



**ALLIANCE BANK**

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

**PILLAR 3 REPORT**

**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

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

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

**PILLAR 3 REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**Overview**

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

During the financial period, Alliance Financial Group Berhad ("AFG"), the holding company of the Bank has completed its corporate reorganisation exercise whereby the listing status of AFG was assumed by Alliance Bank Malaysia Berhad ("ABMB or the Bank") with effect from 26 September 2017. Accordingly the comparative figures of the Group was restated, where applicable, to reflect the completion of the corporate reorganisation exercise (as disclosed in Note B16 of the Unaudited Statements of Financial Position as at 30 September 2017):

- (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.

The comparative figures was restated, where applicable, in items 2.1 (a), 2.2, 2.3, 3.1, 3.4 and 3.5 of the report.

**1.0 Scope of Application**

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

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

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

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

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

## **2.0 Capital**

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

- (i) To maintain sufficient capital to meet the regulatory capital requirements as set forth by BNM;
- (ii) To maintain sufficient capital to support the Group's risk appetite and facilitate future business growth;  
and
- (iii) To meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

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

The Group carries out stress testing to estimate the potential impact of extreme but plausible events on the Group's earnings, balance sheet and capital. The results of the stress tests are to facilitate the formulation of contingency plan(s) where warranted. The results of the stress tests are tabled to the Group Risk Management Committee for approval.

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**2.0 Capital (contd.)**

**2.1 Capital Adequacy Ratios**

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

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

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

	<b>Alliance Islamic Bank Berhad</b>	<b>Alliance Investment Bank Berhad</b>
<b>30 September 2017</b>		
<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%
<b>31 March 2017</b>		
<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%

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

\* Refer to B16 in the financial statements.

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**2.0 Capital (contd.)**

**2.2 Capital Structure**

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	Restated * 31 March 2017 RM'000
<b><u>CET I Capital</u></b>				
Paid-up share capital	1,548,106	796,517	1,548,106	1,548,106
Share premium	-	401,517	-	-
Retained profits	2,817,263	2,115,505	3,433,442	2,062,782
Statutory reserves	-	835,401	-	1,223,525
Revaluation reserves	93,812	64,916	134,278	99,268
Capital reserves	95,515	-	100,150	90,010
	<u>4,554,696</u>	<u>4,213,856</u>	<u>5,215,976</u>	<u>5,023,691</u>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(273,684)	(261,986)	(389,363)	(377,361)
- Deferred tax assets	-	(4,088)	(11,192)	(14,738)
- 55% of revaluation reserves	(51,597)	(35,704)	(73,853)	(54,597)
- Direct/indirect investment in own ordinary shares	(59,472)	-	(59,472)	(73,837)
- Investment in subsidiaries, associate and joint venture	(790,852)	(714,440)	(519)	(610)
Total CET I capital/Total Tier I capital	<u>3,379,091</u>	<u>3,197,638</u>	<u>4,681,577</u>	<u>4,502,548</u>
<b><u>Tier II Capital</u></b>				
Subordinated obligations	1,198,911	1,198,764	1,199,278	1,199,177
Collective assessment allowance and regulatory reserves	304,652	304,576	372,707	376,514
Less: Regulatory adjustment				
- Investment in subsidiaries, associate and joint venture	(197,713)	(178,610)	(130)	(153)
- Investment in Tier 2 capital instruments	(130,000)	-	-	-
Total Tier II Capital	<u>1,175,850</u>	<u>1,324,730</u>	<u>1,571,855</u>	<u>1,575,538</u>
<b>Total Capital</b>	<u>4,554,941</u>	<u>4,522,368</u>	<u>6,253,432</u>	<u>6,078,086</u>

Alliance Islamic Bank has completed its first issuance of subordinated sukuk murabahah ("subordinated sukuk") of RM130million in nominal value, which qualify as Basel III compliant Tier 2 regulatory capital of Alliance Islamic Bank.

In Alliance Bank Malaysia Berhad, this issuance is recorded under regulatory adjustment as investment in Tier 2 capital instruments.

\* Refer to B16 in the financial statements.

**2.0 Capital (contd.)**

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

**Regulatory Capital Requirements**

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

<u>BANK</u> 30 September 2017 <b>Exposure Class</b>	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<b>(i) Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/Central banks	5,072,604	5,072,604	-	-
Public sector entities	60,440	60,440	12,088	967
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	2,594,665	2,594,665	755,621	60,450
Insurance companies, securities firms and fund managers	27,621	27,523	27,523	2,202
Corporates	12,036,942	11,131,705	9,302,728	744,218
Regulatory retail	8,884,013	7,908,043	6,003,358	480,269
Residential mortgages	12,053,143	12,043,316	5,467,417	437,393
Higher risk assets	2,813	2,806	4,209	337
Other assets	496,815	496,815	251,566	20,125
Equity exposures	120,189	120,189	120,191	9,615
Defaulted exposures	236,745	235,304	273,861	21,909
Total on-balance sheet exposures	<u>41,585,990</u>	<u>39,693,410</u>	<u>22,218,562</u>	<u>1,777,485</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	2,845,294	2,459,885	2,224,684	177,975
Derivative financial instruments	261,696	261,696	107,274	8,582
Defaulted exposures	4,247	4,247	6,365	509
Total off-balance sheet exposures	<u>3,111,237</u>	<u>2,725,828</u>	<u>2,338,323</u>	<u>187,066</u>
Total on and off-balance sheet exposures	<u>44,697,227</u>	<u>42,419,238</u>	<u>24,556,885</u>	<u>1,964,551</u>
<b>(ii) Market Risk (Note 4.0)</b>				
	Long Position	Short Position		
Interest rate risk	162,686	(55,677)	24,692	1,975
Foreign currency risk	139,805	(165,118)	165,118	13,209
	302,491	(220,795)		
Option risk			538	43
Total			<u>190,348</u>	<u>15,228</u>
<b>(iii) Operational Risk</b>				
	-	-	2,386,225	190,898
Total	<u>44,697,227</u>	<u>42,419,238</u>	<u>27,133,458</u>	<u>2,170,677</u>

