



ALLIANCE BANK

PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019





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

BASEL II PILLAR 3 REPORT DISCLOSURE

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BASEL II PILLAR 3 REPORT DISCLOSURE

for the financial year ended 31 March 2019

OVERVIEW

Bank Negara Malaysia's ("BNM") guidelines on capital adequacy require Alliance Bank Malaysia Berhad ("the Bank") and its subsidiaries ("the Group") to maintain an adequate level of capital to withstand potential losses arising from its operations. BNM's capital adequacy guidelines cover three main aspects:

- (a) Pillar 1 – covers the calculation of risk-weighted assets for credit risk, market risk and operational risk.
- (b) Pillar 2 – involves assessment of other risks (e.g. interest rate risk in the banking book, liquidity risk and concentration risk) not covered under Pillar 1. This promotes the adoption of forward-looking approaches to capital management and stress testing/risk simulation techniques.
- (c) Pillar 3 – covers disclosure and external communication of risk and capital information by banks.

The Group maintains a strong capital base to support its current activities and future growth to meet regulatory capital requirements at all times and buffer against potential losses.

To ensure that risks and returns are appropriately balanced, the Group has implemented a Group-wide Integrated Risk Management Framework, with guidelines for identifying, measuring, and managing risks. This process includes quantifying and aggregating various risks in order to ensure the Group and each entity has sufficient capital to cushion against unexpected losses and remain solvent.

In summary, the capital management process involves the following:

- (i) Monitoring of regulatory capital and ensuring that the minimum regulatory requirements and approved internal ratios are adhered to;
- (ii) Estimation of capital requirements based on ongoing forecasting and budgeting process; and
- (iii) Regular reporting of regulatory and internal capital ratios to senior management and the Board.

In addition, the Group's capital adequacy under extreme but plausible stress scenarios are periodically assessed via a Group-wide stress test exercise. The results of the stress tests are reported to senior management, to provide them with an assessment of the financial impact of such events on the Group's earnings and capital.

The Group's Pillar 3 Disclosure is governed by the Bank's Pillar 3 Disclosure. This policy outlines the minimum disclosure standards, approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process.

1.0 SCOPE OF APPLICATION

The Pillar 3 Disclosure was prepared on a consolidated basis comprises information on Alliance Bank Malaysia Berhad (“the Bank”), its subsidiaries, associate companies and joint venture. The Group offers Conventional and Islamic banking services. The latter includes accepting deposits and providing financing under Shariah principles via the Bank’s wholly-owned subsidiary, Alliance Islamic Bank Berhad.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes. Investments in subsidiaries, associate companies and joint venture are deducted from regulatory capital.

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

There were no capital deficiencies in any of the subsidiaries of the Group as at the financial year end.

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

2.0 CAPITAL

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

- (i) To maintain sufficient capital to meet the regulatory capital requirements as set forth by BNM;
- (ii) To maintain sufficient capital to support the Group’s risk appetite and facilitate future business growth; and
- (iii) 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 above the regulatory requirements, while balancing shareholders’ desire for sustainable returns and prudential standards.

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 tests are to facilitate the formulation of contingency plan(s) where warranted. The results of the stress tests are tabled to the Group Risk Management Committee for approval.

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

2.0 CAPITAL (CONT'D)

2.1 Capital Adequacy Ratios

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

	BANK		GROUP	
	2019	2018	2019	2018
<u>Before deducting proposed dividends</u>				
CET I Capital Ratio	12.061%	11.680%	13.736%	13.695%
Tier I Capital Ratio	12.940%	12.217%	14.423%	14.123%
Total Capital Ratio	17.841%	17.122%	18.856%	18.638%
<u>After deducting proposed dividends</u>				
CET I Capital Ratio	11.614%	11.302%	13.388%	13.393%
Tier I Capital Ratio	12.493%	11.839%	14.074%	13.821%
Total Capital Ratio	17.394%	16.744%	18.508%	18.337%

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
2019		
<u>Before deducting proposed dividends</u>		
CET I Capital Ratio	11.690%	78.200%
Tier I Capital Ratio	12.950%	78.200%
Total Capital Ratio	15.762%	79.196%
<u>After deducting proposed dividends</u>		
CET I Capital Ratio	11.339%	78.200%
Tier I Capital Ratio	12.599%	78.200%
Total Capital Ratio	15.411%	79.196%
2018		
<u>Before deducting proposed dividends</u>		
CET I Capital Ratio	12.569%	86.830%
Tier I Capital Ratio	12.569%	86.830%
Total Capital Ratio	15.421%	87.642%
<u>After deducting proposed dividends</u>		
CET I Capital Ratio	12.198%	85.079%
Tier I Capital Ratio	12.198%	85.079%
Total Capital Ratio	15.050%	85.892%

The Group's and the Bank's capital ratios comply with the prescribed capital adequacy ratios under BNM's Capital Adequacy Framework.

2.0 CAPITAL (CONT'D)

2.2 Capital Structure

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

	BANK		GROUP	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>CET I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	3,128,589	2,866,142	3,827,676	3,510,283
Regulatory reserves	160,798	160,029	178,397	186,064
Revaluation reserves	36,449	74,907	68,540	114,987
Capital reserves	95,515	95,515	100,150	100,150
	4,969,457	4,744,699	5,722,869	5,459,590
Less: Regulatory adjustment				
- Goodwill and other intangibles	(323,804)	(292,981)	(432,961)	(409,402)
- Deferred tax assets	(50,116)	(9,223)	(72,972)	(22,664)
- 55% of revaluation reserves	(20,047)	(41,199)	(37,697)	(63,243)
- Regulatory reserves	(160,798)	(160,029)	(178,397)	(186,064)
- Investment in subsidiaries, associate and joint venture	(989,102)	(989,102)	(802)	(693)
Total CET I Capital	3,425,590	3,252,165	5,000,040	4,777,524
Additional Tier 1 Capital Securities ¹	249,445	149,316	249,792	149,293
Total Tier I Capital	3,675,035	3,401,481	5,249,832	4,926,817
<u>Tier II Capital</u>				
Subordinated obligations	1,199,381	1,199,062	1,199,676	1,199,675
Expected credit loss*/collective assessment allowance and regulatory reserves	322,740	296,765	414,258	375,710
Less: Regulatory adjustment				
- Investment in Tier 2 capital instruments	(130,000)	(130,000)	-	-
Total Tier II Capital	1,392,121	1,365,827	1,613,934	1,575,385
Total Capital	5,067,156	4,767,308	6,863,766	6,502,202

* Expected credit loss for Stage 1 and Stage 2 only.

Note:

¹ On 8 March 2019, the Bank issued RM100.0 million Additional Tier 1 Capital Securities in nominal value under Additional Tier 1 Capital Securities Programme up to RM1.0 billion.

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

2.0 CAPITAL (CONT'D)

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

Regulatory Capital Requirements

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

BANK 2019	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	5,596,654	5,596,654	-	-
Public sector entities	69,280	69,280	13,856	1,108
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	1,715,604	1,715,604	568,061	45,445
Insurance companies, securities firms and fund managers	28,494	28,494	28,494	2,280
Corporates	14,760,638	13,523,216	11,591,934	927,355
Regulatory retail	7,519,108	6,845,343	5,286,525	422,922
Residential mortgages	12,335,936	12,326,574	5,320,900	425,672
Higher risk assets	9,472	9,466	14,200	1,136
Other assets	616,262	616,262	361,152	28,892
Equity exposures	126,741	126,741	126,743	10,139
Defaulted exposures	200,941	199,593	209,263	16,741
Total on-balance sheet exposures	42,979,130	41,057,227	23,521,128	1,881,690
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,091,073	2,647,418	2,187,138	174,971
Derivative financial instruments	239,854	239,854	109,148	8,732
Defaulted exposures	1,360	860	1,770	142
Total off-balance sheet exposures	3,332,287	2,888,132	2,298,056	183,845
Total on and off-balance sheet exposures	46,311,417	43,945,359	25,819,184	2,065,535
(ii) <u>Market Risk (Note 4.0)</u>				
	Long Position	Short Position		
Interest rate risk			149,542	11,963
Foreign currency risk	5,598,049	(5,562,082)	124,410	9,953
	11,575	(124,410)		
Option risk	5,609,624	(5,686,492)	990	79
Total			274,942	21,995
(iii) <u>Operational Risk</u>	-	-	2,307,070	184,566
Total	46,311,417	43,945,359	28,401,196	2,272,096

2.0 CAPITAL (CONT'D)

2.3 RWA and Capital Requirements (cont'd)

Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Bank and the Group (cont'd):

