

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 September 2017

	Note	<u>GROUP</u>		<u>BANK</u>	
		30 September 2017 RM'000	Restated 31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
ASSETS					
Cash and short-term funds		2,310,002	1,381,779	1,170,075	1,618,617
Balances due from clients and brokers	A12	103,590	113,022	-	-
Financial assets held-for-trading	A13	207,394	335,260	137,777	259,701
Financial investments available-for-sale	A14	9,598,576	10,239,557	7,476,225	8,099,450
Financial investments held-to-maturity	A15	574,053	917,092	555,507	658,201
Derivative financial assets	B11	54,337	86,345	54,337	86,345
Loans, advances and financing	A16	38,601,045	38,991,689	31,042,857	31,371,907
Other assets	A17	149,396	110,340	195,303	105,141
Tax recoverable		5,824	9,726	-	-
Statutory deposits		1,467,005	1,437,444	1,118,425	1,129,366
Investments in subsidiaries		-	-	988,335	892,820
Investment in associate		-	-	230	230
Investment in joint venture		649	763	-	-
Property, plant and equipment		73,360	73,948	71,580	71,883
Deferred tax assets		11,192	14,738	-	4,088
Intangible assets		389,363	377,361	273,684	261,986
TOTAL ASSETS		53,545,786	54,089,064	43,084,335	44,559,735
LIABILITIES AND EQUITY					
Deposits from customers	A18	42,747,949	44,445,720	34,084,022	36,112,501
Deposits and placements of banks and other financial institutions	A19	1,128,375	862,904	493,630	649,729
Financial liabilities designated at fair value	A20	550,812	402,734	550,812	402,734
Balances due to clients and brokers	A21	68,174	69,066	-	-
Derivative financial liabilities	B11	131,008	81,892	131,008	81,892
Amount due to Cagamas Berhad		853,213	502,713	502,749	502,713
Other liabilities	A22	1,479,920	1,348,770	1,360,055	1,201,606
Provision for taxation		30,816	19,753	26,596	14,098
Provision for zakat		126	206	-	-
Deferred tax liabilities		19,985	9,960	8,513	-
Other borrowings		5,071	5,070	5,071	5,070
Subordinated obligations		1,226,367	1,226,078	1,226,000	1,225,664
TOTAL LIABILITIES		48,241,816	48,974,866	38,388,456	40,196,007
Share capital		1,548,106	1,548,106	1,548,106	796,517
Reserves		3,815,336	3,639,929	3,147,773	3,567,211
Shares held for Employees' Share Scheme		(59,472)	(73,837)	-	-
TOTAL EQUITY		5,303,970	5,114,198	4,695,879	4,363,728
TOTAL LIABILITIES AND EQUITY		53,545,786	54,089,064	43,084,335	44,559,735
COMMITMENTS AND CONTINGENCIES	A29	24,217,582	26,493,954	22,074,426	24,538,276
Net assets per share attributable to Equity holders of the Bank (RM)*		3.43	3.30	3.03	5.48

* The net assets per share attributable to Equity holders of the Bank is computed as total capital and reserves attributable to the equity holders of the Bank divided by total number of ordinary shares in circulation.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2017.

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 September 2017**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Interest income	A23	492,254	463,544	968,786	938,485
Interest expense	A24	(261,857)	(259,311)	(520,971)	(522,139)
Net interest income		230,397	204,233	447,815	416,346
Net income from Islamic banking business	A25	78,105	78,454	156,083	145,789
		308,502	282,687	603,898	562,135
Fee and commission income	A26	75,997	73,626	153,472	147,815
Fee and commission expense	A26	(22,921)	(22,743)	(47,895)	(47,546)
Investment income	A26	30,077	30,425	63,138	66,180
Other income	A26	2,221	(4,278)	7,876	(5,053)
Other operating income	A26	85,374	77,030	176,591	161,396
Net income		393,876	359,717	780,489	723,531
Other operating expenses	A27	(190,154)	(167,340)	(366,593)	(336,416)
Operating profit before allowances		203,722	192,377	413,896	387,115
Allowance for losses on loans, advances and financing and other receivables	A28	(33,523)	(16,807)	(63,723)	(34,944)
Allowance for impairment on other assets		-	-	-	(1,208)
Operating profit after allowances		170,199	175,570	350,173	350,963
Share of results of joint venture		(20)	19	1	38
Profit before taxation		170,179	175,589	350,174	351,001
Taxation	B6	(47,380)	(43,010)	(92,371)	(85,948)
Net profit for the financial period		122,799	132,579	257,803	265,053
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain from change in fair value		23,195	53,992	51,024	75,721
- Realised gain transferred to statement of income on disposal and impairment		(914)	(2,563)	(4,958)	(3,412)
- Transfer to deferred tax		(5,348)	(12,343)	(11,056)	(17,354)
Other comprehensive income, net of tax		16,933	39,086	35,010	54,955
Total comprehensive income for the financial period		139,732	171,665	292,813	320,008

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

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Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 September 2017 (contd.)**

	2nd Quarter Ended		Six Months Ended	
	30 September	Restated 30 September	30 September	Restated 30 September
	2017	2016	2017	2016
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period attributable to: Equity holders of the Bank	<u>122,799</u>	<u>132,579</u>	<u>257,803</u>	<u>265,053</u>
Total comprehensive income for the financial period attributable to: Equity holders of the Bank	<u>139,732</u>	<u>171,665</u>	<u>292,813</u>	<u>320,008</u>
Earnings per share attributable to Equity holders of the Bank				
- Basic (sen)	B14(a) 8.0	8.7	16.8	17.4
- Diluted (sen)	B14(b) 8.0	8.7	16.8	17.3

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2017.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

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Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 30 September 2017

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>BANK</u>					
Interest income	A23	492,876	460,813	961,574	925,122
Interest expense	A24	(255,135)	(255,601)	(507,295)	(514,750)
Net interest income		237,741	205,212	454,279	410,372
Fee and commission income	A26	66,581	63,261	131,606	128,786
Fee and commission expense	A26	(20,351)	(20,312)	(41,603)	(42,009)
Investment income	A26	30,103	28,217	68,966	93,738
Other income	A26	2,241	(6,245)	7,725	(7,811)
Other operating income	A26	78,574	64,921	166,694	172,704
Net income		316,315	270,133	620,973	583,076
Other operating expenses	A27	(150,236)	(130,871)	(287,161)	(261,692)
Operating profit before allowances		166,079	139,262	333,812	321,384
Allowance for losses on loans, advances and financing and other receivables	A28	(17,617)	(12,325)	(28,239)	(15,039)
Profit before taxation		148,462	126,937	305,573	306,345
Taxation	B6	(40,521)	(31,467)	(78,017)	(67,622)
Net profit for the financial period		107,941	95,470	227,556	238,723
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain from change in fair value		20,811	37,654	41,008	53,187
- Realised gain transferred to statement of income on disposal and impairment		(426)	(522)	(2,987)	(1,099)
- Transfer to deferred tax		(4,892)	(8,911)	(9,125)	(12,501)
Other comprehensive income, net of tax		15,493	28,221	28,896	39,587
Total comprehensive income for the financial period		123,434	123,691	256,452	278,310
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	7.3	6.6	15.5	16.5
- Diluted (sen)	B14(b)	7.3	6.6	15.5	16.5

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ALLIANCE BANK MALAYSIA BERHAD

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Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2017

	←----- Attributable to Equity holders of the Bank ----->										
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Equity contribution from parent RM'000	Employees' share scheme '(ESS') reserve RM'000	Shares held for ESS RM'000	Retained profits RM'000	Total equity RM'000
GROUP											
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	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	-	-	-	-	-	-	-	-	-	257,803	257,803
Other comprehensive income	-	-	-	-	-	35,010	-	-	-	-	35,010
Total comprehensive income for the financial period	-	-	-	-	-	35,010	-	-	-	257,803	292,813
Share-based payment under ESS	-	-	-	-	-	-	-	201	-	-	201
ESS on share lapsed:											
- employees of subsidiaries	-	-	-	-	-	-	-	(157)	-	157	-
- own employees	-	-	-	-	-	-	-	(1,037)	-	1,037	-
ESS shares grant vested to:											
- employees of subsidiaries	-	-	-	-	-	-	-	(488)	488	-	-
- employees of joint venture	-	-	-	-	-	-	-	(111)	111	-	-
- own employees	-	-	-	-	-	-	-	(3,059)	3,059	-	-
ESS shares option exercised by:											
- employees of subsidiaries	-	-	-	-	-	-	-	(22)	22	-	-
- own employees	-	-	-	-	-	-	-	(96)	96	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	-	4,032	-	4,032
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	-	(1,628)	-	1,628	-
Disposal of ESS share	-	-	-	-	-	-	-	-	6,557	-	6,557
Gain from disposal of ESS share	-	-	-	-	-	-	-	-	-	728	728
Transfer (from)/to reserves	-	-	(1,223,525)	(10,481)	10,140	-	-	-	-	1,223,866	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(116,108)	(116,108)
Dividends added back for shares held in trust	-	-	-	-	-	-	-	-	-	1,549	1,549
At 30 September 2017	1,548,106	-	-	147,419	100,150	134,278	-	47	(59,472)	3,433,442	5,303,970

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Condensed Interim Financial Statements (Contd.)
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2017 (Contd.)

	←----- Attributable to Equity holders of the Bank ----->										
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Equity contribution from parent RM'000	Employees' share scheme '(ESS)' reserve RM'000	Shares held for ESS RM'000	Retained profits RM'000	Total equity RM'000
GROUP											
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	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	-	-	-	-	-	-	-	-	-	265,053	265,053
Other comprehensive income	-	-	-	-	-	54,955	-	-	-	-	54,955
Total comprehensive income for the financial period	-	-	-	-	-	54,955	-	-	-	265,053	320,008
Share-based payment under ESS	-	-	-	-	-	-	-	1,705	-	-	1,705
ESS shares grant vested to:											
- employees of subsidiaries	-	-	-	-	-	-	-	(412)	412	-	-
- employees of joint ventures	-	-	-	-	-	-	-	(92)	92	-	-
- own employees	-	-	-	-	-	-	-	(3,100)	3,100	-	-
ESS share options exercised by:											
- own employees	-	-	-	-	-	-	-	(84)	84	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	-	1,235	-	1,235
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	-	-	(1,070)	-	1,070	-
Transfer to reserves	-	-	11,789	8,917	8,019	-	-	-	-	(28,725)	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(100,627)	(100,627)
Dividends added back for shares held in trust	-	-	-	-	-	-	-	-	-	1,472	1,472
At 30 September 2016	1,548,106	-	1,211,808	166,091	85,681	169,741	-	8,463	(74,974)	1,950,885	5,065,801

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ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2017