**2.0 Capital (contd.)**

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

**Regulatory Capital Requirements**

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

<u>GROUP</u> 30 September 2017 <b>Exposure Class</b>	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000				
<b>(i) Credit Risk</b>								
On-balance sheet exposures:								
Sovereigns/Central banks	7,994,523	7,994,523	-	-				
Public sector entities	212,098	212,098	42,419	3,394				
Banks, DFIs and Multilateral Development Banks	1,769,797	1,769,797	358,130	28,650				
Insurance companies, securities firms and fund managers	37,999	37,901	37,901	3,032				
Corporates	15,696,281	14,521,427	11,437,393	914,991				
Regulatory retail	11,793,313	10,713,945	8,238,347	659,068				
Residential mortgages	14,388,281	14,377,249	6,495,737	519,659				
Higher risk assets	2,813	2,806	4,209	337				
Other assets	638,996	638,996	393,744	31,500				
Equity exposures	177,401	177,401	177,403	14,192				
Defaulted exposures	295,790	292,978	342,912	27,433				
Total on-balance sheet exposures	<u>53,007,292</u>	<u>50,739,121</u>	<u>27,528,195</u>	<u>2,202,256</u>				
Off-balance sheet exposures:								
Credit-related off-balance sheet exposures	3,459,748	3,010,580	2,677,525	214,202				
Derivative financial instruments	261,696	261,696	107,274	8,582				
Defaulted exposures	4,580	4,525	6,782	543				
Total off-balance sheet exposures	<u>3,726,024</u>	<u>3,276,801</u>	<u>2,791,581</u>	<u>223,327</u>				
Total on and off-balance sheet exposures	<u>56,733,316</u>	<u>54,015,922</u>	<u>30,319,776</u>	<u>2,425,583</u>				
<b>(ii) Market Risk (Note 4.0)</b>								
Interest rate risk	<table border="1"> <tr> <td>Long Position</td> <td>Short Position</td> </tr> <tr> <td>232,303</td> <td>(55,677)</td> </tr> </table>		Long Position	Short Position	232,303	(55,677)	31,316	2,505
Long Position	Short Position							
232,303	(55,677)							
Foreign currency risk	<table border="1"> <tr> <td>Long Position</td> <td>Short Position</td> </tr> <tr> <td>139,805</td> <td>(165,118)</td> </tr> </table>		Long Position	Short Position	139,805	(165,118)	165,118	13,209
Long Position	Short Position							
139,805	(165,118)							
Option risk	<table border="1"> <tr> <td>Long Position</td> <td>Short Position</td> </tr> <tr> <td>372,108</td> <td>(220,795)</td> </tr> </table>		Long Position	Short Position	372,108	(220,795)	538	43
Long Position	Short Position							
372,108	(220,795)							
Total			<u>196,972</u>	<u>15,758</u>				
<b>(iii) Operational Risk</b>								
Total	<u>56,733,316</u>	<u>54,015,922</u>	<u>33,241,308</u>	<u>2,659,306</u>				



**2.0 Capital (contd.)**

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

**Regulatory Capital Requirements (contd.)**

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

<u>BANK</u> 31 March 2017 <b>Exposure Class</b>	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<b>(i) Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/Central banks	5,352,766	5,352,766	-	-
Public sector entities	105,293	105,293	21,059	1,685
Banks, DFIs and Multilateral Development Banks	3,281,948	3,281,948	883,783	70,704
Insurance companies, securities firms and fund managers	27,568	27,467	27,467	2,197
Corporates	12,282,183	11,546,927	9,772,227	781,778
Regulatory retail	8,873,425	7,951,918	6,012,381	480,990
Residential mortgages	12,149,938	12,139,614	5,603,518	448,281
Higher risk assets	3,182	3,176	4,764	381
Other assets	499,621	499,621	231,930	18,554
Equity exposures	111,392	111,392	111,393	8,911
Defaulted exposures	201,335	198,167	230,510	18,441
<b>Total on-balance sheet exposures</b>	<b>42,888,651</b>	<b>41,218,289</b>	<b>22,899,032</b>	<b>1,831,922</b>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	2,762,616	2,395,557	2,133,275	170,662
Derivative financial instruments	313,294	313,294	120,420	9,634
Defaulted exposures	6,394	6,364	9,463	757
<b>Total off-balance sheet exposures</b>	<b>3,082,304</b>	<b>2,715,215</b>	<b>2,263,158</b>	<b>181,053</b>
<b>Total on and off-balance sheet exposures</b>	<b>45,970,955</b>	<b>43,933,504</b>	<b>25,162,190</b>	<b>2,012,975</b>
<b>(ii) Market Risk (Note 4.0)</b>				
	Long Position	Short Position		
Interest rate risk	317,765	(90,830)	29,792	2,383
Foreign currency risk	8,583	(74,523)	74,523	5,962
	326,348	(165,353)		
Option risk			175	14
<b>Total</b>			<b>104,490</b>	<b>8,359</b>
<b>(iii) Operational Risk</b>				
	-	-	2,398,898	191,912
<b>Total</b>	<b>45,970,955</b>	<b>43,933,504</b>	<b>27,665,578</b>	<b>2,213,246</b>