GROUP 2019 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	8,186,546	8,186,546	-	-
Public sector entities	196,261	196,261	39,253	3,140
Banks, DFIs and Multilateral Development Banks	829,576	829,576	164,010	13,121
Insurance companies, securities firms and fund managers	35,557	35,557	35,556	2,844
Corporates	19,580,592	17,950,144	14,854,259	1,188,340
Regulatory retail	9,999,499	9,245,382	7,256,654	580,532
Residential mortgages	16,073,138	16,062,759	6,981,541	558,523
Higher risk assets	11,086	11,080	16,621	1,330
Other assets	694,371	694,371	438,729	35,098
Equity exposures	187,525	187,525	187,525	15,002
Defaulted exposures	262,387	259,915	271,190	21,695
Total on-balance sheet exposures	56,056,537	53,659,116	30,245,338	2,419,627
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,920,784	3,400,266	2,783,856	222,708
Derivative financial instruments	239,854	239,854	109,148	8,732
Defaulted exposures	1,718	1,218	2,300	184
Total off-balance sheet exposures	4,162,356	3,641,339	2,895,304	231,624
Total on and off-balance sheet exposures	60,218,893	57,300,455	33,140,642	2,651,251
(ii) <u>Market Risk (Note 4.0)</u>				
	Long Position	Short Position		
Interest rate risk			149,542	11,963
Foreign currency risk	5,598,049	(5,562,082)	124,410	9,953
	11,575	(124,410)		
Option risk	5,609,624	(5,686,492)	990	79
Total			274,942	21,995
(iii) <u>Operational Risk</u>	-	-	2,984,529	238,762
Total	60,218,893	57,300,455	36,400,113	2,912,008

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

2.0 CAPITAL (CONT'D)

2.3 RWA and Capital Requirements (cont'd)

Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Bank and the Group (cont'd):

BANK 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	4,800,900	4,800,900	-	-
Public sector entities	59,446	59,446	11,889	951
Banks, DFIs and Multilateral Development Banks	2,212,038	2,212,038	671,377	53,710
Insurance companies, securities firms and fund managers	37,884	37,851	37,851	3,028
Corporates	13,887,523	12,773,551	10,997,016	879,762
Regulatory retail	7,451,752	6,732,624	5,147,926	411,834
Residential mortgages	11,911,755	11,902,044	5,295,448	423,636
Higher risk assets	2,801	2,795	4,192	335
Other assets	529,608	529,608	264,204	21,136
Equity exposures	121,644	121,644	121,646	9,732
Defaulted exposures	313,098	311,149	404,843	32,387
Total on-balance sheet exposures	41,328,449	39,483,650	22,956,392	1,836,511
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	2,800,489	2,406,616	2,212,069	176,966
Derivative financial instruments	254,986	254,986	122,904	9,832
Defaulted exposures	5,267	5,267	7,896	632
Total off-balance sheet exposures	3,060,742	2,666,869	2,342,869	187,430
Total on and off-balance sheet exposures	44,389,191	42,150,519	25,299,261	2,023,941
(ii) <u>Market Risk (Note 4.0)</u>				
	Long Position	Short Position		
Interest rate risk			15,289	1,223
Foreign currency risk	76,686	(70,016)	94,541	7,563
	7,016	(94,542)		
Option risk	83,702	(164,558)	559	45
Total			110,389	8,831
(iii) <u>Operational Risk</u>				
	-	-	2,433,159	194,653
Total	44,389,191	42,150,519	27,842,809	2,227,425

2.0 CAPITAL (CONT'D)

2.3 RWA and Capital Requirements (cont'd)

Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Bank and the Group (cont'd):

GROUP 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,715,107	7,715,107	-	-
Public sector entities	211,083	211,083	42,217	3,377
Banks, DFIs and Multilateral Development Banks	1,315,416	1,315,416	261,255	20,900
Insurance companies, securities firms and fund managers	63,080	63,047	63,047	5,044
Corporates	18,530,955	17,092,449	14,147,528	1,131,801
Regulatory retail	10,019,382	9,229,348	7,164,075	573,127
Residential mortgages	14,354,700	14,343,762	6,356,377	508,510
Higher risk assets	3,195	3,189	4,783	383
Other assets	639,421	639,421	374,017	29,921
Equity exposures	178,856	178,856	178,858	14,309
Defaulted exposures	385,914	383,181	494,731	39,578
Total on-balance sheet exposures	53,417,109	51,174,859	29,086,888	2,326,950
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,511,989	3,039,708	2,748,471	219,878
Derivative financial instruments	254,986	254,986	122,904	9,832
Defaulted exposures	11,080	10,217	15,322	1,226
Total off-balance sheet exposures	3,778,055	3,304,911	2,886,697	230,936
Total on and off-balance sheet exposures	57,195,164	54,479,770	31,973,585	2,557,886
(ii) <u>Market Risk (Note 4.0)</u>				
	Long Position	Short Position		
Interest rate risk			15,757	1,261
Foreign currency risk	91,664	(70,016)	94,541	7,563
	7,016	(94,542)		
Option risk			559	45
Total	98,680	(164,558)	110,857	8,869
(iii) <u>Operational Risk</u>	-	-	2,801,473	224,118
Total	57,195,164	54,479,770	34,885,915	2,790,873

Note:

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

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

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK

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

Credit Risk Management

The Board, via the Group Risk Management Committee ("GRMC"), established a Credit Risk Management Framework ("CRMF") which outlines the broad principles for managing credit risk of the Group.

Credit approval is under the purview of the Executive Committee, Group Management Credit Committee and Credit Underwriters, depending on the size and complexity of the loans.

Retail loans are subject to portfolio reviews and corporate loans are subject to periodic individual borrower or group reviews. The Portfolio Review Committee for the respective lines of business, assisted by embedded risk units, helps to manage the portfolio quality. The process also ensures alignment of business strategy with the Bank's risk appetite.

Potential problem loans or issues on portfolio are identified through our Early Warning Framework and thematic reviews, where applicable. Recovery of impaired loans are carried out internally or through authorised agents.

The Portfolio Review Committees for the respective lines of business, assisted by embedded risk units, helps to manage the portfolio quality. Portfolio risk reports are reviewed and action plans are formulated to manage identified risks.

Entity level Risk Dashboards are escalated to the Executive Risk Management Committee (Senior Management Level), Group Risk Management Committee (Board Level) and the Board for deliberation and strategic direction.

Group Risk Management is responsible for assessing the adequacy and effectiveness of the risk management framework, policies and guidelines. Embedded risk units are responsible for monitoring business activities and ensuring that they are carried out within the approved policies and business models.

Stress testing is used to identify potential vulnerable risk areas of the Bank's portfolios to stress events and assess the impact to earnings and capital. Stress tests are performed using a variety of market and economic assumptions to assess possible vulnerability and formulate effective mitigation actions when required. Sensitivity analysis are conducted to assess potential effect of individual risk factors.

Group Internal Audit reviews the Bank's credit processes regularly and recommends corrective measures or enhancements. These reviews provide senior management with assurance that the policies, processes and guidelines are adhered to.

Impaired Loans and Provisions

Past due accounts are loan accounts with any payment of principal and/or interest due and not paid, but are not classified as impaired. Loans are classified as impaired if the mandatory impairment thresholds are exceeded or judgmentally impaired when there are reasonable grounds to believe that the borrower may not be able to repay the entire loan amount.

Provisions for expected credit losses are carried out based on the MFRS 9 approach, loans with defined risk characteristics are transferred to Stage 2 and provisions are estimated based on potential losses for the remaining lifetime of the exposures. Impaired loans are classified as Stage 3 under MFRS 9. Loans that are not classified as Stage 2 or 3 will remain in Stage 1 where provisions will be estimated based on probability of default over the next 12 months.

Please refer to Note 2(k)(i) of the audited financial statements for accounting policies on impairment of financial assets.