	Non-distributable reserves						Distributable reserves		Total equity
	Ordinary shares	Share premium	Statutory reserves	Capital reserve	Regulatory reserves	Revaluation reserves	ESS reserve	Retained profits	
BANK	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	-	227,556	227,556
Other comprehensive income	-	-	-	-	-	28,896	-	-	28,896
Total comprehensive income for the financial period	-	-	-	-	-	28,896	-	227,556	256,452
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	-	-	-	-	-	-	(3,155)	-	(3,155)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,472)	1,472	-
ESS on share options lapsed	-	-	-	-	-	-	(1,037)	1,037	-
Transfer to retained profits	-	-	(835,401)	-	(3,213)	-	-	838,614	-
Dividends paid	-	-	-	-	-	-	-	(116,849)	(116,849)
At 30 September 2017	1,548,106	-	-	95,515	141,136	93,812	47	2,817,263	4,695,879
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	-	-	-	-	-	-	-	238,723	238,723
Other comprehensive income	-	-	-	-	-	39,587	-	-	39,587
Total comprehensive income for the financial period	-	-	-	-	-	39,587	-	238,723	278,310
Share-based payment under ESS	-	-	-	-	-	-	1,381	-	1,381
Payment for ESS recharged from former holding company	-	-	-	-	-	-	(3,184)	-	(3,184)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(954)	954	-
Transfer to regulatory reserves	-	-	-	-	6,770	-	-	(6,770)	-
Dividends paid	-	-	-	-	-	-	-	(100,839)	(100,839)
At 30 September 2016	796,517	401,517	835,401	-	147,634	112,739	7,307	2,020,353	4,321,468

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ALLIANCE BANK MALAYSIA BERHAD
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(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2017

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2017 RM'000	Restated 30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	350,174	351,001	305,573	306,345
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(39,017)	(37,483)	(37,582)	(37,275)
Allowance for losses on loans, advances and financing	69,849	40,144	34,100	21,023
Allowance for other receivables	1,936	1,599	1,455	1,395
Amortisation of computer software	12,278	11,093	11,955	10,839
Computer software written off	235	56	146	56
Depreciation of property, plant and equipment	10,478	10,892	10,115	10,512
Dividends from financial investments available-for-sale	(1,109)	(2,855)	(679)	(2,281)
Dividends from subsidiaries	-	-	(6,899)	(30,217)
Interest expense on subordinated obligations	34,545	35,013	34,592	35,086
Interest expense on other borrowings	119	119	119	119
Interest expense on loan sold to Cagamas Berhad	10,931	10,900	10,931	10,900
Interest income from financial investments held-to-maturity	(12,694)	(13,348)	(10,256)	(10,824)
Interest income from financial investments available-for-sale	(136,800)	(117,390)	(134,328)	(116,505)
Interest income from financial assets held-for-trading	(2,276)	(3,158)	(2,276)	(3,158)
Allowance for impairment on other assets	-	1,208	-	-
Loss on disposal of property, plant and equipment	-	347	-	347
Net gain from sale of financial assets held-for-trading	(310)	(2,007)	(310)	(2,007)
Net gain from sale of financial investments available-for-sale	(3,680)	(2,967)	(2,987)	(882)
Property, plant and equipment written off	134	69	126	69
Share options/grants under ESS	186	1,648	188	1,381
Share of results of joint venture	1	(38)	-	-
Unrealised loss on revaluation of financial assets held-for-trading	77	638	25	638
Unrealised loss/(gain) on revaluation of derivative financial instruments	79,834	(91,438)	79,834	(91,438)
Unrealised (gain)/loss arising from financial liabilities designated at fair value	(4,073)	2,513	(4,073)	2,513
Zakat	4	1	-	-
Operating profit before working capital changes	370,822	196,557	289,769	106,636
Changes in working capital:				
Amount due to Cagamas Berhad	-	11	-	11
Balances due to/(from) clients and brokers	8,540	(262)	-	-
Deposits and placements of banks and other financial institutions	265,471	(154,143)	(156,099)	(190,307)
Deposits and placements with banks and other financial institution	-	195,865	-	195,865
Deposits from customers	(1,697,771)	218,177	(2,028,479)	(356,159)
Financial liabilities designated at fair value	152,151	(19,442)	152,151	(19,442)
Financial assets held-for-trading	127,045	(163,011)	121,255	(163,011)
Loans, advances and financing	320,794	(404,026)	294,952	(50,245)
Other assets	(39,693)	(13,178)	(90,328)	(10,526)
Other liabilities	131,150	(368,479)	158,449	(396,240)
Statutory deposits	(29,561)	3,602	10,941	16,917
Cash used in operations	(391,052)	(508,329)	(1,247,389)	(866,501)
Taxes paid	(74,893)	(51,354)	(62,043)	(42,457)
Zakat paid	(76)	(25)	-	-
Net cash used in operating activities	(466,021)	(559,708)	(1,309,432)	(908,958)

ALLIANCE BANK MALAYSIA BERHAD

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(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2017 (contd.)

	<u>GROUP</u>		<u>BANK</u>	
	30 September	Restated 30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from financial investments available-for-sale	1,109	2,855	679	2,281
Dividends received from subsidiaries	-	-	6,899	30,217
Interest received from financial investments held-to-maturity	12,890	13,385	9,440	10,853
Interest received from financial investments available-for-sale	129,278	114,227	129,533	110,927
Interest received from financial assets held-for-trading	4,051	3,158	3,527	3,158
Purchase of computer software	(24,516)	(15,478)	(23,799)	(13,986)
Purchase of property, plant and equipment	(10,031)	(2,806)	(9,936)	(2,765)
Proceeds from disposal of property, plant and equipment	-	269	-	269
Proceeds from disposal of financial investments held-to-maturity (net of purchase)	381,062	35,775	141,021	35,610
Proceeds from redemption/disposal of financial investments available-for-sale (net of purchase)	698,332	615,125	668,799	548,053
Net cash generated from investing activities	<u>1,192,175</u>	<u>766,510</u>	<u>926,163</u>	<u>724,617</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	(114,559)	(99,155)	(116,849)	(100,839)
Interest paid on other borrowings	(118)	(119)	(118)	(119)
Interest paid on loan sold to Cagamas	(10,436)	(10,900)	(10,895)	(10,900)
Interest paid on securities sold under repurchase agreements	-	-	-	-
Interest paid on subordinated obligations	(34,256)	(49,037)	(34,256)	(49,037)
Amount due to Cagamas Berhad	350,005	-	-	-
Subscription of shares from former holding company	-	-	100,000	-
Payment for ESS recharged from former parent	-	-	(3,155)	(3,184)
Payment for deferral cash awards	-	(39)	-	-
Proceeds from ESS exercised by employees/joint venture	4,143	1,327	-	-
Proceeds from disposal of share held in trust	7,290	-	-	-
Redemption on subordinated notes	-	(600,000)	-	(600,000)
Net cash generated from/(used in) financing activities	<u>202,069</u>	<u>(757,923)</u>	<u>(65,273)</u>	<u>(764,079)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	928,223	(551,121)	(448,542)	(948,420)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	1,381,779	4,943,700	1,618,617	4,300,877
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>2,310,002</u>	<u>4,392,579</u>	<u>1,170,075</u>	<u>3,352,457</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	<u>2,310,002</u>	<u>4,392,579</u>	<u>1,170,075</u>	<u>3,352,457</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2017.

Explanatory Notes

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") and Guidelines on Financial Reporting Issued by Bank Negara Malaysia ("BNM")

A1 Basis of Preparation

The unaudited condensed interim financial statements for the second quarter and financial half year ended 30 September 2017 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 and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB"), Chapter 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 March 2017.

The Group have completed the corporate reorganisation exercise upon the transfer of listing 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 B9.

In a group reorganisation, 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 are restated arising from the group reorganisation and restatement are disclosed in Note B16.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2017, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2017:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"

The adoption of the above standards, amendments to published standards and interpretation to existing standards are not anticipated to have any significant impact on the financial statements of the Group and the Bank.

A1 Basis of Preparation (Contd.)

The following MFRS have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2018, and have yet to be adopted by the Group and the Bank:

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018)
- MFRS 9 "Financial Instruments" (effective from 1 January 2018)
- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018)
- MFRS 16 "Leases" (effective from 1 January 2019)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards 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 unaudited condensed interim financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Bank and Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the annual financial statements for the financial year ended 31 March 2017 was not subject to any qualification.

A3 Seasonality or Cyclicity of Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations in the second quarter and financial half year ended 30 September 2017.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the second quarter and financial half year ended 30 September 2017 other than disclosed in Note B9 and B16.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the second quarter and financial half year ended 30 September 2017.

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A6 Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the second quarter and financial half year ended 30 September 2017 other than disclosed as below:

- (a) On 26 August 2017, the Bank has increased its issued and paid-up share capital from RM796,517,043 to RM1,548,105,929 via bonus issue by the Bank of RM651,588,886 of the Bank's new Shares to AFG, after taking into consideration of RM100,000,000 of the Bank's new Shares issued pursuant to the AFG subscription on 25 August 2017;
- (b) Alliance Islamic Bank Berhad a wholly owned subsidiary of the Bank, has established RM180.0 million, thirty (30)-years of Subordinated Sukuk Murabahah Programme on 18 September 2017 and completed its first issuance as below:

Issuance Date	Nominal Amount	Tenure	Call Date	Profit Rate
29 September 2017	RM130.0 million	Ten (10)-years Non-Callable Five (5)-years	29 September 2022 and thereafter on every periodic payment date	5.50% per annum

- (c) The total number of 1,884,400 shares held in trust for ESS was disposed at an average market price of RM3.86 per share as at 30 September 2017.

A7 Dividend Paid

- (a) The Bank had on 20 June 2017, paid a second interim dividend of 14.67 sen, tax exempt under the single tier tax system, on 796,517,043 ordinary shares amounting to approximately RM116,849,000 in respect of the financial year ended 31 March 2017 to the former holding company AFG, and was eliminated at Group level;
- (b) AFG had on 22 June 2017, paid a second interim dividend of 7.5 sen, tax exempt under single tier tax system, on 1,548,105,929 ordinary shares amounting to approximately RM116,108,000 in respect of the financial year ended 31 March 2017 to the shareholders. Subsequent to the completion of the group reorganisation exercise, the Bank becomes the holding company for AFG, as a result, the dividend paid by AFG to the shareholders will be reflected at the Group.

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 RM1,549,000 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the second interim dividend for financial year ended 31 March 2017.

A8 Significant Events

There was no significant event subsequent to the end of financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements other than disclosed in note B9.

A9 Material Event Subsequent to the End of the Financial Reporting Period

There was no material event subsequent to the end of financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

A10 Related Party Transactions

All related party transactions within the Group have been entered into in the normal course of business.

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A11 Changes in the Composition of the Group

Following the completion of the corporation reorganisation exercise, the former holding company, AFG and its non-banking subsidiaries had on 26 September 2017 as disclosed in Note B9 effectively become the subsidiaries of the Bank.

A12 Balances Due From Clients And Brokers

	<u>GROUP</u>	
	30 September 2017 RM'000	Restated 31 March 2017 RM'000
Due from clients	92,052	96,499
Due from brokers	12,373	17,358
	104,425	113,857
Less:		
Allowance for other losses	(835)	(835)
	103,590	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.