**2.0 Capital (contd.)**

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

**Regulatory Capital Requirements (contd.)**

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

Restated * <u>GROUP</u> 31 March 2017 <b>Exposure Class</b>	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<b>(i) Credit Risk</b>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,090,538	7,090,538	-	-
Public sector entities	175,816	175,816	35,163	2,813
Banks, DFIs and Multilateral Development Banks	2,674,355	2,674,355	538,938	43,115
Insurance companies, securities firms and fund managers	38,061	37,960	37,960	3,037
Corporates	15,689,245	14,694,080	11,857,205	948,576
Regulatory retail	11,840,659	10,814,866	8,304,851	664,388
Residential mortgages	14,544,792	14,533,347	6,685,735	534,859
Higher risk assets	3,182	3,176	4,764	381
Other assets	659,027	659,027	391,333	31,307
Equity exposures	165,294	165,294	165,295	13,224
Defaulted exposures	232,514	228,563	265,264	21,221
Total on-balance sheet exposures	<u>53,113,483</u>	<u>51,077,022</u>	<u>28,286,508</u>	<u>2,262,921</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,309,125	2,877,659	2,517,031	201,362
Derivative financial instruments	313,294	313,294	120,420	9,634
Defaulted exposures	9,461	9,430	14,062	1,125
Total off-balance sheet exposures	<u>3,631,880</u>	<u>3,200,383</u>	<u>2,651,513</u>	<u>212,121</u>
Total on and off-balance sheet exposures	<u>56,745,363</u>	<u>54,277,405</u>	<u>30,938,021</u>	<u>2,475,042</u>
<b>(ii) Market Risk (Note 4.0)</b>				
	Long Position	Short Position		
Interest rate risk	393,324	(90,830)	51,344	4,108
Foreign currency risk	8,583	(74,523)	74,523	5,962
Option risk	401,907	(165,353)	175	14
Total			<u>126,042</u>	<u>10,083</u>
<b>(iii) Operational Risk</b>	-	-	2,704,544	216,364
Total	<u>56,745,363</u>	<u>54,277,405</u>	<u>33,768,607</u>	<u>2,701,489</u>

**Note:**

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

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

\* Refer to B16 in the financial statements.

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**3.0 Credit Risk**

**3.1 Distribution of Credit Exposures**

**(a) Geographical Distribution**

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

BANK 30 September 2017	Geographical region					
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Total RM'000
Cash and short-term funds	-	924,825	-	-	-	924,825
Financial assets held-for-trading	-	137,777	-	-	-	137,777
Financial investments						
available-for-sale	-	7,356,037	-	-	-	7,356,037
Financial investments held-to-maturity	-	555,507	-	-	-	555,507
Derivative financial assets	-	54,337	-	-	-	54,337
Loans, advances and financing	2,038,138	22,473,981	3,585,646	1,979,977	1,073,330	31,151,072
Statutory deposits	-	1,118,425	-	-	-	1,118,425
<b>Total on-balance sheet</b>	<b>2,038,138</b>	<b>32,620,889</b>	<b>3,585,646</b>	<b>1,979,977</b>	<b>1,073,330</b>	<b>41,297,980</b>
Financial guarantees	39,835	420,357	39,249	34,197	28,317	561,955
Credit related commitments and contingencies	859,732	6,396,360	867,108	618,269	277,591	9,019,060
<b>Total off-balance sheet</b>	<b>899,567</b>	<b>6,816,717</b>	<b>906,357</b>	<b>652,466</b>	<b>305,908</b>	<b>9,581,015</b>
<b>Total credit exposure</b>	<b>2,937,705</b>	<b>39,437,606</b>	<b>4,492,003</b>	<b>2,632,443</b>	<b>1,379,238</b>	<b>50,878,995</b>

GROUP 30 September 2017	Geographical region					
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Total RM'000
Cash and short-term funds	-	2,064,751	-	-	-	2,064,751
Balances due from clients and brokers	19,525	79,349	4,716	-	-	103,590
Financial assets held-for-trading	-	207,394	-	-	-	207,394
Financial investments						
available-for-sale	-	9,421,174	-	-	-	9,421,174
Financial investments held-to-maturity	-	574,053	-	-	-	574,053
Derivative financial assets	-	54,337	-	-	-	54,337
Loans, advances and financing	2,633,583	27,756,797	4,645,924	2,498,840	1,242,972	38,778,116
Statutory deposits	-	1,467,005	-	-	-	1,467,005
<b>Total on-balance sheet</b>	<b>2,653,108</b>	<b>41,624,860</b>	<b>4,650,640</b>	<b>2,498,840</b>	<b>1,242,972</b>	<b>52,670,420</b>
Financial guarantees	57,964	541,047	50,515	46,055	28,354	723,935
Credit related commitments and contingencies	1,103,760	7,468,968	1,098,232	1,017,032	312,244	11,000,236
<b>Total off-balance sheet</b>	<b>1,161,724</b>	<b>8,010,015</b>	<b>1,148,747</b>	<b>1,063,087</b>	<b>340,598</b>	<b>11,724,171</b>
<b>Total credit exposure</b>	<b>3,814,832</b>	<b>49,634,875</b>	<b>5,799,387</b>	<b>3,561,927</b>	<b>1,583,570</b>	<b>64,394,591</b>