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures

(a) Geographical Distribution

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

BANK 2019	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
Cash and short-term funds	-	1,292,132	-	-	-	24,753	1,316,885
Financial assets at fair value through profit or loss	-	42,923	-	-	-	-	42,923
Financial investments at fair value through other comprehensive income	-	6,852,858	-	-	-	-	6,852,858
Financial investments at amortised cost	-	311,930	-	-	-	-	311,930
Derivative financial assets	-	55,442	-	-	-	-	55,442
Loans, advances and financing	2,206,689	23,649,545	3,966,339	2,166,621	722,691	-	32,711,885
Statutory deposits	-	1,142,108	-	-	-	-	1,142,108
Total on-balance sheet	2,206,689	33,346,938	3,966,339	2,166,621	722,691	24,753	42,434,030
Financial guarantees	71,471	354,069	42,526	38,622	11,378	-	518,066
Credit-related commitments and contingencies	853,568	7,096,695	1,013,416	624,008	306,300	-	9,893,986
Total off-balance sheet	925,039	7,450,763	1,055,942	662,630	317,677	-	10,412,052
Total credit exposure	3,131,728	40,797,701	5,022,281	2,829,251	1,040,368	24,753	52,846,082

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(a) Geographical Distribution (cont'd)

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

GROUP 2019	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
Cash and short-term funds	-	1,524,871	-	-	-	24,753	1,549,624
Deposits and placements with banks and other financial institutions	-	500	-	-	-	-	500
Amounts due from clients and brokers	11,527	55,322	10,159	-	-	-	77,008
Financial assets at fair value through profit or loss	-	42,923	-	-	-	-	42,923
Financial investments at fair value through other comprehensive income	-	9,478,454	-	-	-	-	9,478,454
Financial investments at amortised cost	-	235,720	-	-	-	-	235,720
Derivative financial assets	-	55,442	-	-	-	-	55,442
Loans, advances and financing	3,071,510	30,376,554	5,240,640	2,859,102	965,175	-	42,512,982
Statutory deposits	-	1,521,592	-	-	-	-	1,521,592
Total on-balance sheet	3,083,037	43,291,377	5,250,800	2,859,102	965,175	24,753	55,474,245
Financial guarantees	80,179	519,451	57,431	52,646	11,793	-	721,500
Credit-related commitments and contingencies	1,203,797	8,500,343	1,349,365	788,017	460,014	-	12,301,536
Total off-balance sheet	1,283,976	9,019,794	1,406,796	840,663	471,807	-	13,023,036
Total credit exposure	4,367,013	52,311,172	6,657,596	3,699,765	1,436,982	24,753	68,497,280

Note:

The classification of financial instruments under MFRS9 was adopted with effect from 1 April 2018. Please refer to Note 56 of the financial statement.

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(a) Geographical Distribution (cont'd)

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

BANK 2018	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
Cash and short-term funds	-	1,428,981	-	-	-	21,576	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	-	6,284,804	-	-	-	-	6,284,804
Financial investments held-to-maturity	-	344,703	-	-	-	-	344,703
Derivative financial assets	-	84,455	-	-	-	-	84,455
Loans, advances and financing	2,122,103	23,064,355	3,794,976	1,985,937	654,300	-	31,621,671
Statutory deposits	-	1,092,566	-	-	-	-	1,092,566
Total on-balance sheet	2,122,103	32,425,918	3,794,976	1,985,937	654,300	21,576	41,004,811
Financial guarantees	55,509	398,635	42,934	45,088	14,535	-	556,701
Credit-related commitments and contingencies	828,695	6,569,110	829,182	618,932	273,075	-	9,118,992
Total off-balance sheet	884,204	6,967,745	872,115	664,019	287,610	-	9,675,693
Total credit exposure	3,006,307	39,393,663	4,667,091	2,649,956	941,910	21,576	50,680,504

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(a) Geographical Distribution (cont'd)

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

GROUP 2018	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
Cash and short-term funds	-	2,481,778	-	-	-	21,576	2,503,354
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	-	77,283
Amounts due from clients and brokers	13,920	83,873	3,512	-	-	-	101,305
Financial assets held-for-trading	-	63,750	-	-	-	-	63,750
Financial investments available-for-sale	-	8,326,333	-	-	-	-	8,326,333
Financial investments held-to-maturity	-	293,612	-	-	-	-	293,612
Derivative financial assets	-	84,455	-	-	-	-	84,455
Loans, advances and financing	2,815,996	28,829,752	4,918,978	2,598,098	961,745	-	40,124,570
Statutory deposits	-	1,408,316	-	-	-	-	1,408,316
Total on-balance sheet	2,829,916	41,649,153	4,922,490	2,598,098	961,745	21,576	52,982,979
Financial guarantees	63,441	550,533	55,015	47,209	14,574	-	730,771
Credit-related commitments and contingencies	1,118,225	7,775,286	1,073,320	1,036,449	310,051	-	11,313,331
Total off-balance sheet	1,181,666	8,325,819	1,128,335	1,083,657	324,625	-	12,044,102
Total credit exposure	4,011,582	49,974,972	6,050,825	3,681,756	1,286,370	21,576	65,027,081

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(b) Industry Distribution

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

BANK	Government & Central Bank	Financial, Insurance, Business Services & Real Estate	Transport, Storage & Communication	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction	Household	Others	Total
2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	692,477	624,408	-	-	-	-	-	1,316,885
Financial assets at fair value through profit or loss	41,002	1,909	7	4	1	-	-	42,923
Financial investments at fair value through other comprehensive income	3,705,868	2,098,405	743,892	173,009	131,684	-	-	6,852,858
Financial investments at amortised cost	101,446	164,961	-	25,011	-	-	20,512	311,930
Derivative financial assets	-	35,438	-	-	-	-	20,004	55,442
Loans, advances and financing	-	3,480,049	517,512	10,066,243	1,203,030	17,147,433	297,618	32,711,885
Statutory deposits	1,142,108	-	-	-	-	-	-	1,142,108
Total on-balance sheet	5,682,900	6,405,171	1,261,411	10,264,267	1,334,715	17,147,433	338,134	42,434,030
Financial guarantees	-	77,195	27,895	383,755	15,081	4,544	9,596	518,066
Credit-related commitments and contingencies	141,985	1,285,169	120,734	4,014,944	1,448,995	2,536,013	346,146	9,893,986
Total off-balance sheet	141,985	1,362,364	148,629	4,398,699	1,464,076	2,540,557	355,742	10,412,052
Total credit risk	5,824,885	7,767,534	1,410,040	14,662,966	2,798,791	19,687,990	693,875	52,846,082

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(b) Industry Distribution (cont'd)

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

GROUP 2019	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication 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	1,040,926	508,698	-	-	-	-	-	1,549,624
Deposits and placements with banks and other financial institutions	-	500	-	-	-	-	-	500
Amounts due from clients and brokers	-	665	-	-	-	-	76,343	77,008
Financial assets at fair value through profit or loss	41,002	1,909	7	4	1	-	-	42,923
Financial investments at fair value through other comprehensive income	5,293,442	2,520,795	1,149,358	245,233	269,626	-	-	9,478,454
Financial investments at amortised cost	121,789	43,404	-	50,015	-	-	20,512	235,720
Derivative financial assets	-	35,438	-	-	-	-	20,004	55,442
Loans, advances and financing	-	4,451,999	695,780	12,952,982	1,406,180	22,560,416	445,625	42,512,982
Statutory deposits	1,521,592	-	-	-	-	-	-	1,521,592
Total on-balance sheet	8,018,750	7,563,409	1,845,145	13,248,234	1,675,807	22,560,416	562,484	55,474,245
Financial guarantees	-	79,794	33,041	542,131	52,123	4,586	9,825	721,500
Credit-related commitments and contingencies	141,985	1,540,262	125,463	5,141,861	1,611,172	3,356,111	384,682	12,301,536
Total off-balance sheet	141,985	1,620,056	158,504	5,683,992	1,663,295	3,360,697	394,507	13,023,036
Total credit risk	8,160,735	9,183,465	2,003,649	18,932,226	3,339,102	25,921,113	956,991	68,497,280

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(b) Industry Distribution (cont'd)

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

BANK	Government & Central Bank	Financial, Insurance, Business Services & Real Estate	Transport, Storage & Communication	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction	Household	Others	Total
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	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	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	-	3,936,962	353,452	8,783,073	1,073,400	17,069,873	404,911	31,621,671
Statutory deposits	1,092,566	-	-	-	-	-	-	1,092,566
Total on-balance sheet	4,664,969	7,649,655	1,043,470	8,965,261	1,179,186	17,069,873	432,397	41,004,811
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
Total off-balance sheet	-	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	8,974,149	1,192,253	12,907,196	2,599,934	19,379,917	962,085	50,680,503

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(b) Industry Distribution (cont'd)

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

GROUP 2018	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication 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	1,877,748	625,606	-	-	-	-	-	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	3,853,263	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	-	4,954,492	501,987	11,408,031	1,370,993	21,373,155	515,912	40,124,570
Statutory deposits	1,408,316	-	-	-	-	-	-	1,408,316
Total on-balance sheet	7,281,013	8,726,856	1,673,610	11,616,173	1,668,138	21,373,155	644,033	52,982,979
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
Total off-balance sheet	-	1,490,266	159,831	5,072,797	1,572,909	2,908,415	839,884	12,044,102
Total credit risk	7,281,013	10,217,122	1,833,442	16,688,970	3,241,047	24,281,570	1,483,917	65,027,081