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

	<u>GROUP</u>	
	30 September 2017 RM'000	Restated 31 March 2017 RM'000
Classified as doubtful	121	101
Classified as bad	846	846
	967	947

The movements in allowance for other losses are as follows:

At beginning of financial year	835	837
Write-back during the financial period/year (net)	-	(2)
At end of financial year	835	835

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A13 Financial Assets Held-for-trading

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government investment certificates	30,200	20,049	20,133	20,049
Commercial papers	144,368	104,773	84,818	69,908
Malaysia Government securities	-	20,125	-	20,125
	174,568	144,947	104,951	110,082
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	32,826	190,313	32,826	149,619
	32,826	190,313	32,826	149,619
Total financial assets held-for-trading	207,394	335,260	137,777	259,701

A14 Financial Investments Available-for-sale

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	1,698,423	1,890,820	1,586,440	1,729,625
Malaysian Government investment certificates	1,914,382	1,849,621	1,148,409	1,166,584
Negotiable instruments of deposits	1,408,324	2,332,427	2,097,730	2,529,876
Commercial papers	99,514	49,491	14,977	49,491
Khazanah bonds	141,622	138,731	141,622	138,731
	5,262,265	6,261,090	4,989,178	5,614,307
<u>Quoted securities in Malaysia:</u>				
Shares	23	26	23	26
Accumulated impairment	(11)	(11)	(11)	(11)
	12	15	12	15
<u>Unquoted securities:</u>				
Shares	178,830	166,719	120,177	111,377
Accumulated impairment	(1,440)	(1,440)	-	-
	177,390	165,279	120,177	111,377
Unit Trust Funds	-	4,960	-	-
	-	4,960	-	-
Corporate bonds and sukuk	4,390,820	4,040,124	2,502,539	2,509,432
Accumulated impairment	(231,911)	(231,911)	(135,681)	(135,681)
	4,158,909	3,808,213	2,366,858	2,373,751
	4,336,299	3,978,452	2,487,035	2,485,128
Total financial investments available-for-sale	9,598,576	10,239,557	7,476,225	8,099,450

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A15 Financial Investments Held-to-maturity

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	424,774	689,470	333,771	568,160
Malaysian Government investment certificates	-	80,957	-	-
Khazanah bonds	144,534	141,920	91,360	89,704
	569,308	912,347	425,131	657,864
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	18,938	18,938	131,670	1,631
Accumulated impairment	(14,193)	(14,193)	(1,294)	(1,294)
	4,745	4,745	130,376	337
Total financial investments held-to-maturity	574,053	917,092	555,507	658,201

A16 Loans, Advances and Financing

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Overdrafts	2,947,420	2,763,678	2,347,350	2,248,119
Term loans/financing				
- Housing loans/financing	14,118,661	14,437,368	11,761,601	12,015,876
- Syndicated term loans/financing	330,761	363,508	185,651	217,224
- Hire purchase receivables	1,234,628	1,299,638	743,990	764,163
- Other term loans/financing	13,625,629	13,674,780	10,673,393	10,680,430
Bills receivables	392,283	502,836	384,921	494,267
Trust receipts	229,576	199,515	194,241	172,842
Claims on customers under acceptance credits	2,651,327	2,616,395	2,118,085	2,060,637
Staff loans	29,758	29,864	9,576	10,123
Credit/charge card receivables	605,716	604,197	605,716	604,197
Revolving credits	1,580,400	1,745,060	1,287,772	1,480,339
Share margin financing	1,190,495	1,098,842	965,763	898,084
Gross loans, advances and financing	38,936,654	39,335,681	31,278,059	31,646,301
Add: Sales commissions and handling fees	48,217	35,963	55,300	24,390
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(64,784)	(66,627)	(56,984)	(64,147)
- Collective assessment allowance	(319,042)	(313,328)	(233,518)	(234,637)
Total net loans, advances and financing	38,601,045	38,991,689	31,042,857	31,371,907

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A16 Loans, Advances and Financing (contd.)

A16a By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Domestic non-bank financial institutions	365,306	351,484	284,870	300,971
Domestic business enterprises				
- Small and medium enterprises	9,893,867	9,786,917	7,741,069	7,641,456
- Others	7,333,951	7,632,297	5,982,195	6,345,144
Government and statutory bodies	5,075	5,952	4,489	5,287
Individuals	20,343,856	20,523,924	16,375,696	16,428,669
Other domestic entities	179,373	188,394	172,185	181,071
Foreign entities	815,226	846,713	717,555	743,703
Gross loans, advances and financing	38,936,654	39,335,681	31,278,059	31,646,301

A16b By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Fixed rate				
- Housing loans/financing	38,026	40,638	4,945	5,541
- Hire purchase receivables	1,201,983	1,262,655	711,345	727,180
- Other fixed rate loans/financing	2,540,726	2,417,180	1,154,590	990,381
Variable rate				
- Base lending rate plus	26,391,444	26,754,482	21,832,908	22,182,402
- Base rate plus	2,175,463	1,807,725	1,978,132	1,693,697
- Cost plus	6,306,677	6,721,766	5,313,804	5,715,865
- Other variable rates loans/financing	282,335	331,235	282,335	331,235
Gross loans, advances and financing	38,936,654	39,335,681	31,278,059	31,646,301

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A16 Loans, Advances and Financing (contd.)
A16c By economic purposes:

	GROUP		BANK	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Purchase of securities	1,182,939	1,109,188	958,207	908,430
Purchase of transport vehicles	993,434	1,078,821	533,995	563,845
Purchase of landed property	22,095,667	22,487,331	18,491,114	18,825,353
of which: - Residential	15,206,611	15,506,791	12,815,497	13,066,242
- Non-residential	6,889,056	6,980,540	5,675,617	5,759,111
Purchase of fixed assets excluding land & buildings	306,979	291,617	259,807	254,742
Personal use	2,844,379	2,656,823	1,665,267	1,457,449
Credit card	605,716	604,197	605,716	604,197
Construction	638,542	655,891	621,914	641,281
Mergers and acquisitions	117,703	117,688	117,703	117,688
Working capital	7,860,796	7,844,844	6,264,895	6,277,761
Others	2,290,499	2,489,281	1,759,441	1,995,555
Gross loans, advances and financing	38,936,654	39,335,681	31,278,059	31,646,301

A16d By geographical distribution:

	GROUP		BANK	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Northern region	2,654,097	2,652,319	2,057,324	2,082,450
Central region	27,857,111	28,237,847	22,552,893	22,856,016
Southern region	4,675,220	4,652,964	3,607,467	3,584,358
Sabah region	2,506,405	2,530,304	1,986,401	2,029,525
Sarawak region	1,243,821	1,262,247	1,073,974	1,093,952
Gross loans, advances and financing	38,936,654	39,335,681	31,278,059	31,646,301

A16e By maturity structure:

	GROUP		BANK	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Within one year	9,880,369	9,595,942	8,141,132	7,993,587
One year to three years	1,274,582	1,480,000	974,265	1,149,354
Three years to five years	2,373,578	2,467,214	1,714,556	1,862,734
Over five years	25,408,125	25,792,525	20,448,106	20,640,626
Gross loans, advances and financing	38,936,654	39,335,681	31,278,059	31,646,301

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A16 Loans, Advances and Financing (contd.)
A16f Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
At beginning of financial year	393,349	487,868	339,580	373,199
Impaired during the financial period/year	374,562	600,685	262,118	446,621
Reclassified as unimpaired during the financial period/year	(144,663)	(419,465)	(109,300)	(284,275)
Recoveries	(102,971)	(176,471)	(86,330)	(142,857)
Amount written-off	(65,978)	(99,268)	(42,382)	(53,108)
At end of financial period/year	454,299	393,349	363,686	339,580
Individual allowance for impairment	(64,784)	(66,627)	(56,984)	(64,147)
Collective allowance for impairment (impaired portion)	(93,754)	(94,714)	(70,002)	(74,410)
Net impaired loans, advances and financing	295,761	232,008	236,700	201,023
Gross impaired loans as % of gross loans, advances and financing	1.2%	1.0%	1.2%	1.1%

A16g Impaired loans analysed by economic purposes are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Purchase of securities	48	7	48	7
Purchase of transport vehicles	12,440	11,497	8,462	7,695
Purchase of landed property	278,804	231,786	229,227	207,435
of which: - Residential	192,810	176,996	162,799	158,701
- Non-residential	85,994	54,790	66,428	48,734
Purchase of fixed assets excluding land & buildings	2,079	1,206	1,129	1,206
Personal use	53,689	43,475	30,168	25,390
Credit card	12,554	10,201	12,554	10,201
Construction	3,801	3,888	3,801	3,888
Working capital	68,310	71,965	60,435	66,453
Others	22,574	19,324	17,862	17,305
Gross impaired loans	454,299	393,349	363,686	339,580

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A16 Loans, Advances and Financing (contd.)

A16h Impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Northern region	40,088	30,552	36,441	28,290
Central region	315,795	277,515	248,534	238,742
Southern region	70,478	58,562	54,755	49,829
Sabah region	25,040	23,737	21,500	20,245
Sarawak region	2,898	2,983	2,456	2,474
Gross impaired loans	454,299	393,349	363,686	339,580

A16i Movements in the allowance for impairment on loans, advances and financing are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Individual assessment allowance				
At beginning of financial year	66,627	68,331	64,147	58,061
Net allowance made during the financial period/year	17,647	23,506	12,259	21,344
Amount written-off	(20,612)	(21,875)	(20,338)	(12,003)
Transfers from/(to) collective assessment allowance	1,122	(3,335)	916	(3,255)
At end of financial period/year	64,784	66,627	56,984	64,147

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Collective assessment allowance				
At beginning of financial year	313,328	306,978	234,637	236,501
Net allowance made during the financial period/year	52,202	80,408	21,841	35,986
Amount written-off	(45,366)	(77,393)	(22,044)	(41,105)
Transfers (to)/from individual assessment allowance	(1,122)	3,335	(916)	3,255
At end of financial period/year	319,042	313,328	233,518	234,637

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A17 Other Assets

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Other receivables	81,655	53,361	41,383	42,173
Derivative margin	17,210	22,381	16,976	22,381
Settlement account	46,473	34,923	46,473	34,923
Deposits	9,071	9,245	8,283	8,464
Prepayment	24,533	19,529	23,453	18,498
Trade receivables	-	49	-	-
Amount due from subsidiaries	-	-	84,221	2,696
Amount due from related companies	-	-	25	37
Amount due from associate	-	-	1	-
Amount due from joint venture	360	387	352	378
	179,302	139,875	221,167	129,550
Less:				
Allowance for other receivables	(29,906)	(29,535)	(25,864)	(24,409)
	149,396	110,340	195,303	105,141

A18 Deposits from Customers

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Amortised cost				
Demand deposits	14,079,104	13,605,203	11,715,438	11,347,501
Savings deposits	1,848,142	1,864,445	1,516,074	1,523,658
Fixed/investment deposits	24,855,270	24,232,158	19,217,926	19,355,858
Money market deposits	1,809,788	1,412,241	1,478,939	1,142,226
Negotiable instruments of deposits	155,645	3,331,673	155,645	2,743,258
	42,747,949	44,445,720	34,084,022	36,112,501

A18a By type of deposits:

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A18 Deposits from Customers (contd.)