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**3.0 Credit Risk (contd.)**

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

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

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

<u>BANK</u>	Geographical region					
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Total RM'000
31 March 2017						
Cash and short-term funds	-	1,350,926	-	-	-	1,350,926
Financial assets held-for-trading	-	259,701	-	-	-	259,701
Financial investments						
available-for-sale	-	7,988,058	-	-	-	7,988,058
Financial investments held-to-maturity	-	658,201	-	-	-	658,201
Derivative financial assets	-	86,345	-	-	-	86,345
Loans, advances and financing	2,065,878	22,761,665	3,563,878	2,023,196	1,093,127	31,507,744
Statutory deposits	-	1,129,366	-	-	-	1,129,366
<b>Total on-balance sheet</b>	<b>2,065,878</b>	<b>34,234,262</b>	<b>3,563,878</b>	<b>2,023,196</b>	<b>1,093,127</b>	<b>42,980,341</b>
Financial guarantees	37,503	363,046	37,839	37,179	12,970	488,537
Credit related commitments and contingencies	849,608	5,779,710	872,365	626,127	257,610	8,385,420
<b>Total off-balance sheet</b>	<b>887,111</b>	<b>6,142,756</b>	<b>910,204</b>	<b>663,306</b>	<b>270,580</b>	<b>8,873,957</b>
<b>Total credit exposure</b>	<b>2,952,989</b>	<b>40,377,018</b>	<b>4,474,082</b>	<b>2,686,502</b>	<b>1,363,707</b>	<b>51,854,298</b>
Restated *	Geographical region					
<u>GROUP</u>	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Total RM'000
31 March 2017						
Cash and short-term funds	-	1,114,086	-	-	-	1,114,086
Balances due from clients and brokers	27,259	79,327	6,436	-	-	113,022
Financial assets held-for-trading	-	335,260	-	-	-	335,260
Financial investments						
available-for-sale	-	10,074,263	-	-	-	10,074,263
Financial investments held-to-maturity	-	917,092	-	-	-	917,092
Derivative financial assets	-	86,345	-	-	-	86,345
Loans, advances and financing	2,634,711	28,127,395	4,628,523	2,522,495	1,261,217	39,174,341
Statutory deposits	-	1,437,444	-	-	-	1,437,444
<b>Total on-balance sheet</b>	<b>2,661,970</b>	<b>42,171,212</b>	<b>4,634,959</b>	<b>2,522,495</b>	<b>1,261,217</b>	<b>53,251,853</b>
Financial guarantees	47,110	470,502	50,466	39,605	12,983	620,666
Credit related commitments and contingencies	1,063,100	6,716,395	1,082,173	1,055,538	291,763	10,208,969
<b>Total off-balance sheet</b>	<b>1,110,210</b>	<b>7,186,897</b>	<b>1,132,639</b>	<b>1,095,143</b>	<b>304,746</b>	<b>10,829,635</b>
<b>Total credit exposure</b>	<b>3,772,180</b>	<b>49,358,109</b>	<b>5,767,598</b>	<b>3,617,638</b>	<b>1,565,963</b>	<b>64,081,488</b>

\* Refer to B16 in the financial statements.