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(c) Residual Contractual Maturity

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

BANK 2019	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
Cash and short-term funds	1,316,885	-	-	-	-	1,316,885
Financial assets at fair value through profit or loss	379	-	118	-	42,425	42,923
Financial investments at fair value through other comprehensive income	58,511	199,629	325,205	488,643	5,780,869	6,852,858
Financial investments at amortised cost	36,891	446	2,556	99,771	172,266	311,930
Loans, advances and financing	6,554,099	1,545,631	677,178	105,355	23,829,622	32,711,885
Statutory deposits	-	-	-	-	1,142,108	1,142,108
Derivative financial assets	8,010	5,003	5,812	2,791	33,826	55,442
Total on-balance sheet exposure	7,974,775	1,750,709	1,010,870	696,560	31,001,116	42,434,030
GROUP 2019						
Cash and short-term funds	1,549,624	-	-	-	-	1,549,624
Deposits and placements with banks and other financial institutions	500	-	-	-	-	500
Amounts due from clients and brokers	77,008	-	-	-	-	77,008
Financial assets at fair value through profit or loss	379	-	118	-	42,425	42,923
Financial investments at fair value through other comprehensive income	180,003	230,448	387,975	502,664	8,177,363	9,478,454
Financial investments at amortised cost	37,164	4,549	4,994	119,816	69,196	235,720
Loans, advances and financing	8,755,066	2,146,717	892,728	135,785	30,582,686	42,512,982
Statutory deposits	-	-	-	-	1,521,592	1,521,592
Derivative financial assets	8,010	5,004	5,812	2,791	33,825	55,442
Total on-balance sheet exposure	10,607,754	2,386,718	1,291,628	761,056	40,427,087	55,474,245

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.1 Distribution of Credit Exposures (cont'd)

(c) Residual Contractual Maturity (cont'd)

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Bank and the Group (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
Cash and short-term funds	1,450,557	-	-	-	-	1,450,557
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	77,283
Financial assets held-for-trading	-	25,926	167	-	22,678	48,771
Financial investments available-for-sale	61,449	274,130	489,924	455,660	5,003,641	6,284,804
Financial investments held-to-maturity	1,229	446	49,764	63,149	230,115	344,703
Loans, advances and financing	6,240,348	1,494,915	700,136	127,353	23,058,919	31,621,671
Statutory deposits	-	-	-	-	1,092,566	1,092,566
Derivative financial assets	17,806	25,115	4,083	11,223	26,229	84,455
Total on-balance sheet exposure	7,771,389	1,897,814	1,244,074	657,385	29,434,149	41,004,811

GROUP 2018

Cash and short-term funds	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	101,305	-	-	-	-	101,305
Financial assets held-for-trading	14,978	25,926	167	-	22,678	63,750
Financial investments available-for-sale	61,848	355,038	519,110	619,793	6,770,545	8,326,333
Financial investments held-to-maturity	1,229	744	84,422	82,636	124,581	293,612
Loans, advances and financing	7,927,745	1,986,359	1,000,365	187,192	29,022,910	40,124,570
Statutory deposits	-	-	-	-	1,408,316	1,408,316
Derivative financial assets	17,806	25,115	4,083	11,223	26,229	84,455
Total on-balance sheet exposure	10,628,265	2,470,464	1,608,147	900,843	37,375,260	52,982,979

3.0 CREDIT RISK (CONT'D)

3.2 Past Due Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but not more than three months. For loans that are structured to pay principal and/or interest at quarterly interval or longer, a default of payment will trigger an impairment immediately. Under MFRS 9, exposures more than 30 days past due are transferred to Stage 2.

The following tables represent the past due loans, advances and financing analysed by sector:

	BANK		GROUP	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial, insurance & business services and real estate	66,885	39,321	77,853	44,396
Transport, storage & communication	23,510	12,370	30,506	12,922
Agriculture, manufacturing, wholesale & retail trade	380,443	107,956	522,877	127,504
Construction	214,987	37,965	224,120	42,113
Household	956,887	814,802	1,360,089	1,130,620
Others	3,192	3,783	28,584	4,054
	1,645,903	1,016,197	2,244,029	1,361,609

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

	BANK		GROUP	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Northern region	127,766	75,634	180,081	107,468
Central region	1,200,186	700,806	1,626,610	926,597
Southern region	177,217	134,561	256,933	194,492
Sabah region	113,043	85,781	148,531	110,336
Sarawak region	27,691	19,415	31,874	22,716
	1,645,903	1,016,197	2,244,029	1,361,609

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.2 Past Due Loans, Advances and Financing Analysis (cont'd)

The following tables represent the loans, advances and financing by sector, where past due exposures are included under Stage 2 and Stage 3:

Sector	31 March 2019				31 March 2018	
	Non-credit Impaired		Credit Impaired	Total	Non-credit impaired	Credit impaired
	12 months ECL	Lifetime ECL	Lifetime ECL		Collectively	Individually
	(Stage 1)	(Stage 2)	(Stage 3)		Assessed	Assessed
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BANK						
Financial, insurance & business services and real estate	2,930,949	530,927	24,264	3,486,140	-	-
Transport, storage & communication	415,838	101,592	3,027	520,457	-	-
Agriculture, manufacturing, wholesale & retail trade	7,688,544	2,328,371	114,135	10,131,050	-	-
Construction	870,175	330,024	21,786	1,221,985	-	-
Household	16,190,136	836,086	197,271	17,223,493	-	-
Others	235,685	55,766	8,641	300,092	-	-
	28,331,327	4,182,766	369,124	32,883,217	-	-
GROUP						
Financial, insurance & business services and real estate	3,762,480	670,415	25,503	4,458,398	-	-
Transport, storage & communication	564,253	131,380	3,394	699,027	-	-
Agriculture, manufacturing, wholesale & retail trade	9,840,739	3,035,916	155,162	13,031,817	-	-
Construction	1,041,903	360,673	27,515	1,430,090	-	-
Household	21,056,625	1,350,005	256,386	22,663,015	-	-
Others	377,250	62,208	8,643	448,100	-	-
	36,643,249	5,610,597	476,602	42,730,447	-	-

3.0 CREDIT RISK (CONT'D)

3.2 Past Due Loans, Advances and Financing Analysis (cont'd)

The following tables represent the loans, advances and financing by geographical region, where past due exposures are included under Stage 2 and Stage 3:

	31 March 2019				31 March 2018	
	Non-credit Impaired		Credit Impaired	Total	Non-credit impaired	Credit Impaired
	12 months ECL	Lifetime ECL	Lifetime ECL		Collectively	Individually
	(Stage 1)	(Stage 2)	(Stage 3)		Assessed	Assessed
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BANK						
Geographic Distribution						
Northern region	1,787,685	403,588	39,874	2,231,147	-	-
Central region	20,640,286	2,872,670	246,940	23,759,896	-	-
Southern region	3,588,410	351,830	49,183	3,989,423	-	-
Sabah region	1,785,547	366,194	22,554	2,174,295	-	-
Sarawak region	529,399	188,484	10,573	728,456	-	-
	28,331,327	4,182,766	369,124	32,883,217	-	-
GROUP						
Geographic Distribution						
Northern region	2,482,149	567,523	49,667	3,099,338	-	-
Central region	26,358,419	3,833,533	326,983	30,518,935	-	-
Southern region	4,709,670	500,028	63,369	5,273,067	-	-
Sabah region	2,389,205	453,346	25,317	2,867,868	-	-
Sarawak region	703,806	256,166	11,267	971,239	-	-
	36,643,249	5,610,597	476,602	42,730,447	-	-

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.3 Impaired Loans, Advances and Financing Analysis

Impaired loans, advances and financing are exposures where the customers have failed to make a principal and/ or interest payment for more than three months. In addition, where customers are deemed incapable of continuing repayment obligations, the exposures will be judgmentally impaired. Where exposures are restructured or rescheduled due to increase in credit risk, the exposures are also classified as impaired.