A18b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Domestic financial institutions	147,440	3,299,060	165,461	2,845,588
Domestic non-bank financial institutions	2,551,290	2,292,516	2,042,834	2,069,893
Government and statutory bodies	5,492,404	3,647,891	2,194,769	1,265,071
Business enterprises	15,765,861	15,562,716	12,519,873	11,979,574
Individuals	17,653,336	18,553,298	16,122,129	16,964,325
Foreign entities	670,066	638,800	617,045	584,019
Others	467,552	451,439	421,911	404,031
	42,747,949	44,445,720	34,084,022	36,112,501

A18c The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follow:

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Due within six months	21,578,100	21,189,833	16,641,566	16,533,626
Six months to one year	4,748,529	7,566,156	3,950,517	6,611,177
One year to three years	259,567	32,637	248,336	64,464
Three years to five years	234,507	187,446	12,091	32,075
	26,820,703	28,976,072	20,852,510	23,241,342

A19 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Licensed banks	506,207	273,325	106,141	273,325
Licensed Investment banks	1,400	-	1,400	-
Bank Negara Malaysia	620,768	589,579	386,089	376,404
	1,128,375	862,904	493,630	649,729

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A20 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 and interest rate linked index investment.

During the financial period/year, the Group and the Bank designated certain structured investments at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it includes embedded derivatives that are not closely related to its underlying investments. 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.

	<u>GROUP/BANK</u>	
	As at	Restated
	30 September	As at
	2017	31 March
	RM'000	2017
		RM'000
Structured investments	578,795	426,644
Fair value changes arising from designation at fair value through profit or loss	(27,983)	(23,910)
	<u>550,812</u>	<u>402,734</u>

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 Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013 presentation.

A21 Balances Due To Clients And Brokers

	<u>GROUP</u>	
	As at	Restated
	30 September	As at
	2017	31 March
	RM'000	2017
		RM'000
Due to clients	68,174	69,066
Due to brokers	-	-
	<u>68,174</u>	<u>69,066</u>

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 RM73,074,000 (31.3.17: RM75,447,000) have been excluded accordingly.

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A22 Other Liabilities

	<u>GROUP</u>		<u>BANK</u>	
	As at 30 September 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Other payables	245,701	228,941	207,844	189,311
Bills payable	215,707	203,663	208,262	194,225
Settlement account	72,422	30,116	72,422	30,116
Clearing account	300,848	331,384	255,841	253,267
Sundry deposits	51,467	43,340	44,156	35,835
Provision and accruals	74,902	99,829	76,058	89,426
Remisiers account	23,265	23,149	-	-
Allowance for commitment and contingencies	2,301	2,301	2,301	2,301
Finance lease liabilities	4,587	5,805	4,587	5,805
Structured investments	488,584	379,982	488,584	379,982
Amount due to subsidiaries	-	-	-	21,338
Amount due to joint venture	136	260	-	-
	1,479,920	1,348,770	1,360,055	1,201,606

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 presentation.

A23 Interest Income

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	30 September 2017 RM'000	Restated 30 September 2016 RM'000	30 September 2017 RM'000	Restated 30 September 2016 RM'000
GROUP				
Loans, advances and financing	389,823	366,898	764,144	744,977
Money at call and deposit placements with financial institutions	4,035	9,786	5,320	16,625
Financial assets held-for-trading	480	1,751	2,276	3,158
Financial investments available-for-sale	67,141	56,660	136,800	117,390
Financial investments held-to-maturity	6,136	6,706	12,694	13,348
Others	4,477	2,850	8,535	5,504
	472,092	444,651	929,769	901,002
Accretion of discount less amortisation of premium	20,162	18,893	39,017	37,483
	492,254	463,544	968,786	938,485

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A23 Interest Income (contd.)

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Loans, advances and financing	391,874	365,797	760,158	733,954
Money at call and deposit placements with financial institutions	6,133	9,004	8,440	17,903
Financial assets held-for-trading	480	1,751	2,276	3,158
Financial investments available-for-sale	65,617	57,216	134,328	116,505
Financial investments held-to-maturity	4,960	5,440	10,256	10,824
Others	4,476	2,849	8,534	5,503
	473,540	442,057	923,992	887,847
Accretion of discount less amortisation of premium	19,336	18,756	37,582	37,275
	492,876	460,813	961,574	925,122

A24 Interest Expense

	2nd Quarter Ended		Six Months Ended	
	30 September	Restated 30 September	30 September	Restated 30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	4,939	4,001	11,731	8,259
Deposits from customers	219,546	221,521	436,419	449,592
Loan sold to Cagamas	5,450	5,450	10,931	10,900
Other borrowings	60	60	119	119
Subordinated obligations	17,397	17,395	34,545	35,013
Others	14,465	10,884	27,226	18,256
	261,857	259,311	520,971	522,139

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	2,983	3,514	7,053	7,378
Deposits from customers	214,768	220,147	427,374	443,011
Loan sold to Cagamas	5,450	5,450	10,931	10,900
Other borrowings	60	60	119	119
Subordinated obligations	17,409	17,404	34,592	35,086
Others	14,465	9,026	27,226	18,256
	255,135	255,601	507,295	514,750

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A25 Net Income from Islamic Banking Business

	2nd Quarter Ended		Six Months Ended	
		Restated		Restated
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Income derived from investment of depositors' funds and others	122,672	123,851	242,448	236,294
Income derived from investment of Islamic Banking funds	13,336	12,036	26,062	22,625
Income attributable to the depositors and financial institutions	(57,903)	(57,433)	(112,427)	(113,130)
	<u>78,105</u>	<u>78,454</u>	<u>156,083</u>	<u>145,789</u>

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A26 Other Operating Income

<u>GROUP</u>	2nd Quarter Ended		Six Months Ended	
	30 September 2017 RM'000	Restated 30 September 2016 RM'000	30 September 2017 RM'000	Restated 30 September 2016 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	22,850	22,553	45,950	43,341
Service charges and fees	7,340	6,624	15,705	14,871
Corporate advisory fees	1,005	785	1,731	1,345
Underwriting commissions	-	-	168	85
Brokerage fees	7,826	7,219	18,611	14,295
Guarantee fees	3,449	4,582	7,818	9,411
Processing fees	3,112	4,286	4,435	7,766
Commitment fees	4,135	3,898	8,158	7,824
Cards related income	25,530	22,929	49,396	47,378
Other fee income	750	750	1,500	1,499
	75,997	73,626	153,472	147,815
(b) <u>Fee and commission expense:</u>				
Commissions expense	(327)	(514)	(721)	(1,051)
Brokerage fees expense	(2,570)	(2,431)	(6,292)	(5,537)
Guarantee fees expense	(111)	(137)	(366)	(495)
Cards related expense	(19,913)	(19,661)	(40,516)	(40,463)
	(22,921)	(22,743)	(47,895)	(47,546)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of:				
- Financial assets held-for-trading	195	406	310	2,007
- Financial investments available-for-sale	431	2,573	3,680	2,967
Marked-to-market revaluation of gain/(loss):				
- Financial assets held-for-trading	(25)	332	(77)	(638)
- Derivative instruments	(50,369)	47,268	(79,834)	91,438
- Financial liabilities designated at fair value	2,459	(6,189)	4,073	(2,513)
Realised gain/(loss) on derivative instruments	77,386	(14,324)	133,877	(29,936)
Gross dividend income from:				
- Financial investments available-for-sale	-	359	1,109	2,855
	30,077	30,425	63,138	66,180
(d) <u>Other income :</u>				
Foreign exchange loss	(3,601)	(11,900)	(4,872)	(20,413)
Loss on disposal of property, plant and equipment	-	(347)	-	(347)
Others	5,822	7,969	12,748	15,707
	2,221	(4,278)	7,876	(5,053)
Total other operating income	85,374	77,030	176,591	161,396

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A26 Other Operating Income (contd.)

	2nd Quarter Ended		Six Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	22,850	22,553	45,950	43,341
Service charges and fees	7,156	6,472	15,255	14,576
Guarantee fees	3,449	4,582	7,818	9,279
Processing fees	2,719	2,084	3,543	4,904
Commitment fees	4,127	3,891	8,144	7,809
Cards related income	25,530	22,929	49,396	47,378
Other fee income	750	750	1,500	1,499
	66,581	63,261	131,606	128,786
(b) <u>Fee and commission expense:</u>				
Commissions expense	(327)	(514)	(721)	(1,051)
Guarantee fees expense	(111)	(137)	(366)	(495)
Cards related expense	(19,913)	(19,661)	(40,516)	(40,463)
	(20,351)	(20,312)	(41,603)	(42,009)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of:				
- Financial assets held-for-trading	195	406	310	2,007
- Financial investments available-for-sale	426	532	2,987	882
Marked-to-market revaluation gain/(loss) of:				
- Financial assets held-for-trading	6	332	(25)	(638)
- Derivative instruments	(50,369)	47,268	(79,834)	91,438
- Financial liabilities designated at fair value	2,459	(6,189)	4,073	(2,513)
Realised gain/(loss) on derivative instruments	77,386	(14,324)	133,877	(29,936)
Gross dividend income from:				
- Financial investments available-for-sale	-	192	679	2,281
- Subsidiaries	-	-	6,899	30,217
	30,103	28,217	68,966	93,738
(d) <u>Other income:</u>				
Foreign exchange loss	(3,657)	(12,049)	(4,992)	(20,642)
Rental income	228	164	341	327
Loss on disposal of property, plant and equipment	-	(347)	-	(347)
Others	5,670	5,987	12,376	12,851
	2,241	(6,245)	7,725	(7,811)
Total other operating income	78,574	64,921	166,694	172,704

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A27 Other Operating Expenses

	2nd Quarter Ended		Six Months Ended	
	30 September 2017 RM'000	Restated 30 September 2016 RM'000	30 September 2017 RM'000	Restated 30 September 2016 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	85,157	82,690	173,823	168,289
- Contribution to EPF	13,811	13,340	27,530	27,287
- Share options/grants under ESS	4	590	186	1,648
- Others	23,451	10,995	34,095	18,912
	122,423	107,615	235,634	216,136
Establishment costs				
- Depreciation of property, plant and equipment	5,197	5,315	10,478	10,892
- Amortisation of computer software	6,260	5,573	12,278	11,093
- Rental of premises	7,387	7,646	14,848	15,319
- Water and electricity	2,232	1,734	4,228	3,849
- Repairs and maintenance	2,408	2,406	4,894	4,780
- Information technology expenses	12,003	11,841	23,360	22,766
- Others	2,906	2,918	6,404	6,609
	38,393	37,433	76,490	75,308
Marketing expenses				
- Promotion and advertisement	1,810	1,257	3,323	2,830
- Branding and publicity	2,035	1,029	3,457	1,681
- Others	1,753	1,820	3,329	3,850
	5,598	4,106	10,109	8,361
Administration and general expenses				
- Communication expenses	1,913	2,861	5,175	6,559
- Printing and stationery	709	693	1,434	1,585
- Insurance	2,882	2,848	5,739	5,253
- Professional fees	7,803	4,895	12,648	10,058
- Others	10,433	6,889	19,364	13,156
	23,740	18,186	44,360	36,611
Total other operating expenses	190,154	167,340	366,593	336,416

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A27 Other Operating Expenses (contd.)