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(b) Industry Distribution

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

	Government and Central bank	Financial, insurance, business services and real estate	Transport, storage & communication	Agriculture, manufacturing, wholesale & retail trade	Construction	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>BANK</b>								
30 September 2017								
Cash and short-term funds	642,348	282,477	-	-	-	-	-	924,825
Financial assets held-for-trading	20,133	72,543	10,189	34,912	-	-	-	137,777
Financial investments available-for-sale	2,815,875	3,479,521	727,044	238,412	95,185	-	-	7,356,037
Financial investments held-to-maturity	333,771	221,736	-	-	-	-	-	555,507
Derivative financial assets	-	37,789	-	-	-	-	16,548	54,337
Loans, advances and financing	-	3,824,368	295,176	8,671,615	958,661	17,038,019	363,233	31,151,072
Statutory deposits	1,118,425	-	-	-	-	-	-	1,118,425
<b>Total on-balance sheet</b>	<b>4,930,552</b>	<b>7,918,434</b>	<b>1,032,409</b>	<b>8,944,939</b>	<b>1,053,846</b>	<b>17,038,019</b>	<b>379,781</b>	<b>41,297,980</b>
Financial guarantees	-	30,671	24,647	394,457	60,990	8,174	43,016	561,955
Credit related commitments and contingencies	-	1,367,938	122,935	3,583,677	1,412,813	2,066,494	465,203	9,019,060
<b>Total off-balance sheet</b>	<b>-</b>	<b>1,398,609</b>	<b>147,582</b>	<b>3,978,134</b>	<b>1,473,803</b>	<b>2,074,668</b>	<b>508,219</b>	<b>9,581,015</b>
<b>Total credit risk</b>	<b>4,930,552</b>	<b>9,317,043</b>	<b>1,179,991</b>	<b>12,923,073</b>	<b>2,527,649</b>	<b>19,112,687</b>	<b>888,000</b>	<b>50,878,995</b>
<b>GROUP</b>								
30 September 2017								
Cash and short-term funds	1,878,924	185,827	-	-	-	-	-	2,064,751
Balances due from clients and brokers	-	12,373	-	-	-	-	91,217	103,590
Financial assets held-for-trading	30,200	72,543	10,189	94,462	-	-	-	207,394
Financial investments available-for-sale	3,703,928	3,842,062	1,254,966	364,008	256,210	-	-	9,421,174
Financial investments held-to-maturity	424,774	149,279	-	-	-	-	-	574,053
Derivative financial assets	-	37,789	-	-	-	-	16,548	54,337
Loans, advances and financing	-	4,815,173	417,643	10,867,641	1,125,158	21,081,870	470,631	38,778,116
Statutory deposits	1,467,005	-	-	-	-	-	-	1,467,005
<b>Total on-balance sheet</b>	<b>7,504,831</b>	<b>9,115,046</b>	<b>1,682,798</b>	<b>11,326,111</b>	<b>1,381,368</b>	<b>21,081,870</b>	<b>578,396</b>	<b>52,670,420</b>
Financial guarantees	-	35,603	29,813	545,362	61,686	8,217	43,254	723,935
Credit related commitments and contingencies	-	1,546,229	127,597	4,524,697	1,506,421	2,514,137	781,155	11,000,236
<b>Total off-balance sheet</b>	<b>-</b>	<b>1,581,832</b>	<b>157,410</b>	<b>5,070,059</b>	<b>1,568,107</b>	<b>2,522,354</b>	<b>824,409</b>	<b>11,724,171</b>
<b>Total credit risk</b>	<b>7,504,831</b>	<b>10,696,878</b>	<b>1,840,208</b>	<b>16,396,170</b>	<b>2,949,475</b>	<b>23,604,224</b>	<b>1,402,805</b>	<b>64,394,591</b>

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(b) Industry Distribution (contd.)

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

	Government and Central bank	Financial, insurance, business services and real estate	Transport, storage & communication	Agriculture, manufacturing, wholesale & retail trade	Construction	Household	Others	Total
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	801,475	549,451	-	-	-	-	-	1,350,926
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial assets held-for-trading	40,159	118,330	101,212	-	-	-	-	259,701
Financial investments available-for-sale	2,977,001	4,003,013	675,032	237,846	95,166	-	-	7,988,058
Financial investments held-to-maturity	568,160	90,041	-	-	-	-	-	658,201
Derivative financial assets	675	25,249	-	-	-	-	60,421	86,345
Loans, advances and financing	-	4,238,985	293,167	8,658,982	850,771	17,112,724	353,115	31,507,744
Statutory deposits	1,129,366	-	-	-	-	-	-	1,129,366
<b>Total on-balance sheet</b>	<b>5,516,836</b>	<b>9,025,069</b>	<b>1,069,411</b>	<b>8,896,828</b>	<b>945,937</b>	<b>17,112,724</b>	<b>413,536</b>	<b>42,980,341</b>
Financial guarantees	-	76,039	23,391	318,115	40,949	4,944	25,099	488,537
Credit related commitments and contingencies	-	1,108,015	113,699	3,410,715	1,246,506	2,032,265	474,220	8,385,420
<b>Total off-balance sheet</b>	<b>-</b>	<b>1,184,054</b>	<b>137,090</b>	<b>3,728,830</b>	<b>1,287,455</b>	<b>2,037,209</b>	<b>499,319</b>	<b>8,873,957</b>
<b>Total credit risk</b>	<b>5,516,836</b>	<b>10,209,123</b>	<b>1,206,501</b>	<b>12,625,658</b>	<b>2,233,392</b>	<b>19,149,933</b>	<b>912,855</b>	<b>51,854,298</b>
Restated *								
<u>GROUP</u>								
31 March 2017								
Cash and short-term funds	971,784	142,302	-	-	-	-	-	1,114,086
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Balances due from clients and brokers	-	17,358	-	-	-	-	95,664	113,022
Financial assets held-for-trading	40,159	193,889	101,212	-	-	-	-	335,260
Financial investments available-for-sale	3,841,396	4,672,634	999,537	304,556	256,140	-	-	10,074,263
Financial investments held-to-maturity	770,427	146,665	-	-	-	-	-	917,092
Derivative financial assets	675	25,249	-	-	-	-	60,421	86,345
Loans, advances and financing	-	5,200,321	370,645	10,864,148	988,008	21,292,417	458,802	39,174,341
Statutory deposits	1,437,444	-	-	-	-	-	-	1,437,444
<b>Total on-balance sheet</b>	<b>7,061,885</b>	<b>10,398,418</b>	<b>1,471,394</b>	<b>11,168,704</b>	<b>1,244,148</b>	<b>21,292,417</b>	<b>614,887</b>	<b>53,251,853</b>
Financial guarantees	-	79,098	23,502	440,327	47,378	4,985	25,376	620,666
Credit related commitments and contingencies	-	1,347,539	120,834	4,296,222	1,328,052	2,322,542	793,780	10,208,969
<b>Total off-balance sheet</b>	<b>-</b>	<b>1,426,637</b>	<b>144,336</b>	<b>4,736,549</b>	<b>1,375,430</b>	<b>2,327,527</b>	<b>819,156</b>	<b>10,829,635</b>
<b>Total credit risk</b>	<b>7,061,885</b>	<b>11,825,055</b>	<b>1,615,730</b>	<b>15,905,253</b>	<b>2,619,578</b>	<b>23,619,944</b>	<b>1,434,043</b>	<b>64,081,488</b>

\* Refer to B16 in the financial statements.