Impaired loans, advances and financing analysed by sectors:

	BANK		GROUP	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial, insurance & business services and real estate	24,264	103,133	25,503	106,333
Transport, storage & communication	3,027	5,028	3,394	5,991
Agriculture, manufacturing, wholesale & retail trade	114,135	127,274	155,162	169,844
Construction	21,786	11,450	27,515	13,271
Household	197,271	212,935	256,386	271,254
Others	8,641	10,826	8,643	10,826
	369,124	470,646	476,602	577,519

Credit provisions on loans, advances and financing analysed by sectors:

	Non-credit Impaired		Credit Impaired	ECL charged/	Stage 3
	12 months	Lifetime	Lifetime	(write-back)	write-off
	ECL	ECL	ECL	for the	for the year
BANK	(Stage 1)	(Stage 2)	(Stage 3)	year (net)	for the year
2019	RM'000	RM'000	RM'000	RM'000	RM'000
Financial, insurance & business services and real estate	3,572	9,090	6,091	3,879	(619)
Transport, storage & communication	956	4,650	2,946	(457)	(469)
Agriculture, manufacturing, wholesale & retail trade	15,854	74,557	64,807	20,102	(24,079)
Construction	1,562	11,568	18,955	15,964	(236)
Household	26,543	41,073	76,059	48,007	(41,612)
Others	647	1,683	2,475	194	(587)
	49,135	142,622	171,332	87,689	(67,602)

3.0 CREDIT RISK (CONT'D)

3.3 Impaired Loans, Advances and Financing Analysis (cont'd)

Credit provisions on loans, advances and financing analysed by sectors (cont'd):

GROUP 2019	Non-credit Impaired		Credit Impaired	ECL charged/	Stage 3 write-off for the year RM'000
	12 months	Lifetime	Lifetime	(write-back)	
	ECL (Stage 1) RM'000	ECL (Stage 2) RM'000	ECL (Stage 3) RM'000	for the year (net) RM'000	
Financial, insurance & business services and real estate	4,598	11,603	6,400	3,191	(647)
Transport, storage & communication	1,130	6,405	3,247	(1,095)	(469)
Agriculture, manufacturing, wholesale & retail trade	19,728	88,997	78,835	25,609	(24,586)
Construction	1,897	12,934	23,909	20,030	(262)
Household	44,317	90,524	102,598	84,607	(74,276)
Others	1,009	2,055	2,476	195	(587)
	72,679	212,519	217,465	132,537	(100,827)

BANK 2018	Individual assessment allowance		Collective assessment allowance	Individual assessment made for/ write-back during the year (net)	Individual assessment write-off for the year
	RM'000		RM'000	RM'000	RM'000
Financial, insurance & business services and real estate		1,992	29,353	1,044	-
Transport, storage & communication		2,510	4,667	1,930	(9,561)
Agriculture, manufacturing, wholesale & retail trade		47,416	96,493	12,928	(3,953)
Construction		2,665	8,980	3,888	(8,663)
Household		7,523	78,624	2,432	(2,440)
Others		2,861	2,318	1,863	-
		64,967	220,435	24,085	(24,617)

GROUP 2018					
Financial, insurance & business services and real estate		2,904	34,075	1,957	-
Transport, storage & communication		2,510	6,300	1,930	(9,561)
Agriculture, manufacturing, wholesale & retail trade		55,267	115,199	18,954	(3,953)
Construction		3,265	11,425	3,968	(8,708)
Household		8,926	126,796	3,204	(3,007)
Others		2,861	2,921	1,863	-
		75,733	296,716	31,876	(25,229)

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.3 Impaired Loans, Advances and Financing Analysis (cont'd)

Impaired loans, advances and financing and credit provisions analysed by significant geographical areas:

	Impaired loans, advances and financing RM'000	Non-credit Impaired 12 months ECL (Stage 1) RM'000	Lifetime ECL (Stage 2) RM'000	Credit Impaired Lifetime ECL (Stage 3) RM'000
BANK 2019				
Northern region	39,874	4,097	17,596	24,458
Central region	246,940	37,056	97,747	110,352
Southern region	49,183	4,531	12,249	23,082
Sabah region	22,554	2,110	8,326	7,673
Sarawak region	10,573	1,342	6,704	5,765
	369,124	49,135	142,622	171,332
GROUP 2019				
Northern region	49,667	6,430	24,795	27,829
Central region	326,982	53,944	149,923	142,380
Southern region	63,370	7,688	19,785	32,427
Sabah region	25,316	3,039	10,403	8,766
Sarawak region	11,267	1,577	7,613	6,064
	476,602	72,679	212,519	217,465

	Impaired loans, advances and financing RM'000	Individual assessment allowance RM'000	Collective assessment allowance RM'000
BANK 2018			
Northern region	34,658	7,299	26,602
Central region	336,653	42,378	144,320
Southern region	65,560	11,848	27,381
Sabah region	24,263	645	16,431
Sarawak region	9,512	2,797	5,701
	470,646	64,967	220,435
GROUP 2018			
Northern region	42,540	7,863	33,287
Central region	417,859	48,402	197,424
Southern region	78,417	15,284	37,739
Sabah region	28,145	1,387	20,620
Sarawak region	10,558	2,797	7,646
	577,519	75,733	296,716

3.0 CREDIT RISK (CONT'D)

3.3 Impaired Loans, Advances and Financing Analysis (cont'd)

Movements in the credit provisions for impairment on loans, advances and financing are as follows:

	31 March 2019				31 March 2018	
	Non-credit Impaired Collectively Assessed		Credit Impaired Collectively Assessed		Collectively Assessed	Individually Assessed
	12 months ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BANK						
At 1 April 2018						
As previously stated				285,402	234,637	64,147
Effect of adoption of MFRS 9				52,797	-	-
As restated	43,894	137,652	156,653	338,199	234,637	64,147
Transfer to Stage 1	15,264	(90,649)	(5,930)	(81,315)	-	-
Transfer to Stage 2	(24,760)	154,042	(71,881)	57,401	-	-
Transfer to Stage 3	(148)	(65,538)	178,889	113,203	-	-
Financial assets derecognised other than write-off	(26,381)	(118,951)	(16,490)	(161,822)	-	-
Changes due to change in credit risk	(5,213)	5,001	(4,699)	(4,911)	30,618	24,085
New financial assets originated or purchased	46,449	120,924	7,800	175,173	-	-
Other adjustment	30	150	-	180	-	-
Total charge to income statement on allowance	5,241	4,979	87,689	97,909	30,618	24,085
Unwind of discount	-	-	(5,408)	(5,408)	-	-
Write-off	-	(9)	(67,602)	(67,611)	(43,468)	(24,617)
Transfer (to)/from collective assessment allowance to individual assessment allowance	-	-	-	-	(1,352)	1,352
At the end of the financial year	49,135	142,622	171,332	363,089	220,435	64,967

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.3 Impaired Loans, Advances and Financing Analysis (cont'd)

Movements in the credit provisions for impairment on loans, advances and financing are as follows (cont'd):

GROUP	31 March 2019				31 March 2018	
	Non-credit Impaired Collectively Assessed		Credit Impaired Collectively Assessed		Collectively Assessed	Individually Assessed
	12 months ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2018						
As previously stated				372,449	313,328	66,627
Effect of adoption of MFRS 9				90,879	-	-
As restated	66,941	203,691	192,696	463,328	313,328	66,627
Transfer to Stage 1	24,268	(132,004)	(7,270)	(115,006)	-	-
Transfer to Stage 2	(40,020)	232,846	(103,159)	89,667	-	-
Transfer to Stage 3	(181)	(114,361)	254,377	139,835	-	-
Financial assets derecognised other than write-off	(39,199)	(152,890)	(19,415)	(211,504)	-	-
Changes due to change in credit risk	(9,934)	20,361	(7,814)	2,613	73,699	31,876
New financial assets originated or purchased	70,774	154,861	15,818	241,453	-	-
Other adjustment	30	150	-	180	-	-
Total charge to income statement on allowance	5,738	8,963	132,537	147,238	73,699	31,876
Unwind of discount	-	-	(6,941)	(6,941)	-	-
Write-off	-	(135)	(100,827)	(100,962)	(87,852)	(25,229)
Transfer (to)/from collective assessment allowance to individual assessment allowance	-	-	-	-	(2,459)	2,459
At the end of the financial year	72,679	212,519	217,465	502,663	296,716	75,733

3.3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation (cont'd):

[illegible]

3.3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation (cont'd):

[illegible]

3.0 CREDIT RISK (CONT'D)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

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

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

BANK 2019

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	FITCH	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
	R&I	AAA to AA-/ a-1+, a-1	A+ to A-/ a-2	BBB+ to BB-/ a-3	B+ to D/ b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance-Sheet Exposures</u>							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)	-	5,809,864	-	-	-	-	5,809,864
Corporates	-	711,113	-	-	-	-	711,113
Banks, DFIs and Multilateral Development Banks	-	5,024	-	-	-	-	5,024
	-	6,526,001	-	-	-	-	6,526,001
(ii) Exposures risk-weighted using Banking Institutions long-term rating							
Banks, DFIs and Multilateral Development Banks	410,209	1,204,056	13,482	-	213,397	1,841,144	
Exposures risk-weighted using Banking Institutions short-term rating							
Banks, DFIs and Multilateral Development Banks	48,318	-	-	-	-	48,318	
	458,527	1,204,056	13,482	-	213,397	1,889,462	