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	63,813	63,017	131,185	128,997
- Contribution to EPF	10,525	10,244	21,037	21,078
- Share options/grants under ESS	4	507	188	1,381
- Others	21,629	9,591	31,193	16,139
	95,971	83,359	183,603	167,595
Establishment costs				
- Depreciation of property, plant and equipment	5,013	5,088	10,115	10,512
- Amortisation of computer software	6,097	5,423	11,955	10,839
- Rental of premises	5,771	5,887	11,508	11,822
- Water and electricity	1,601	1,258	2,996	2,782
- Repairs and maintenance	1,819	1,775	3,785	3,542
- Information technology expenses	9,576	9,103	18,550	17,400
- Others	764	800	1,990	1,873
	30,641	29,334	60,899	58,770
Marketing expenses				
- Promotion and advertisement	1,595	902	2,965	2,306
- Branding and publicity	1,677	906	2,587	1,536
- Others	1,119	1,034	2,000	2,221
	4,391	2,842	7,552	6,063
Administration and general expenses				
- Communication expenses	1,360	2,257	3,679	5,066
- Printing and stationery	575	567	1,154	1,266
- Insurance	2,706	2,630	5,250	4,854
- Professional fees	6,263	3,929	9,998	7,677
- Others	8,329	5,953	15,026	10,401
	19,233	15,336	35,107	29,264
Total other operating expenses	150,236	130,871	287,161	261,692

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A28 Allowance for Losses on Loans, Advances and Financing and Other Receivables

	2nd Quarter Ended		Six Months Ended	
	30 September 2017 RM'000	Restated 30 September 2016 RM'000	30 September 2017 RM'000	Restated 30 September 2016 RM'000
GROUP				
Allowance for loans and financing and other receivables:				
(a) Individual assessment allowance - made during the period (net)	9,884	4,652	17,647	10,331
(b) Collective assessment allowance - made during the period (net)	26,734	15,253	52,202	29,813
(c) Bad debts on loans and financing - Recovered	(9,228)	(8,713)	(18,832)	(16,671)
- Written-off	5,311	4,774	10,770	9,872
	32,701	15,966	61,787	33,345
Allowance for other receivables, net	822	841	1,936	1,601
Write-back of losses from balances due from clients	-	-	-	(2)
	33,523	16,807	63,723	34,944

	2nd Quarter Ended		Six Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
BANK				
Allowance for loans and financing and other receivables:				
(a) Individual assessment allowance - made during the period (net)	7,120	4,312	12,259	9,877
(b) Collective assessment allowance - made during the period (net)	13,323	11,186	21,841	11,146
(c) Bad debts on loans and financing - Recovered	(6,227)	(6,433)	(12,773)	(12,650)
- Written-off	2,596	2,565	5,457	5,271
	16,812	11,630	26,784	13,644
Allowance for other receivables, net	805	695	1,455	1,395
	17,617	12,325	28,239	15,039

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A29 Commitments and Contingencies

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2017 RM'000	Restated 31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	755,603	757,816	641,682	649,782
Transaction-related contingent items	735,763	710,106	672,472	653,885
Short-term self-liquidating trade-related contingencies	267,127	138,588	214,545	114,249
Irrevocable commitments to extend credit:				
- maturity exceeding one year	980,942	1,111,249	727,503	927,426
- maturity not exceeding one year	7,329,022	6,527,092	5,669,099	4,943,831
Unutilised credit card lines	1,655,714	1,584,784	1,655,714	1,584,784
	11,724,171	10,829,635	9,581,015	8,873,957
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,909,782	11,082,789	7,909,782	11,082,789
- over one year to three years	157,472	116,546	157,472	116,546
- over three years	23,642	37,817	23,642	37,817
Interest rate related contracts:				
- one year or less	576,570	750,000	576,570	750,000
- over one year to three years	2,006,231	1,988,572	2,006,231	1,988,572
- over three years	1,698,138	1,605,860	1,698,138	1,605,860
Equity related contracts				
- one year or less	79,646	52,405	79,646	52,405
- over one year to three years	41,930	30,330	41,930	30,330
	12,493,411	15,664,319	12,493,411	15,664,319
	24,217,582	26,493,954	22,074,426	24,538,276

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A30 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, 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 alternative distribution channels, trustee services and head office.

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A30 Segment information (contd.)

Group	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
2nd Quarter ended 30 September 2017								
Net interest income								
- external income	104,814	78,011	44,770	3,220	657	231,472	(1,075)	230,397
- inter-segment	(17,229)	22,925	(3,755)	(1,941)	-	-	-	-
	87,585	100,936	41,015	1,279	657	231,472	(1,075)	230,397
Net income from Islamic banking business	27,886	25,386	13,842	-	-	67,114	10,991	78,105
Other operating income	31,465	39,803	7,355	6,995	7,318	92,936	(7,562)	85,374
Net income	146,936	166,125	62,212	8,274	7,975	391,522	2,354	393,876
Other operating expenses	(73,928)	(62,375)	(11,615)	(9,457)	(22,779)	(180,154)	1,457	(178,697)
Depreciation and amortisation	(6,669)	(3,840)	(683)	(264)	(1)	(11,457)	-	(11,457)
Operating profit/(loss)	66,339	99,910	49,914	(1,447)	(14,805)	199,911	3,811	203,722
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(22,228)	(11,599)	27	277	-	(33,523)	-	(33,523)
Segment result	44,111	88,311	49,941	(1,170)	(14,805)	166,388	3,811	170,199
Share of results of joint venture								(20)
Taxation								(47,380)
Net profit for the financial period								122,799
Segment assets	21,070,077	17,144,948	17,002,963	34,953	120,868	55,373,809	(2,308,411)	53,065,398
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								649
Property, plant and equipment								73,360
Tax recoverable and deferred tax assets								17,016
Intangible assets								389,363
Total assets								53,545,786
Segment liabilities	24,232,220	23,644,404	1,460,708	168,074	6,080	49,511,486	(1,320,597)	48,190,889
Provision for taxation and zakat and deferred tax liabilities								50,927
Total liabilities								48,241,816

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A30 Segment information (contd.)

Group	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
Six months ended 30 September 2017								
Net interest income								
- external income	198,088	166,706	84,266	6,125	1,579	456,764	(8,949)	447,815
- inter-segment	(29,354)	36,444	(3,368)	(3,722)	-	-	-	-
	168,734	203,150	80,898	2,403	1,579	456,764	(8,949)	447,815
Net income from Islamic banking business	56,167	48,957	28,680	-	-	133,804	22,279	156,083
Other operating income	62,893	76,697	21,286	15,964	13,223	190,063	(13,472)	176,591
Net income	287,794	328,804	130,864	18,367	14,802	780,631	(142)	780,489
Other operating expenses	(150,471)	(126,236)	(23,356)	(18,941)	(27,898)	(346,902)	3,065	(343,837)
Depreciation and amortisation	(13,235)	(7,659)	(1,339)	(520)	(3)	(22,756)	-	(22,756)
Operating profit/(loss)	124,088	194,909	106,169	(1,094)	(13,099)	410,973	2,923	413,896
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(43,055)	(20,613)	33	258	(346)	(63,723)	-	(63,723)
Segment result	81,033	174,296	106,202	(836)	(13,445)	347,250	2,923	350,173
Share of results of joint venture								1
Taxation								(92,371)
Net profit for the financial period								257,803
Segment assets	21,070,077	17,144,948	17,002,963	34,953	120,868	55,373,809	(2,308,411)	53,065,398
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								649
Property, plant and equipment								73,360
Tax recoverable and deferred tax assets								17,016
Intangible assets								389,363
Total assets								53,545,786
Segment liabilities	24,232,220	23,644,404	1,460,708	168,074	6,080	49,511,486	(1,320,597)	48,190,889
Provision for taxation and zakat and deferred tax liabilities								50,927
Total liabilities								48,241,816

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A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
Restated								
2nd Quarter ended 30 September 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	111,791	77,518	19,459	2,757	2,899	214,424	(10,191)	204,233
- inter-segment	(30,606)	20,959	11,223	(1,576)	-	-	-	-
	81,185	98,477	30,682	1,181	2,899	214,424	(10,191)	204,233
Net income from Islamic banking business	27,691	22,577	12,908	-	-	63,176	15,278	78,454
Other operating income	27,872	38,656	184	8,562	6,756	82,030	(5,000)	77,030
Net income	136,748	159,710	43,774	9,743	9,655	359,630	87	359,717
Other operating expenses	(72,557)	(63,019)	(10,153)	(8,858)	(3,273)	(157,860)	1,408	(156,452)
Depreciation and amortisation	(5,753)	(4,030)	(805)	(214)	(86)	(10,888)	-	(10,888)
Operating profit	58,438	92,661	32,816	671	6,296	190,882	1,495	192,377
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(16,579)	(4,622)	20	(26)	4,400	(16,807)	-	(16,807)
Segment result	41,859	88,039	32,836	645	10,696	174,075	1,495	175,570
Share of results of joint venture								19
Taxation								(43,010)
Net profit for the financial period								132,579
Segment assets	21,668,383	16,843,623	17,577,821	358,063	1,918,616	58,366,506	(4,030,333)	54,336,173
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								735
Property, plant and equipment								77,972
Tax recoverable and deferred tax assets								21,362
Intangible assets								366,104
Total assets								54,802,346
Segment liabilities	21,426,683	21,848,117	7,613,264	120,310	12,336	51,020,710	(1,326,383)	49,694,327
Provision for taxation and zakat and deferred tax liabilities								42,218
Total liabilities								49,736,545