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(c) Residual Contractual Maturity

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

<u>BANK</u>	<u>Up to 1 month</u>	<u>&gt;1-3 months</u>	<u>&gt;3-6 months</u>	<u>&gt;6-12 months</u>	<u>&gt;1 year</u>	<u>Total</u>
30 September 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	924,825	-	-	-	-	924,825
Financial assets held-for-trading	85,029	5,073	170	-	47,505	137,777
Financial investments available-for-sale	857,266	803,458	397,408	428,723	4,869,182	7,356,037
Financial investments held-to-maturity	163,392	446	50,466	49,162	292,041	555,507
Loans, advances and financing	5,823,643	1,502,519	534,257	249,265	23,041,388	31,151,072
Statutory deposits	-	-	-	-	1,118,425	1,118,425
Derivative financial assets	7,460	13,125	5,346	3,271	25,135	54,337
<b>Total on-balance sheet exposure</b>	<b>7,861,615</b>	<b>2,324,621</b>	<b>987,647</b>	<b>730,421</b>	<b>29,393,676</b>	<b>41,297,980</b>

GROUP

30 September 2017

Cash and short-term funds	2,064,751	-	-	-	-	2,064,751
Balances due from clients and brokers	103,590	-	-	-	-	103,590
Financial assets held-for-trading	85,029	64,623	222	-	57,520	207,394
Financial investments available-for-sale	788,176	928,950	503,178	428,572	6,772,298	9,421,174
Financial investments held-to-maturity	163,392	744	120,978	83,200	205,739	574,053
Loans, advances and financing	7,061,342	1,816,628	673,933	286,192	28,940,021	38,778,116
Statutory deposits	-	-	-	-	1,467,005	1,467,005
Derivative financial assets	7,460	13,125	5,346	3,271	25,135	54,337
<b>Total on-balance sheet exposure</b>	<b>10,273,740</b>	<b>2,824,070</b>	<b>1,303,657</b>	<b>801,235</b>	<b>37,467,718</b>	<b>52,670,420</b>

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(c) Residual Contractual Maturity (contd.)

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

<u>BANK</u>	<u>Up to 1 month</u>	<u>&gt;1-3 months</u>	<u>&gt;3-6 months</u>	<u>&gt;6-12 months</u>	<u>&gt;1 year</u>	<u>Total</u>
31 March 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,350,926	-	-	-	-	1,350,926
Financial assets held-for-trading	45,323	146,162	215	-	68,001	259,701
Financial investments available-for-sale	1,052,054	909,695	215,958	625,282	5,185,069	7,988,058
Financial investments held-to-maturity	2,226	446	236,134	209,943	209,452	658,201
Loans, advances and financing	5,780,293	1,511,393	536,870	135,823	23,543,365	31,507,744
Statutory deposits	-	-	-	-	1,129,366	1,129,366
Derivative financial assets	20,678	10,878	24,414	6,118	24,257	86,345
<b>Total on-balance sheet exposure</b>	<b>8,251,500</b>	<b>2,578,574</b>	<b>1,013,591</b>	<b>977,166</b>	<b>30,159,510</b>	<b>42,980,341</b>

Restated \*

GROUP

31 March 2017

Cash and short-term funds	1,114,086	-	-	-	-	1,114,086
Balances due from clients and brokers	113,022	-	-	-	-	113,022
Financial assets held-for-trading	45,323	181,602	215	-	108,120	335,260
Financial investments available-for-sale	1,292,220	1,231,788	163,257	624,899	6,762,099	10,074,263
Financial investments held-to-maturity	2,226	81,701	266,680	280,223	286,262	917,092
Loans, advances and financing	6,934,846	1,816,636	660,369	153,855	29,608,635	39,174,341
Statutory deposits	-	-	-	-	1,437,444	1,437,444
Derivative financial assets	20,678	10,878	24,414	6,118	24,257	86,345
<b>Total on-balance sheet exposure</b>	<b>9,522,401</b>	<b>3,322,605</b>	<b>1,114,935</b>	<b>1,065,095</b>	<b>38,226,817</b>	<b>53,251,853</b>

\* Refer to B16 in the financial statements.



**3.0 Credit Risk (contd.)**

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

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

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Past due up to 1 month	820,787	779,123	1,084,991	1,016,032
Past due > 1 - 2 months	193,024	148,204	276,620	219,448
Past due > 2 - 3 months	19,528	16,635	38,795	34,742
	<u>1,033,339</u>	<u>943,962</u>	<u>1,400,406</u>	<u>1,270,222</u>

Past due loans, advances and financing analysed by sector:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Financial, insurance & business services and real estate	51,884	133,581	70,100	145,767
Transport, storage & communication	11,897	6,105	15,523	10,243
Agriculture, manufacturing, wholesale & retail trade	171,178	116,896	210,821	151,050
Construction	29,069	25,899	37,153	28,350
Household	760,950	654,809	1,055,699	925,857
Others	8,361	6,672	11,110	8,955
	<u>1,033,339</u>	<u>943,962</u>	<u>1,400,406</u>	<u>1,270,222</u>