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

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

BANK 2019

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	FITCH	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
	R&I	AAA to AA-/ a-1+, a-1	A+ to A-/ a-2	BBB+ to BB-/ a-3	B+ to D/ b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures (cont'd)							
(iii) Exposures risk-weighted using Corporate long-term rating							
Public Sector Entities		61,105	-	-	-	23,422	84,527
Corporates		1,495,449	47,617	-	-	14,484,498	16,027,564
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	29,354	29,354
Exposures risk-weighted using Corporate short-term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	-	-
		1,556,554	47,617	-	-	14,537,274	16,141,445

3.0 CREDIT RISK (CONT'D)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

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

GROUP 2019

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	FITCH	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
	R&I	AAA to AA-/ a-1+, a-1	A+ to A-/ a-2	BBB+ to BB-/ a-3	B+ to D/ b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)		-	8,399,756	-	-	-	8,399,756
Corporates		-	1,175,891	-	-	-	1,175,891
Banks, DFIs and Multilateral Development Banks		-	45,217	-	-	-	45,217
		-	9,620,864	-	-	-	9,620,864
(ii) Exposures risk-weighted using Banking Institutions long-term rating							
Banks, DFIs and Multilateral Development Banks		427,124	222,121	13,482	-	213,397	876,124
Exposures risk-weighted using Banking Institutions short-term rating							
Banks, DFIs and Multilateral Development Banks		87,001	-	-	-	-	87,001
		514,125	222,121	13,482	-	213,397	963,125

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

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

GROUP 2019

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	FITCH	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
	R&I	AAA to AA-/ a-1+, a-1	A+ to A-/ a-2	BBB+ to BB-/ a-3	B+ to D/ b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures (cont'd)							
(iii) Exposures risk-weighted using Corporate long-term rating							
Public Sector Entities		122,437	-	-	-	93,071	215,508
Corporates		2,392,195	62,478	-	-	18,442,901	20,897,574
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	36,468	36,468
Exposures risk-weighted using Corporate short-term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	-	-
		2,514,632	62,478	-	-	18,572,440	21,149,550

3.0 CREDIT RISK (CONT'D)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

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

BANK 2018

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	FITCH	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
	R&I	AAA to AA-/ a-1+, a-1	A+ to A-/ a-2	BBB+ to BB-/ a-3	B+ to D/ b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)		-	4,800,900	-	-	-	4,800,900
Corporates		-	383,680	-	-	-	383,680
		-	5,184,580	-	-	-	5,184,580
(ii) Exposures risk-weighted using Banking Institutions long-term rating							
Banks, DFIs and Multilateral Development Banks		475,428	1,274,546	403,451	-	224,537	2,377,962
Exposures risk-weighted using Banking Institutions short-term rating							
Banks, DFIs and Multilateral Development Banks		14,978	-	-	-	-	14,978
		490,406	1,274,546	403,451	-	224,537	2,392,940

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

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3.0 CREDIT RISK (CONT'D)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

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

BANK
2018

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	FITCH	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
	R&I	AAA to AA-/ a-1+, a-1	A+ to A-/ a-2	BBB+ to BB-/ a-3	B+ to D/ b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures (cont'd)							
(iii) Exposures risk-weighted using Corporate long-term rating							
Public Sector Entities		55,778	-	-	-	18,678	74,456
Corporates		1,704,377	58,704	-	-	13,789,513	15,552,594
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	53,514	53,514
Exposures risk-weighted using Corporate short-term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	-	-
		1,760,155	58,704	-	-	13,861,705	15,680,564

3.0 CREDIT RISK (CONT'D)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

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

GROUP
2018

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	FITCH	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
	R&I	AAA to AA-/ a-1+, a-1	A+ to A-/ a-2	BBB+ to BB-/ a-3	B+ to D/ b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)	-	7,775,108	-	-	-	-	7,775,108
Corporates	-	882,250	-	-	-	-	882,250
Banks, DFIs and Multilateral Development Banks	-	45,149	-	-	-	-	45,149
	-	8,702,507	-	-	-	-	8,702,507
(ii) Exposures risk-weighted using Banking Institutions long-term rating							
Banks, DFIs and Multilateral Development Banks	576,166	231,916	403,451	-	224,537	1,436,070	
Exposures risk-weighted using Banking Institutions short-term rating							
Banks, DFIs and Multilateral Development Banks	14,978	-	-	-	-	14,978	
	591,144	231,916	403,451	-	224,537	1,451,048	

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

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3.0 CREDIT RISK (CONT'D)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

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

GROUP 2018

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	FITCH	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
	R&I	AAA to AA-/ a-1+, a-1	A+ to A-/ a-2	BBB+ to BB-/ a-3	B+ to D/ b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures (cont'd)							
(iii) Exposures risk-weighted using Corporate long-term rating							
Public Sector Entities		137,353	-	-	-	92,739	230,092
Corporates		2,532,552	73,250	-	-	17,632,805	20,238,607
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	78,709	78,709
Exposures risk-weighted using Corporate short-term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	-	-
		2,669,905	73,250	-	-	17,804,253	20,547,408

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

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

Note:

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

3.0 CREDIT RISK (CONT'D)

3.5 Credit Risk Mitigation ("CRM")

As a practical approach towards mitigating credit risk, the Group accepts a wide range of collaterals. Main types of collateral acceptable to the Group include cash, guarantees, commercial and residential real estate, and physical collateral/financial collateral, e.g. motor vehicles or shares. Guarantees are accepted only when the financial standing of the guarantors have been ascertained.

However, for capital computation purposes, the BNM guidelines apply more restrictive rules on collaterals that qualify as credit risk mitigants. As a result, not all of the collaterals accepted by the Group can be used to reduce our capital adequacy requirement.

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

BANK		Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
2019	Exposures before CRM			
Exposure Class	RM'000	RM'000	RM'000	RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	5,596,654	-	-	-
Public sector entities	69,280	-	-	-
Banks, DFIs and Multilateral Development Banks	1,715,604	-	-	-
Insurance companies, securities firms and fund managers	28,494	-	-	-
Corporates	14,760,638	-	1,237,422	-
Regulatory retail	7,519,108	-	673,765	-
Residential mortgages	12,335,936	-	9,362	-
Higher risk assets	9,472	-	5	-
Other assets	616,262	-	-	-
Equity exposures	126,741	-	-	-
Defaulted exposures	200,941	-	1,347	-
Total on-balance sheet exposures	42,979,130	-	1,921,901	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,330,927	-	443,656	-
Defaulted exposures	1,360	-	500	-
Total off-balance sheet exposures	3,332,287	-	444,156	-
Total on and off-balance sheet exposures	46,311,417	-	2,366,057	-

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.5 Credit Risk Mitigation ("CRM") (cont'd)

GROUP 2019 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	8,186,546	-	-	-
Public sector entities	196,261	-	-	-
Banks, DFIs and Multilateral Development Banks	829,576	-	-	-
Insurance companies, securities firms and fund managers	35,557	-	-	-
Corporates	19,580,592	-	1,630,447	-
Regulatory retail	9,999,499	-	754,117	-
Residential mortgages	16,073,138	-	10,379	-
Higher risk assets	11,086	-	5	-
Other assets	694,371	-	-	-
Equity exposures	187,525	-	-	-
Defaulted exposures	262,387	-	2,470	-
Total on-balance sheet exposures	56,056,537	-	2,397,418	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	4,160,638	-	520,517	-
Defaulted exposures	1,718	-	500	-
Total off-balance sheet exposures	4,162,356	-	521,017	-
Total on and off-balance sheet exposures	60,218,893	-	2,918,435	-

3.0 CREDIT RISK (CONT'D)

3.5 Credit Risk Mitigation ("CRM") (cont'd)

BANK 2018 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	4,800,900	-	-	-
Public sector entities	59,446	-	-	-
Banks, DFIs and Multilateral Development Banks	2,212,038	-	-	-
Insurance companies, securities firms and fund managers	37,884	-	33	-
Corporates	13,887,523	-	1,113,972	-
Regulatory retail	7,451,752	-	719,128	-
Residential mortgages	11,911,755	-	9,711	-
Higher risk assets	2,801	-	6	-
Other assets	529,608	-	-	-
Equity exposures	121,644	-	-	-
Defaulted exposures	313,098	-	1,949	-
Total on-balance sheet exposures	41,328,449	-	1,844,799	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,055,475	-	393,872	-
Defaulted exposures	5,267	-	-	-
Total off-balance sheet exposures	3,060,742	-	393,872	-
Total on and off-balance sheet exposures	44,389,191	-	2,238,671	-