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A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
Restated								
Six months ended 30 September 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	222,705	157,563	37,756	5,227	3,886	427,137	(10,791)	416,346
- inter-segment	(61,073)	37,574	26,586	(3,087)	-	-	-	-
	161,632	195,137	64,342	2,140	3,886	427,137	(10,791)	416,346
Net income from Islamic banking business	55,357	42,250	25,689	-	-	123,296	22,493	145,789
Other operating income	56,566	80,375	8,567	14,240	13,922	173,670	(12,274)	161,396
Net income	273,555	317,762	98,598	16,380	17,808	724,103	(572)	723,531
Other operating expenses	(147,265)	(123,910)	(20,656)	(17,927)	(7,869)	(317,627)	3,196	(314,431)
Depreciation and amortisation	(11,752)	(8,127)	(1,608)	(401)	(97)	(21,985)	-	(21,985)
Operating profit	114,538	185,725	76,334	(1,948)	9,842	384,491	2,624	387,115
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(33,265)	(1,675)	1	(5)	-	(34,944)	-	(34,944)
Allowance for impairment on other assets	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Segment result	81,273	184,050	76,335	(3,161)	9,842	348,339	2,624	350,963
Share of results of joint venture								38
Taxation								(85,948)
Net profit for the financial period								265,053
Segment assets	21,668,383	16,843,623	17,577,821	358,063	1,918,616	58,366,506	(4,030,333)	54,336,173
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								735
Property, plant and equipment								77,972
Tax recoverable and deferred tax assets								21,362
Intangible assets								366,104
Total assets								54,802,346
Segment liabilities	21,426,683	21,848,117	7,613,264	120,310	12,336	51,020,710	(1,326,383)	49,694,327
Provision for taxation and zakat and deferred tax liabilities								42,218
Total liabilities								49,736,545

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A31 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 Bank and the Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2017	Restated 31 March 2017	30 September 2017	31 March 2017
<u>Before deducting proposed dividends</u>				
CET I capital ratio	14.084%	13.334%	12.454%	11.558%
Tier I capital ratio	14.084%	13.334%	12.454%	11.558%
Total capital ratio	18.812%	17.999%	16.787%	16.347%
<u>After deducting proposed dividends</u>				
CET I capital ratio	14.084%	12.990%	12.454%	11.136%
Tier I capital ratio	14.084%	12.990%	12.454%	11.136%
Total capital ratio	18.812%	17.655%	16.787%	15.924%

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2017 RM'000	Restated 31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	796,517
Share Premium	-	-	-	401,517
Retained profits	3,433,442	2,062,782	2,817,263	2,115,505
Statutory reserves	-	1,223,525	-	835,401
Revaluation reserves	134,278	99,268	93,812	64,916
Capital reserves	100,150	90,010	95,515	-
	5,215,976	5,023,691	4,554,696	4,213,856
Less: Regulatory adjustment				
- Goodwill and other intangibles	(389,363)	(377,361)	(273,684)	(261,986)
- Deferred tax assets	(11,192)	(14,738)	-	(4,088)
- 55% of revaluation reserves	(73,853)	(54,597)	(51,597)	(35,704)
- Direct/indirect investment in own ordinary shares	(59,472)	(73,837)	(59,472)	-
- Investment in subsidiaries, associate and joint venture	(519)	(610)	(790,852)	(714,440)
Total CET I Capital/Total Tier I Capital	4,681,577	4,502,548	3,379,091	3,197,638

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A31 Capital Adequacy (Contd.)

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

Tier II Capital

Subordinated obligations	1,199,278	1,199,177	1,198,911	1,198,764
Collective assessment allowance and regulatory reserves	372,707	376,514	304,652	304,576
Less: Regulatory adjustment				
- Investment in subsidiaries, associate and joint venture	(130)	(153)	(197,713)	(178,610)
- Investment in Tier 2 capital instruments	-	-	(130,000)	-
Total Tier II Capital	1,571,855	1,575,538	1,175,850	1,324,730
Total Capital	6,253,432	6,078,086	4,554,941	4,522,368

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2017	Restated 31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Credit risk	30,319,776	30,938,021	24,556,885	25,162,190
Market risk	196,972	126,042	190,348	104,490
Operational risk	2,724,560	2,704,544	2,386,225	2,398,898
Total RWA and capital requirements	33,241,308	33,768,607	27,133,458	27,665,578

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 September 2017		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	14.185%	87.166%
Tier I capital ratio	14.185%	87.166%
Total capital ratio	17.300%	87.901%
<u>After deducting proposed dividends</u>		
CET I capital ratio	14.185%	87.166%
Tier I capital ratio	14.185%	87.166%
Total capital ratio	17.300%	87.901%
31 March 2017		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.430%	84.804%
Tier I capital ratio	13.430%	84.804%
Total capital ratio	14.509%	85.516%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.430%	83.729%
Tier I capital ratio	13.430%	83.729%
Total capital ratio	14.509%	84.441%

A32 Fair Value Measurements

(a) Determination of fair value and 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 Bank and the Group 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.

(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 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 derivatives.

(iii) Financial instruments in Level 3

The Group classifies 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, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

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A32 Fair Value Measurements (contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy

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:

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 September 2017	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	174,568	-	174,568
- Unquoted securities	-	32,826	-	32,826
Financial investments available-for-sale				
- Money market instruments	-	5,262,265	-	5,262,265
- Quoted securities in Malaysia	12	-	-	12
- Unquoted securities	-	4,158,909	177,390	4,336,299
Derivative financial assets	-	54,337	-	54,337
<u>Liabilities</u>				
Derivative financial liabilities	-	131,008	-	131,008

<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 September 2017	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	104,951	-	104,951
- Unquoted securities	-	32,826	-	32,826
Financial investments available-for-sale				
- Money market instruments	-	4,989,178	-	4,989,178
- Quoted securities in Malaysia	12	-	-	12
- Unquoted securities	-	2,366,858	120,177	2,487,035
Derivative financial assets	-	54,337	-	54,337
<u>Liabilities</u>				
Derivative financial liabilities	-	131,008	-	131,008

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A32 Fair Value Measurements (contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)

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 (contd.):

<u>GROUP</u> 31 March 2017	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
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
<u>Liabilities</u>				
Derivative financial liabilities	-	81,892	-	81,892

<u>BANK</u> 31 March 2017	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
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
<u>Liabilities</u>				
Derivative financial liabilities	-	81,892	-	81,892

A32 Fair Value Measurements (contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)

Reconciliation of movements in Level 3 financial instruments:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2017 RM'000	Restated 31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
At beginning of financial period/year	170,239	157,333	111,377	102,657
Disposal	(4,970)	-	-	-
Total gains/(losses) recognised in:				
- Other comprehensive income				
(i) Revaluation reserves	12,151	12,906	8,800	8,720
- Statement of comprehensive income				
(i) Loss arising from sales of financial investments available-for-sales	(30)	-	-	-
At end of financial period/year	<u>177,390</u>	<u>170,239</u>	<u>120,177</u>	<u>111,377</u>

The Bank's and the Group'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.

A33 Credit Transactions And Exposures With Connected Parties

	<u>BANK</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Outstanding credit exposures with connected parties	<u>46,680</u>	<u>96,182</u>
of which:		
Total credit exposure which is impaired or in default	<u>-</u>	<u>-</u>
Total credit exposures	<u>44,697,226</u>	<u>45,970,955</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>0.10%</u>	<u>0.21%</u>
- which is impaired or in default	<u>0.00%</u>	<u>0.00%</u>

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A34 Offsetting Financial Assets And Financial Liabilities

In accordance with MFRS 132 Financial Instruments: Presentation, the Bank and the Group reports financial assets and financial liabilities on a net basis on the balance sheet, 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 balance sheet; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the balance sheet RM'000	Net amounts of financial assets presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
GROUP						
September 2017						
Derivative financial assets	54,337	-	54,337	(11,000)	(11,610)	31,727
Balances due from clients and brokers	165,944	(62,354)	103,590	-	-	103,590
	<u>220,281</u>	<u>(62,354)</u>	<u>157,927</u>	<u>(11,000)</u>	<u>(11,610)</u>	<u>135,317</u>
BANK						
September 2017						
Derivative financial assets	54,337	-	54,337	(11,000)	(11,610)	31,727
GROUP						
Restated						
March 2017						
Derivative financial assets	86,345	-	86,345	(18,681)	-	67,664
Balances due from clients and brokers	213,368	(100,346)	113,022	-	-	113,022
Total	<u>299,713</u>	<u>(100,346)</u>	<u>199,367</u>	<u>(18,681)</u>	<u>-</u>	<u>180,686</u>
BANK						
March 2017						
Derivative financial assets	86,345	-	86,345	(18,681)	-	67,664

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A34 Offsetting Financial Assets And Financial Liabilities (Contd.)

(b) Financial liabilities

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the balance sheet RM'000	Net amounts of financial liabilities presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
GROUP						
September 2017						
Derivative financial liabilities	131,008	-	131,008	(11,000)	(16,971)	103,037
Balances due to clients and brokers	130,528	(62,354)	68,174	-	-	68,174
Total	261,536	(62,354)	199,182	(11,000)	(16,971)	171,211
BANK						
September 2017						
Derivative financial liabilities	131,008	-	131,008	(11,000)	(16,971)	103,037
GROUP						
Restated						
March 2017						
Derivative financial liabilities	81,892	-	81,892	(18,681)	(22,381)	40,830
Balances due to clients and brokers	169,412	(100,346)	69,066	-	-	69,066
Total	251,304	(100,346)	150,958	(18,681)	(22,381)	109,896
BANK						
March 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 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.

[B] Explanatory Notes Pursuant To Appendix 9B Of Bursa Securities' Listing Requirements

B1 Financial Review for Financial Quarter and Financial Year to Date

GROUP

	2nd Quarter Ended 30 September 2017 RM'000	Restated 2nd Quarter Ended 30 September 2016 RM'000	Changes %
Net income/revenue	393,876	359,717	9.5
Operating profit before allowances	203,722	192,377	5.9
Operating profit after allowances	170,199	175,570	(3.1)
Profit before tax	170,179	175,589	(3.1)
Profit after tax	122,799	132,579	(7.4)
Profit attributable to ordinary equity holders of the Bank	122,799	132,579	(7.4)

	Six Months Ended 30 September 2017 RM'000	Restated Six Months Ended 30 September 2016 RM'000	Changes %
Net income/revenue	780,489	723,531	7.9
Operating profit before allowances	413,896	387,115	6.9
Operating profit after allowances	350,173	350,963	(0.2)
Profit before tax	350,174	351,001	(0.2)
Profit after tax	257,803	265,053	(2.7)
Profit attributable to ordinary equity holders of the Bank	257,803	265,053	(2.7)

	2nd Quarter Ended 30 September 2017 RM'000	Restated 1st Quarter Ended 30 June 2017 RM'000	Changes %
Net income/revenue	393,876	386,613	1.9
Operating profit before allowances	203,722	210,174	(3.1)
Operating profit after allowances	170,199	179,974	(5.4)
Profit before tax	170,179	179,995	(5.5)
Profit after tax	122,799	135,004	(9.0)
Profit attributable to ordinary equity holders of the Bank	122,799	135,004	(9.0)

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B1 Financial Review for Financial Quarter and Financial Year to Date (Contd.)