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Northern region	77,256	75,522	112,206	101,809
Central region	714,934	649,386	949,452	853,407
Southern region	136,898	121,395	203,867	191,784
Sabah region	79,055	76,589	103,241	97,562
Sarawak region	25,196	21,070	31,640	25,660
	<u>1,033,339</u>	<u>943,962</u>	<u>1,400,406</u>	<u>1,270,222</u>

**3.0 Credit Risk (contd.)**

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

Impaired loans, advances and financing analysed by sectors:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Financial, insurance & business services and real estate	25,863	17,284	28,957	17,284
Transport, storage & communication	2,116	11,281	2,317	11,531
Agriculture, manufacturing, wholesale & retail trade	99,549	86,840	127,846	98,235
Construction	7,259	16,504	9,435	18,699
Household	220,460	201,235	277,306	241,163
Others	8,439	6,436	8,439	6,437
	<u>363,686</u>	<u>339,580</u>	<u>454,299</u>	<u>393,349</u>

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

	Individual assessment allowance	Collective assessment allowance	Individual assessment write-back/ made for during the period/year (net)	Individual assessment write-off for the period/year
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000
30 September 2017				
Financial, insurance & business services and real estate	1,603	26,480	332	-
Transport, storage & communication	581	4,574	1	(9,561)
Agriculture, manufacturing, wholesale & retail trade	46,288	111,734	9,279	(1,601)
Construction	-	9,346	1,467	(8,663)
Household	7,098	78,460	762	(513)
Others	1,415	2,924	418	-
	<u>56,984</u>	<u>233,518</u>	<u>12,259</u>	<u>(20,338)</u>
<u>GROUP</u>				
30 September 2017				
Financial, insurance & business services and real estate	2,744	32,426	1,473	-
Transport, storage & communication	581	5,641	1	(9,561)
Agriculture, manufacturing, wholesale & retail trade	51,190	136,109	12,828	(1,601)
Construction	806	11,221	1,709	(8,663)
Household	8,048	129,856	1,216	(787)
Others	1,415	3,789	418	-
	<u>64,784</u>	<u>319,042</u>	<u>17,646</u>	<u>(20,612)</u>

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

**3.0 Credit Risk (contd.)**

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

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

<u>BANK</u>	<u>Individual assessment allowance</u>	<u>Collective assessment allowance</u>	<u>Individual impairment made for/ write-back during the year (net)</u>	<u>Individual impairment write-off for the year</u>
31 March 2017	RM'000	RM'000	RM'000	RM'000
Financial, insurance & business services and real estate	735	28,754	296	-
Transport, storage & communication	10,141	3,463	(5)	-
Agriculture, manufacturing, wholesale & retail trade	38,902	110,237	17,104	(7,694)
Construction	7,197	8,524	38	-
Household	6,174	80,967	3,356	(3,344)
Others	998	2,692	555	(965)
	<u>64,147</u>	<u>234,637</u>	<u>21,344</u>	<u>(12,003)</u>
 <u>GROUP</u>				
31 March 2017				
Financial, insurance & business services and real estate	735	34,594	296	(2,031)
Transport, storage & communication	10,141	4,273	(5)	-
Agriculture, manufacturing, wholesale & retail trade	40,254	134,650	18,381	(14,278)
Construction	7,761	10,036	602	-
Household	6,738	126,126	3,681	(4,041)
Others	998	3,649	551	(1,525)
	<u>66,627</u>	<u>313,328</u>	<u>23,506</u>	<u>(21,875)</u>

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

**3.0 Credit Risk (contd.)**

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

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

<u>BANK</u>	Impaired loans, advances and financing	Individual assessment allowance	Collective assessment allowance
30 September 2017	RM'000	RM'000	RM'000
Northern region	36,441	9,397	29,699
Central region	248,534	38,285	149,066
Southern region	54,755	9,096	28,409
Sabah region	21,500	159	19,829
Sarawak region	2,456	48	6,515
	<u>363,686</u>	<u>56,984</u>	<u>233,518</u>
<u>GROUP</u>			
30 September 2017			
Northern region	40,088	9,397	37,839
Central region	315,795	41,710	209,927
Southern region	70,478	12,964	39,229
Sabah region	25,040	665	24,196
Sarawak region	2,898	48	7,851
	<u>454,299</u>	<u>64,784</u>	<u>319,042</u>
<u>BANK</u>	Impaired loans, advances and financing	Individual assessment allowance	Collective assessment allowance
31 March 2017	RM'000	RM'000	RM'000
Northern region	28,290	5,347	31,509
Central region	238,742	50,918	148,047
Southern region	49,829	7,725	27,785
Sabah region	20,245	157	20,306
Sarawak region	2,474	-	6,990
	<u>339,580</u>	<u>64,147</u>	<u>234,637</u>
<u>GROUP</u>			
31 March 2017			
Northern region	30,552	5,347	38,829
Central region	277,515	51,184	203,818
Southern region	58,562	9,434	37,522
Sabah region	23,737	662	24,711
Sarawak region	2,983	-	8,448
	<u>393,349</u>	<u>66,627</u>	<u>313,328</u>