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.5 Credit Risk Mitigation ("CRM") (cont'd)

GROUP 2018 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	7,715,107	-	-	-
Public sector entities	211,083	-	-	-
Banks, DFIs and Multilateral Development Banks	1,315,416	-	-	-
Insurance companies, securities firms and fund managers	63,080	-	33	-
Corporates	18,530,955	-	1,438,506	-
Regulatory retail	10,019,382	-	790,034	-
Residential mortgages	14,354,700	-	10,938	-
Higher risk assets	3,195	-	6	-
Other assets	639,421	-	-	-
Equity exposures	178,856	-	-	-
Defaulted exposures	385,914	-	2,733	-
Total on-balance sheet exposures	53,417,109	-	2,242,250	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives				
	3,766,975	-	472,280	-
Defaulted exposures	11,080	-	863	-
Total off-balance sheet exposures	3,778,055	-	473,143	-
Total on and off-balance sheet exposures	57,195,164	-	2,715,393	-

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk

Counterparty Credit Risk ("CCR") is the risk that the counterparty to a transaction involving financial instruments such as foreign exchange and derivatives, defaults before the final settlement of the transaction's cash flows. Unlike a loan where the credit risk is unilateral i.e. only the lending bank faces the risk of loss, CCR on derivatives creates bilateral risk of loss. This means either party of the transaction can incur losses depending on the market value of the derivative, which can vary over time with the movement of underlying market factors.

For derivatives, the Group is not exposed to credit risk for the full face value of the contracts. The CCR is limited to the potential cost of replacing the cash-flow if the counterparty defaults. As such, the credit equivalent amount will depend, inter alia, on the maturity of the contract and on the volatility of the rates underlying that type of instrument.

Derivatives are mainly utilised for hedging purposes with minimal trading exposures. CCR arising from the derivatives is managed via counterparty limits, which is set based on the counterparty's size and credit rating. These limits are monitored daily by Group Risk Management.

3.0 CREDIT RISK (CONT'D)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

CCR is further mitigated via netting agreements, e.g. under the International Swaps and Derivatives Association ("ISDA") master agreement. The ISDA agreement contractually binds both parties to apply close-out netting across all outstanding transactions covered by this agreement should either party default or other such predetermined credit events occur.

CCR is measured via the current exposure method whereby the credit equivalent exposure for derivatives is the sum of the positive mark-to-market exposure plus the potential future exposure which is equivalent to an add-on factor multiplied by the notional amount. The add-on factors are as stipulated by BNM.

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

BANK 2019	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	490,085	-	490,010	414,325
Transaction-related contingent items	609,843	-	300,635	189,732
Short-term self-liquidating trade-related contingencies	133,405	-	26,681	22,845
Forward asset purchase	211,985	-	211,985	-
Obligations under an on-going underwriting agreement	-	-	-	-
Irrevocable commitments to extend credit:				
• maturity exceeding one year	904,181	-	450,612	379,036
• maturity not exceeding one year	6,461,733	-	1,292,346	935,922
Unutilised credit card lines	1,600,820	-	320,164	247,048
	10,412,052	-	3,092,433	2,188,908
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
• one year or less	4,561,102	19,668	68,441	29,095
• over one year to three years	159,580	239	9,852	8,022
• over three years	10,209	-	868	868
Interest rate related contracts:				
• one year or less	2,034,786	1,649	5,401	1,543
• over one year to three years	1,779,255	7,108	32,711	8,548
• over three years	2,503,968	25,341	114,912	57,257
Equity related contracts:				
• one year or less	78,958	97	4,835	2,397
• over one year to three years	30,810	847	2,835	1,418
	11,158,669	54,949	239,854	109,148
	21,570,721	54,949	3,332,287	2,298,056

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

GROUP 2019	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	650,663	-	650,588	561,367
Transaction-related contingent items	680,097	-	335,763	212,536
Short-term self-liquidating trade-related contingencies	179,994	-	35,999	31,609
Forward asset purchase	236,985	-	236,985	-
Obligations under an on-going underwriting agreement	46,154	-	23,077	23,077
Irrevocable commitments to extend credit:				
• maturity exceeding one year	1,319,483	-	658,158	509,949
• maturity not exceeding one year	8,308,840	-	1,661,768	1,200,570
Unutilised credit card lines	1,600,820	-	320,164	247,047
	13,023,036	-	3,922,502	2,786,156
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
• one year or less	4,561,102	19,668	68,441	29,095
• over one year to three years	159,580	239	9,852	8,022
• over three years	10,209	-	868	868
Interest rate related contracts:				
• one year or less	2,034,786	1,649	5,401	1,543
• over one year to three years	1,779,255	7,108	32,711	8,548
• over three years	2,503,968	25,341	114,912	57,257
Equity related contracts:				
• one year or less	78,958	97	4,835	2,397
• over one year to three years	30,810	847	2,835	1,418
	11,158,669	54,949	239,854	109,148
	24,181,704	54,949	4,162,356	2,895,304

3.0 CREDIT RISK (CONT'D)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

BANK 2018	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	564,446	-	564,446	494,530
Transaction-related contingent items	651,896	-	325,948	244,337
Short-term self-liquidating trade-related contingencies	215,445	-	43,089	39,457
Irrevocable commitments to extend credit:				
• maturity exceeding one year	744,972	-	372,486	336,606
• maturity not exceeding one year	5,748,870	-	1,149,774	834,826
Unutilised credit card lines	1,750,064	-	350,013	270,209
	9,675,693	-	2,805,756	2,219,965
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
• one year or less	5,057,347	57,169	94,639	41,707
• over one year to three years	73,015	-	3,964	3,964
• over three years	17,385	-	1,536	1,536
Interest rate related contracts:				
• one year or less	1,206,130	1,050	5,343	1,801
• over one year to three years	1,990,360	7,158	38,427	11,888
• over three years	2,146,310	18,864	102,929	57,951
Equity related contracts:				
• one year or less	38,825	-	2,330	1,148
• over one year to three years	67,660	404	5,817	2,909
	10,597,032	84,645	254,986	122,904
	20,272,725	84,645	3,060,742	2,342,869

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

3.0 CREDIT RISK (CONT'D)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

GROUP 2018	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	719,148	-	719,148	636,319
Transaction-related contingent items	739,535	-	369,768	274,015
Short-term self-liquidating trade-related contingencies	235,056	-	47,011	42,975
Irrevocable commitments to extend credit:				
• maturity exceeding one year	1,056,899	-	528,450	479,335
• maturity not exceeding one year	7,543,400	-	1,508,680	1,060,940
Unutilised credit card lines	1,750,064	-	350,013	270,209
	12,044,102	-	3,523,069	2,763,793
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
• one year or less	5,057,347	57,169	94,639	41,707
• over one year to three years	73,015	-	3,964	3,964
• over three years	17,385	-	1,536	1,536
Interest rate related contracts:				
• one year or less	1,206,130	1,050	5,343	1,801
• over one year to three years	1,990,360	7,158	38,427	11,888
• over three years	2,146,310	18,864	102,929	57,951
Equity related contracts:				
• one year or less	38,825	-	2,330	1,148
• over one year to three years	67,660	404	5,817	2,909
	10,597,032	84,645	254,986	122,904
	22,641,134	84,645	3,778,055	2,886,697

4.0 Market Risk

Market Risk is defined as the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices.

Market Risk Management

The Board, via the Group Risk Management Committee (GRMC) provides oversight on market risk management activities. Its responsibilities include reviewing and approving risk management policies, risk exposures and limits whilst ensuring the necessary infrastructure and resources are in place.

At senior management level, the Group Assets and Liabilities Management Committee ("GALCO") manages the Group's market risk by reviewing and recommending market risk frameworks and policies; ensuring that market risk limits and parameters are within the approved thresholds; and aligning market risk management with business strategy and planning.

Organisationally, market risks are managed collectively via the Three Lines of Defence concept. Group Financial Markets, as the risk taking unit assumes ownership of the risk and manages the risk within the approved policies, risk limits and parameters as set by the GRMC or GALCO. The risk control function is undertaken by Group Risk Management which provides independent monitoring, valuation and reporting of the market exposures. This is supplemented by periodic review by Group Internal Audit.