Bank

	2nd Quarter Ended 30 September 2017 RM'000	2nd Quarter Ended 30 September 2016 RM'000	Changes %
Net income/revenue	316,315	270,133	17.1
Operating profit before allowances	166,079	139,262	19.3
Operating profit after allowances	148,462	126,937	17.0
Profit before tax	148,462	126,937	17.0
Profit after tax	107,941	95,470	13.1
Profit attributable to ordinary equity holders of the Bank	107,941	95,470	13.1
	Six Months Ended 30 September 2017 RM'000	Six Months Ended 30 September 2016 RM'000	Changes %
Net income/revenue	620,973	583,076	6.5
Operating profit before allowances	333,812	321,384	3.9
Operating profit after allowances	305,573	306,345	(0.3)
Profit before tax	305,573	306,345	(0.3)
Profit after tax	227,556	238,723	(4.7)
Profit attributable to ordinary equity holders of the Bank	227,556	238,723	(4.7)
	2nd Quarter Ended 30 September 2017 RM'000	1st Quarter Ended 30 June 2017 RM'000	Changes %
Net income/revenue	316,315	304,658	3.8
Operating profit before allowances	166,079	167,733	(1.0)
Operating profit after allowances	148,462	157,111	(5.5)
Profit before tax	148,462	157,111	(5.5)
Profit after tax	107,941	119,615	(9.8)
Profit attributable to ordinary equity holders of the Bank	107,941	119,615	(9.8)

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B2 Review Of Performance

Current Year-to-Date vs. Previous Year-to-Date

For 6 months ended 30 September 2017, the Group's net profit after taxation was RM257.8 million.

Revenue grew by RM57.0 million or 7.9%, primarily from higher net interest income and Islamic Banking Income which increased by RM41.8 million or 7.4% mainly due to expansion of average loan base and better asset and deposit mix. Consequently net interest margin improved to 235bps from 223bps.

Other operating income improved by RM15.2 million or 9.4% mainly from higher treasury income, cards income, brokerage fees and wealth management income.

Operating expenses increased by RM30.2 million or 9.0% due to restructuring cost and strategic initiatives. Cost to income ratio is recorded at 47.0%. Excluding restructuring cost and strategic initiatives, cost to income ratio stood at 44.0%.

Credit cost normalized at 32.5 bps, maintaining within expected level.

Gross impaired loans ratio increased moderately to 1.2%. While loan loss coverage stood at 116.9%, reflecting a healthy book.

The Current Account/Savings Account ratio improved to 37.3% from 34.8% last year. Loans-to-deposits ratio stood at 91.1%, while loan-to-fund ratio stood at 86.8%.

The Group's total capital ratio stood healthy at 18.8%, with a Common Equity Tier 1 Capital ratio of 14.1% as at 30 September 2017.

Performance by business segment:

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Stockbroking and Corporate Advisory Services. Please refer to Note A30 on Segment Information for the composition of each business segment.

Consumer Banking profit before tax stood at RM81.0 million where the operating profit was higher by RM9.6 million or 8.3% mainly due to increased in revenue by RM14.2 million or 5.2% compared to last corresponding period. Allowance for loans, advances to and financing was higher by RM9.8 million. Segment asset was RM0.6 billion or 2.8% lower, while liabilities registered growth of RM2.8 billion or 13.1% higher.

Business Banking profit before tax stood at RM174.3 million where the operating profit was higher by RM9.2 million or 4.9% mainly due to increase in the revenue by RM11.0 million or 3.5% compared to last corresponding period. Allowance for loans, advances and financing was higher by RM18.9 million. Segment asset and liabilities registered growth of RM0.3 billion or 1.8% and RM1.8 billion or 8.2% respectively.

Financial Markets profit before tax stood at RM106.2 million where the operating profit was higher by RM29.8 million or 39.1% mainly due to increase in the revenue by RM32.2 million or 32.7% compared to last corresponding period. Segment asset and liabilities was RM0.6 billion or 3.3% and RM6.2 billion or 80.8% lower respectively.

Stockbroking and Corporate Advisory Services profit before tax improved by RM2.3 million compared to last corresponding period mainly due to higher brokerage income.

B2 Review Of Performance (Contd.)

Current Quarter vs Previous Year Corresponding Quarter

The Group's profit after taxation of RM122.8 million for the quarter ended 30 September 2017.

Key quarter-on-quarter performance highlights:

- Operating profit before allowances grew by 5.9% or RM11.3 million;
- Revenue grew RM34.2 million or 9.5% mainly from net interest income and other operating income;
- Net Interest Margin recorded at 238bps an improvement of 15 bps; and
- Other operating income increased by RM8.3 million or 10.8% mainly from higher treasury income by RM8.0 million, while and fee based income increase by RM2.2 million.
- Credit cost normalized at 34 bps

B3 Review Of Performance

Comparison With Immediate Preceding Quarter (2Q FY2018 vs. 1Q FY2018)

The Group's profit after taxation of RM122.8 million for the quarter ended 30 September 2017.

Key quarter-on-quarter performance highlights:

- Operating profit before allowances decrease by 3.1% or RM6.5 million;
- Revenue was higher by RM7.3 million or 1.9% mainly from net interest income;
- NIM was recorded at 238bps, which was 6bps higher than preceding quarter;
- Other operating income was lower by RM5.8 million or 6.4% due to lower treasury income; and
- Operating expense increased by RM13.7 million or 7.8% mainly due to the restructuring costs.
- Credit cost normalized at 34 bps

B4 Prospect for the Current Financial Period

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 improve balance sheet efficiency by focusing on 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.

The Group's strategic intent is to be the most important relationship for the financial success of business owners, through our vision of 'Building Alliances to Improve Lives'.

This year, we have launched a number of new and differentiated value propositions and will continue to scale them up for our customers. We will also be investing in the required Information Technology enablers to support the Bank's strategic initiatives and focus on streamlining to improve the efficiency of our operations.

This will position us as a Bank that provides innovative solutions that are fast, simple, and responsive and aligned to our customers' needs, which is the essence of our new brand promise.

While we expect these strategic investments to significantly lift our level of performance in the longer term over the next three to five years, we would expect the current year profitability to be affected somewhat.

B5 Profit Forecast

There was no profit forecast issued by the Group and the Bank.

B6 Taxation

	2nd Quarter Ended		Six Months Ended	
	30 September 2017 RM'000	Restated 30 September 2016 RM'000	30 September 2017 RM'000	Restated 30 September 2016 RM'000
Group				
Taxation				
- Income tax	54,125	46,409	89,562	77,449
- Under provision in prior financial period	823	103	823	103
- Deferred tax	(7,568)	(3,502)	1,986	8,396
	<u>47,380</u>	<u>43,010</u>	<u>92,371</u>	<u>85,948</u>
Bank				
Taxation				
- Income tax	42,634	35,709	74,558	61,705
- Over provision in prior financial period	(18)	-	(18)	-
- Deferred tax	(2,095)	(4,242)	3,477	5,917
	<u>40,521</u>	<u>31,467</u>	<u>78,017</u>	<u>67,622</u>

The Group's and the Bank effective tax rate for the second quarter and financial half year ended 30 September 2017 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

B7 Profit/(Loss) On Sale Of Unquoted Investments Or Properties

There was no material profit/(loss) on sale of unquoted investments or properties for the second quarter and financial half year ended 30 September 2017 other than in the ordinary course of business.

B8 Purchase And Disposal Of Quoted Securities

There was no purchase or disposal of quoted securities for the second quarter and financial half year ended 30 September 2017 other than disclosed as below:

- The total number of 1,884,400 shares held in trust for ESS was disposed at an average market price of RM3.86 per share as at 30 September 2017;
- Investments held by the Group and the Bank whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia ("BNM").

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B9 Status of Corporate Proposals

On 21 September 2016, AFG, the former holding company of the Bank announced that it proposed to undertake a corporate 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 corporate reorganisation exercise. This will enable the existing shareholders of AFG to have direct participation in the equity and future growth of the Bank.

On 26 September 2017, the corporate reorganisation exercise was completed upon the transfer of listing from AFG to the Bank on the Main Market of Bursa Malaysia Securities Berhad. AFG is now the wholly-owned subsidiary of the Bank.

A circular to shareholders and notice of Extraordinary General Meeting in relation to the corporate reorganisation exercise was issued on 19 June 2017 and the shareholders of AFG had, at the Extraordinary General Meeting held on 12 July 2017, approved the group reorganisation. Refer to the circular for further details.

B10 Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2017 RM'000	Restated 31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
(a) Deposits from customers				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	26,326,629	28,755,989	20,592,083	23,144,803
- More than one year (medium/long term)	494,074	220,083	260,427	96,539
	26,820,703	28,976,072	20,852,510	23,241,342
Others	15,927,246	15,469,648	13,231,512	12,871,159
	42,747,949	44,445,720	34,084,022	36,112,501
(b) Deposits and placements of banks and other financial institutions				
- One year or less (short term)	425,894	309,563	143,616	298,740
- More than one year (medium/long term)	702,481	553,341	350,014	350,989
	1,128,375	862,904	493,630	649,729
(c) Other borrowings				
Senior Medium Term Notes (unsecured)				
- One year or less (short term)	5,071	5,070	5,071	5,070
(d) Subordinated obligations				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	1,226,367	1,226,078	1,226,000	1,225,664

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B11 Derivative Financial Assets/(Liabilities)

Derivative financial instruments measured at fair values together with their corresponding contract/notional amounts:

BANK/GROUP	As at 30 September 2017			As at 31 March 2017		
	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,357,776	3,616	(24,637)	1,282,544	45,673	(4,340)
- over one year to three years	115,254	449	(3,316)	72,316	73	(569)
- over three years	23,642	-	(1,053)	37,817	42	(200)
Currency swaps						
- one year or less	6,041,397	24,214	(63,598)	9,631,122	15,809	(34,170)
- over one year to three years	42,218	-	(10,702)	44,230	-	(12,700)
Currency spots						
- one year or less	293,365	465	(359)	40,255	56	(60)
Currency options						
- one year or less	217,244	390	(737)	128,868	265	(24)
	8,090,896	29,134	(104,402)	11,237,152	61,918	(52,063)
Interest rate derivatives						
Interest rate swap						
- one year or less	4,280,939	24,775	(19,090)	4,344,432	24,339	(24,455)
- over one year to three years	576,570	377	(1,318)	750,000	227	(697)
- over three years	2,006,231	10,583	(6,431)	1,988,572	8,336	(8,937)
	1,698,138	13,815	(11,341)	1,605,860	15,776	(14,821)
Equity related derivatives						
- one year or less	79,646	140	(6,975)	52,405	58	(4,005)
- over one year to three years	41,930	288	(541)	30,330	30	(1,369)
Total derivatives assets/(liabilities)	12,493,411	54,337	(131,008)	15,664,319	86,345	(81,892)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2017.

Forwards

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Spots

Spots refer to the buying and selling of the currency where the settlement date is two business days.

B11 Derivative Financial Assets/(Liabilities) (Contd.)

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

B12 Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank for the second quarter and financial half year ended 30 September 2017.

B13 Dividend Declared

No dividend has been declared for the second quarter and financial half year ended 30 September 2017.

