financial investments available-for-sale			
- Net loss from change in fair value	(14,735)	-	(14,735)
- Realised gain transferred to statement of income on disposal and impairment	(5,684)	-	(5,684)
- Transfer from deferred tax	4,901	-	4,901
Other comprehensive expense, net of tax	(15,518)	-	(15,518)
Total comprehensive income for the financial year	496,782	(177)	496,605
Total comprehensive income for the financial period attributable to:			
Equity holders of the Bank	496,782	(177)	496,605

55. RESTATEMENT AND COMPARATIVES (cont'd)

Group	As previously stated RM'000	Effect of group reorganisation RM'000 (a)	As restated RM'000
Statements of Changes in Equity for the financial year ended 31 March 2016			
Ordinary shares	796,517	751,589	1,548,106
Share premium	401,517	(401,517)	-
Capital reserve	10,018	67,644	77,662
Equity contribution from former parent	10,896	(10,896)	-
ESS reserve	-	11,516	11,516
Shares held for ESS	-	(79,897)	(79,897)
Retained profits	2,047,248	(234,606)	1,812,642
Total Equity	4,738,175	103,833	4,842,008
Statements of Changes in Equity for the financial year ended 31 March 2017			
Ordinary shares	796,517	751,589	1,548,106
Share premium	401,517	(401,517)	-
Capital reserve	10,018	79,992	90,010
Equity contribution from former parent	6,062	(6,062)	-
ESS reserve	-	6,444	6,444
Shares held for ESS	-	(73,837)	(73,837)
Retained profits	2,306,158	(243,376)	2,062,782
Total Equity	5,000,965	113,233	5,114,198
Statements of Cash Flows for the financial year ended 31 March 2017			
Profit before taxation	680,396	1,008	681,404
Net cash used in operating activities	(1,455,167)	(5,858)	(1,461,025)
Net cash used in investing activities	(1,168,914)	(11)	(1,168,925)
Net cash used in financing activities	(941,481)	9,510	(931,971)
Net changes in cash and cash equivalents	(3,565,562)	3,641	(3,561,921)
Capital Adequacy as at 31 March 2017			
Before deducting proposed dividends			
CET I capital ratio	12.891%	0.443%	13.334%
Tier I capital ratio	12.891%	0.443%	13.334%
Total capital ratio	17.518%	0.481%	17.999%
After deducting proposed dividends			
CET I capital ratio	12.548%	0.442%	12.990%
Tier I capital ratio	12.548%	0.442%	12.990%
Total capital ratio	17.175%	0.480%	17.655%