For the Group, market risk is managed on an integrated approach which involves the following processes:

- (i) Identification of market risk in new products and changes in risk profiles of existing exposures;
- (ii) Assessment of the type and magnitude of market risks which takes into account the activity and market role undertaken;
- (iii) Adoption of various market risk measurement tools and techniques to quantify market risk exposures; and
- (iv) Scheduled and exception reporting on market risk exposures.

Market risk exists in the Group's activities in fixed income securities, foreign exchange and financial derivatives, which are transacted primarily by Group Financial Markets (Treasury) department. Trading positions are held intentionally for short-term resale and with the intent of benefiting from actual or expected short-term price movements while banking book positions are held until maturity or as available-for-sale. Hence, these positions are susceptible to market movements.

These exposures are governed by approved policies, risk limits and parameters which are set vis-a-vis the Group's risk appetite and strategy. Besides that, treasury activities are monitored and reported independently by Group Market Risk on a daily basis. Any limit breaches or exceptions are reported to GALCO and GRMC.

Hedging Policies and Strategies

The Group had established a hedging policy which outlines the broad principles and policies governing hedging activities by the Group. Generally, the Group enters into hedges to manage or reduce risk exposures. All hedging strategies are approved by the GALCO and monitored independently by Group Market Risk Management. Further, all hedging strategies are designated upfront and recorded separately under the hedging portfolios. Hedging positions and effectiveness, if any, are monitored and reported monthly to senior management.

Market Risk Capital Charge

For the Group, the market risk charge is computed on the standardised approach and the capital charges are mainly on the fixed income securities, foreign exchange and financial derivatives portfolios, if any.

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

4.0 MARKET RISK (CONT'D)

Regulatory Capital Requirements

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

	BANK		GROUP	
	Risk-Weighted Assets RM'000	Capital Requirements RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
2019				
Interest rate risk				
• General interest rate risk	149,162	11,933	149,163	11,933
• Specific interest rate risk	379	30	379	30
	149,542	11,963	149,542	11,963
Option risk	990	79	990	79
Foreign exchange risk	124,410	9,953	124,410	9,953
	274,942	21,995	274,942	21,995

2018

Interest rate risk				
• General interest rate risk	11,971	958	11,971	958
• Specific interest rate risk	3,318	265	3,786	303
	15,289	1,223	15,757	1,261
Option risk	559	45	559	45
Foreign exchange risk	94,541	7,563	94,541	7,563
	110,389	8,831	110,857	8,869

5.0 OPERATIONAL 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. It includes legal risk but excludes strategic and reputation risks.

Operational Risk Management

Management, escalation and reporting of operational risks are instituted through the Group Operational Risk Management Committee (GORMC), Group Risk Management Committee (GRMC) as well as the Board.

The Board, via the GRMC provides oversight on operational risk management activities.

At senior management level, GORMC manages the day-to-day operational risk exposures. The roles and responsibilities of GORMC include:

- (i) Providing strategic guidance on operational issues and monitor the implementation of Operational Risk Management (ORM) framework;
- (ii) Reviewing and monitoring operational risk issues, reports and action plans;
- (iii) Evaluating and agree on initiatives to strengthen operational processes or infrastructure; and
- (iv) Promoting risk awareness and operational risk management culture.

The Group practices operational risk management as outlined in the ORM Framework, in accordance with Basel and regulatory guidelines. The Group applies operational risk tools and methodologies in the identification, assessment, measurement, control and monitoring of operational risks. Other efforts by the Group include the ORM awareness training which is given to all staff and regular business continuity and disaster recovery plans.

The Group adopts the Basic Indicator Approach for computation of operational Risk-Weighted Asset (RWA).

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

6.0 EQUITY EXPOSURES IN BANKING BOOK

The Bank and the Group hold equity positions in the banking book as a result of debt to equity conversion, for social-economic purposes, or to maintain strategic relationships. All equities are held at fair value. For quoted equities, fair value is estimated based on quoted or observable market price at the end of the reporting period. For unquoted equities, the fair value is estimated using approved valuation techniques.

Any gains and losses arising from the returns and changes in fair value of these equities holdings are reflected in the Statement of Income.

The following table shows the equity exposures in banking book:

	BANK		GROUP	
	Gross credit exposures RM'000	Risk-weighted assets RM'000	Gross credit exposures RM'000	Risk-weighted assets RM'000
2019				
Publicly traded				
Holding of equity investments	8	8	8	8
Privately held				
For socio-economic purposes	126,730	126,730	187,514	187,514
Not for socio-economic purposes	3	4	3	4
	126,741	126,742	187,525	187,526
2018				
Publicly traded				
Holding of equity investments	10	10	10	10
Privately held				
For socio-economic purposes	121,631	121,631	178,843	178,843
Not for socio-economic purposes	3	5	3	5
	121,644	121,646	178,856	178,858

6.0 EQUITY EXPOSURES IN BANKING BOOK (CONT'D)

Gains and losses on equity exposures in the banking book

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

	BANK		GROUP	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Realised gains/(losses) recognised in the statement of comprehensive income				
• Privately held equity investments	-	18,343	-	18,343
	-	18,343	-	18,343
Unrealised (losses)/gains recognised in revaluation reserve				
• Publicly traded equity investments	(1)	(5)	(1)	(5)
• Privately held equity investments	5,294	(8,086)	8,866	(4,776)
	5,293	(8,091)	8,865	(4,781)

7.0 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

Interest rate risk/rate of return risk in the banking book ("IRR/RORBB") is the risk that occurs when movements in interest rates affect a banking organisation's earnings or economic value. Changes in interest rate/profit rate affects the Group's earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (NII). It also affects the underlying value of banking assets, liabilities and off-balance sheet instruments as the present value of future cash flows change when interest rate/profit rate change.

Risk Governance

IRR/RORBB is managed collectively by GALCO, Group Financial Markets, Group Finance and Group Risk Management. Each of the above parties has clearly defined roles and responsibilities to provide oversight and manage IRR/RORBB within the defined framework and structure as approved by the GRMC/Board. GALCO assumes the overall responsibility in managing IRR/RORBB by setting the directions, strategy and risk limits/parameters for the Bank/Group. Group Financial Markets is tasked to execute the approved strategy by managing the assets/liabilities as well as the funding and liquidity needs of the Bank/Group. Group Finance and Group Risk Management provide support in respect of risk monitoring and reporting of the banking book exposures; and ensuring regulatory as well as accounting requirements are met.

IRR/RORBB Management

The guiding principles in managing IRR/RORBB include:

- (i) Adopting a prudent approach to manage IRR/RORBB in ways that commensurate with the Group's size and business activities. This is achieved via establishing robust IRR/RORBB policies, measures and strategies which are complemented by regular monitoring and reporting.
- (ii) Checking to ensure that IRR/RORBB are accurately measured and any mismatches are identified, reviewed and reported monthly to GALCO.
- (iii) Setting proper gapping limits and the limits are monitored closely.
- (iv) Practicing comprehensive IRR/RORBB reporting and review process, with aggregated information and supporting details to facilitate assessment of the Group's sensitivity to changes in market conditions.

BASEL II PILLAR 3 REPORT DISCLOSURE (Cont'd)

for the financial year ended 31 March 2019

7.0 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONT'D)

IRR/RORBB Management (cont'd)

The Bank uses a range of tools, including the following primary measures to quantify and monitor IRR/RORBB:

- (i) Repricing gap analysis to measure interest rate/profit rate from the earnings perspective i.e. impact of interest rate/profit rate changes to earnings in the short-term.
- (ii) Net interest income/profit income simulation to assess the impact of interest rate/profit rate changes on short term earnings volatility.
- (iii) Economic value ("EVE") simulations which measures the asset-liability impact of adverse interest rate/profit rate movements on the economic value of the Bank's capital.

Group Risk Management performs independent monitoring of the interest rate/profit rate benchmarks to ensure compliance. Any exceptions are reported and appropriate remedial actions are taken, where necessary. Schedule reporting via risk dashboards are provided to senior management, GRMC and Board. The risk dashboards provide a gauge on the IRR/RORBB of the Group.

The Group is guided by BNM's guidelines and Basel standards on management of IRR/RORBB.

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

	BANK + 100 bps RM'000	GROUP + 100 bps RM'000
2019		
Impact on net interest income ("NII")		
Ringgit Malaysia	98,176	119,176
Impact on Economic Value ("EV")		
Ringgit Malaysia	(38,605)	(125,355)
2018		
Impact on net interest income ("NII")		
Ringgit Malaysia	102,916	125,768
Impact on Economic Value ("EV")		
Ringgit Malaysia	29,042	(24,233)

Note:

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

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