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B14 Earnings Per Share**(a) Basic**

The calculation of the basic earnings per share is based on the net profit attributable to Equity holders of the Bank divided by the weighted average number of ordinary shares of RM1.00 each in issue during the financial period, excluding the number of shares held for ESS.

	2nd Quarter Ended		Six Months Ended	
	30 September 2017	Restated 30 September 2016	30 September 2017	Restated 30 September 2016
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	122,799	132,579	257,803	265,053
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Shares held for ESS ('000)	(17,092)	(21,517)	(17,092)	(21,517)
	1,531,014	1,526,589	1,531,014	1,526,589
Basic earnings per share (sen)	8.0	8.7	16.8	17.4
	2nd Quarter Ended		Six Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
<u>BANK</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	107,941	95,470	227,556	238,723
Weighted average numbers of ordinary shares in issue ('000)	1,481,439	1,448,106	1,464,773	1,448,106
Basic earnings per share (sen)	7.3	6.6	15.5	16.5

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B14 Earnings Per Share (contd.)**(b) Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to Equity holders of the Bank divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS after taking into account the assumed Share Grants to employees under ESS number of vested to the employees as at 30 september 2017.

	2nd Quarter Ended		Six Months Ended	
	30 September 2017	Restated 30 September 2016	30 September 2017	Restated 30 September 2016
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	122,799	132,579	257,803	265,053
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Shares held for ESS ('000)	(17,092)	(21,517)	(17,092)	(21,517)
Share Grants under ESS ('000)	12	1,331	12	1,331
	1,531,026	1,527,920	1,531,026	1,527,920
Diluted earnings per share (sen)	8.0	8.7	16.8	17.3

	2nd Quarter Ended		Six Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
<u>BANK</u>				
Net profit for the financial period attributable to Equity holder of the Bank (RM'000)	107,941	95,470	227,556	238,723
Weighted average numbers of ordinary shares in issue ('000)	1,481,439	1,448,106	1,464,773	1,448,106
Diluted earnings per share (sen)	7.3	6.6	15.5	16.5

B15 Realised And Unrealised Unappropriated Profits Disclosure

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	<u>GROUP</u>	
	30 September 2017 RM'000	Restated 31 March 2017 RM'000
Total retained profits		
- Realised	3,512,416	2,051,850
- Unrealised	86,515	112,533
	3,598,931	2,164,383
Total share of profits from joint venture		
- Realised	255	256
- Unrealised		-
	3,599,186	2,164,639
Less: Consolidation adjustments	(165,744)	(101,857)
Total retained profits	3,433,442	2,062,782

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B16 Restatement for Comparatives

(a) Restatement of comparatives due to corporate reorganisation

The comparatives of the Group was restated in order to reflect the completion of group corporate reorganisation exercise as below:

- (i) AFG subscription of RM100,000,000 new ABMB Shares at the issue price of RM1.00 per share;
- (ii) The bonus issue by the Bank of RM651,588,886 new ABMB Shares to AFG, after taking into consideration the RM100,000,000 new ABMB Shares issued pursuant to AFG Subscription;
- (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 B9.

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B16 Restatement for Comparatives (Contd.)**(b) Reclassification of structured investments**

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 Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013 presentation.

The effects of items (a) and (b) to the Group and the Bank are as follow:

GROUP**Statements of Financial Position as at 31 March 2017**

	As previously stated RM'000	Effect of corporate reorganisation RM'000 (a)	Structured investments reclassification RM'000 (b)	As restated RM'000
ASSETS				
Cash and short-term funds	1,368,636	13,143	-	1,381,779
Balances due from clients and brokers	113,022	-	-	113,022
Financial assets held-for-trading	335,260	-	-	335,260
Financial investments available-for-sale	10,239,557	-	-	10,239,557
Financial investments held-to-maturity	917,092	-	-	917,092
Derivative financial assets	86,345	-	-	86,345
Loans, advances and financing	38,991,689	-	-	38,991,689
Other assets	109,908	432	-	110,340
Tax recoverable	9,726	-	-	9,726
Statutory deposits	1,437,344	100	-	1,437,444
Investment in 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
Intangible assets	377,361	-	-	377,361
TOTAL ASSETS	54,074,942	14,122	-	54,089,064
LIABILITIES AND EQUITY				
Deposits from customers	45,330,615	(102,179)	(782,716)	44,445,720
Deposits and placements of banks and other financial institutions	862,904	-	-	862,904
Financial liabilities designated at fair value	-	-	402,734	402,734
Balances due to clients and brokers	69,066	-	-	69,066
Derivative financial liabilities	81,892	-	-	81,892
Amount due to Cagamas Berhad	502,713	-	-	502,713
Other liabilities	965,906	2,882	379,982	1,348,770
Provision for taxation	19,567	186	-	19,753
Provision for zakat	206	-	-	206
Deferred tax liabilities	9,960	-	-	9,960
Other borrowings	5,070	-	-	5,070
Subordinated obligations	1,226,078	-	-	1,226,078
TOTAL LIABILITIES	49,073,977	(99,111)	-	48,974,866
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)
TOTAL EQUITY	5,000,965	113,233	-	5,114,198
TOTAL LIABILITIES AND EQUITY	54,074,942	14,122	-	54,089,064

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B16 Restatement for Comparatives (Contd.)**BANK****Statements of Financial Position as at 31 March 2017**

	As previously stated RM'000	Structured investments reclassification RM'000 (b)	After reclassification RM'000
ASSETS			
Cash and short-term funds	1,618,617	-	1,618,617
Financial assets held-for-trading	259,701	-	259,701
Financial investments available-for-sale	8,099,450	-	8,099,450
Financial investments held-to-maturity	658,201	-	658,201
Derivative financial assets	86,345	-	86,345
Loans, advances and financing	31,371,907	-	31,371,907
Other assets	105,141	-	105,141
Statutory deposits with Bank Negara Malaysia	1,129,366	-	1,129,366
Investments in subsidiaries	892,820	-	892,820
Investment in associate	230	-	230
Investment in joint venture	-	-	-
Property, plant and equipment	71,883	-	71,883
Deferred tax assets	4,088	-	4,088
Intangible assets	261,986	-	261,986
TOTAL ASSETS	44,559,735	-	44,559,735
LIABILITIES AND EQUITY			
Deposits from customers	36,895,217	(782,716)	36,112,501
Deposits and placements of banks and other financial institutions	649,729	-	649,729
Financial liabilities designated at fair value	-	402,734	402,734
Derivative financial liabilities	81,892	-	81,892
Amount due to Cagamas Berhad	502,713	-	502,713
Other liabilities	821,624	379,982	1,201,606
Provision for taxation	14,098	-	14,098
Other borrowings	5,070	-	5,070
Subordinated obligations	1,225,664	-	1,225,664
TOTAL LIABILITIES	40,196,007	-	40,196,007
Share capital	796,517	-	796,517
Reserves	3,567,211	-	3,567,211
TOTAL EQUITY	4,363,728	-	4,363,728
TOTAL LIABILITIES AND EQUITY	44,559,735	-	44,559,735

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

B16 Restatement and Comparatives (Contd.)

GROUP	2nd Quarter Ended 30 September 2016			Six Months Ended 30 September 2016		
	As previously stated RM'000	Effect of corporate reorganisation RM'000 (a)	As restated RM'000	As previously stated RM'000	Effect of corporate reorganisation RM'000 (a)	As restated RM'000
Statements of Comprehensive Income						
Interest income	463,455	89	463,544	938,319	166	938,485
Interest expense	(260,086)	775	(259,311)	(523,800)	1,661	(522,139)
Net interest income	203,369	864	204,233	414,519	1,827	416,346
Net income from Islamic banking business	78,454	-	78,454	145,789	-	145,789
	281,823	864	282,687	560,308	1,827	562,135
Fee and commission income	73,626	-	73,626	147,815	-	147,815
Fee and commission expense	(22,743)	-	(22,743)	(47,546)	-	(47,546)
Investment income	30,425	-	30,425	66,180	-	66,180
Other income	(4,371)	93	(4,278)	(5,158)	105	(5,053)
Other operating income	76,937	93	77,030	161,291	105	161,396
Net income	358,760	957	359,717	721,599	1,932	723,531
Other operating expenses	(167,228)	(112)	(167,340)	(336,150)	(266)	(336,416)
Operating profit before allowances	191,532	845	192,377	385,449	1,666	387,115
Allowance for losses on loans, advances and financing and other receivables	(16,807)	-	(16,807)	(34,944)	-	(34,944)
Allowance for impairment on other assets	-	-	-	(1,208)	-	(1,208)
Operating profit after allowances	174,725	845	175,570	349,297	1,666	350,963
Share of results of associate	1	(1)	-	4	(4)	-
Share of results of joint venture	19	-	19	38	-	38
Profit before taxation	174,745	844	175,589	349,339	1,662	351,001
Taxation	(42,506)	(504)	(43,010)	(84,999)	(949)	(85,948)
Net profit for the financial period	132,239	340	132,579	264,340	713	265,053
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Revaluation reserve on financial investments available-for-sale						
- Net gain from change in fair value	53,992	-	53,992	75,721	-	75,721
- Realised gain transferred to statement of income on disposal and impairment	(2,563)	-	(2,563)	(3,412)	-	(3,412)
- Transfer to deferred tax	(12,343)	-	(12,343)	(17,354)	-	(17,354)
Other comprehensive income, net of tax	39,086	-	39,086	54,955	-	54,955
Total comprehensive income for the financial period	171,325	340	171,665	319,295	713	320,008
Net profit for the financial period attributable to: Equity holders of the Bank	132,239	340	132,579	264,340	713	265,053
Total comprehensive income for the financial period attributable to: Equity holders of the Bank	171,325	340	171,665	319,295	713	320,008
Earnings per share attributable to Equity holders of the Bank						
- Basic (sen)	16.6	(7.9)	8.7	33.2	(15.8)	17.4
- Diluted (sen)	16.6	(7.9)	8.7	33.2	(15.9)	17.3

B16 Restatement and Comparatives (Contd.)

	GROUP		
	As previously stated	Effect of corporate reorganisation (a)	As restated
Statements of Changes in Equity as at 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 parent	99,268	(99,268)	-
ESS reserve	6,062	382	6,444
Shares held fro 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

	GROUP		
	As previously stated	Effect of corporate reorganisation (a)	As restated
Statements of Cash Flows for the Financial Period Ended 30 September 2016			
Profit before taxation	349,339	1,662	351,001
Net cash used in operating activities	(563,380)	3,672	(559,708)
Net cash generated from investing activities	763,961	2,549	766,510
Net cash used in financing activities	(753,338)	(4,585)	(757,923)
Net changes in cash and cash equivalents	(552,757)	1,636	(551,121)

	GROUP		
	As previously stated	Effect of corporate reorganisation (a)	As restated
Capital Adequacy as at 31 March 2017			
<u>Before deducting proposed dividends</u>			
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%
<u>After deducting proposed dividends</u>			
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%

By Order of the Board

LEE WEI YEN (MAICSA 7001798)
Group Company Secretary
Kuala Lumpur
30 November 2017