**3.0 Credit Risk (contd.)**

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

Movements in loan impairment allowances are analysed as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
<b>Individual assessment allowance:</b>				
At beginning of year	64,147	58,061	66,627	68,331
Allowance made during the financial period/year (net)	12,259	21,344	17,647	23,506
Amount written-off	(20,338)	(12,003)	(20,612)	(21,875)
Transfers from/(to) collective assessment allowance	916	(3,255)	1,122	(3,335)
At end of year	<u>56,984</u>	<u>64,147</u>	<u>64,784</u>	<u>66,627</u>
<b>Collective assessment allowance:</b>				
At beginning of year	234,637	236,501	313,328	306,978
Allowance made during the financial period/year (net)	21,841	35,986	52,202	80,408
Amount written-off	(22,044)	(41,105)	(45,366)	(77,393)
Transfers (to)/from individual assessment allowance	(916)	3,255	(1,122)	3,335
At end of year	<u>233,518</u>	<u>234,637</u>	<u>319,042</u>	<u>313,328</u>

3.0 Credit Risk (contd.)

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

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

BANK 30 September 2017 Risk- Weights	Exposures after netting and credit risk mitigation											Total exposures after netting and credit risk mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns /Central banks RM'000	Public sector entities RM'000	Banks, DFIs and Multilateral Development Banks RM'000	Insurance companies, Securities firms and Fund managers RM'000	Regulatory Retail Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000	Equity exposures RM'000		
0%	5,072,604	-	-	-	414,502	-	-	-	245,250	-	-	5,732,356	-
20%	18,998	80,516	1,917,600	-	1,741,022	-	1,656	-	-	-	-	3,759,792	751,958
35%	-	-	-	-	-	-	6,669,742	-	-	-	-	6,669,742	2,334,410
50%	-	-	846,450	-	46,258	20,514	4,485,710	-	-	-	-	5,398,933	2,699,466
75%	-	-	-	-	-	8,552,377	23,002	-	-	-	-	8,575,378	6,431,534
100%	-	-	86	44,034	10,485,875	302,404	965,928	-	251,566	120,187	-	12,170,078	12,170,078
150%	-	-	-	-	27,654	80,426	-	4,876	-	3	-	112,959	169,439
<b>Total exposures</b>	<b>5,091,602</b>	<b>80,516</b>	<b>2,764,136</b>	<b>44,034</b>	<b>12,715,311</b>	<b>8,955,721</b>	<b>12,146,038</b>	<b>4,876</b>	<b>496,816</b>	<b>120,189</b>	<b>42,419,238</b>	<b>24,556,885</b>	
Risk-weighted assets by exposures	3,800	16,103	806,831	44,034	10,898,689	6,847,582	5,560,775	7,314	251,566	120,191		24,556,885	
Average risk-weight	-	20%	29%	100%	86%	76%	46%	150%	51%	100%		58%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-	-

3.0 Credit Risk (contd.)

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

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

GROUP 30 September 2017 Risk- Weights	Exposures after netting and credit risk mitigation											Total exposures after netting and credit risk mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns /Central banks RM'000	Public sector entities RM'000	Banks, DFIs and Multilateral Development Banks RM'000	Insurance companies, Securities firms and Fund managers RM'000	Regulatory Retail Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000			
0%	8,054,523	-	45,145	-	970,631	-	-	-	245,252	-	-	9,315,551	-
20%	18,998	236,174	1,792,550	-	2,605,664	-	2,242	-	-	-	-	4,655,627	931,126
35%	-	-	-	-	-	-	8,008,148	-	-	-	-	8,008,148	2,802,852
50%	-	-	101,367	-	60,698	23,518	5,356,451	-	-	-	-	5,542,034	2,771,018
75%	-	-	-	-	-	10,972,979	24,175	-	-	-	-	10,997,154	8,247,866
100%	-	-	86	54,461	12,789,405	832,657	1,110,641	-	393,744	177,399	-	15,358,393	15,358,393
150%	-	-	-	-	38,775	95,361	-	4,876	-	3	-	139,015	208,523
<b>Total exposures</b>	<b>8,073,521</b>	<b>236,174</b>	<b>1,939,148</b>	<b>54,461</b>	<b>16,465,174</b>	<b>11,924,514</b>	<b>14,501,657</b>	<b>4,876</b>	<b>638,996</b>	<b>177,402</b>	<b>54,015,922</b>	<b>30,319,776</b>	
Risk-weighted assets by exposures	3,800	47,235	409,280	54,461	13,399,050	9,217,191	6,610,298	7,314	393,744	177,403		30,319,776	
Average risk-weight	-	20%	21%	100%	81%	77%	46%	150%	62%	100%		56%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-	-

3.0 Credit Risk (contd.)

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

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

←----- Exposures after netting and credit risk mitigation ----->												
<u>BANK</u>	Sovereigns	Public	Banks,	Insurance				Higher	Other	Equity	Total	Total
31 March 2017	/Central	sector	DFIs and	companies,				risk	assets	exposures	exposures	Risk-
<u>Weights</u>	<u>banks</u>	<u>entities</u>	<u>Banks</u>	<u>Securities</u>	<u>Fund</u>	<u>Regulatory</u>	<u>Residential</u>	<u>assets</u>	<u>assets</u>	<u>exposures</u>	<u>mitigation</u>	<u>Weighted</u>
	RM'000	RM'000	RM'000	firms and	<u>managers</u>	<u>retail</u>	<u>mortgages</u>	RM'000	RM'000	RM'000	RM'000	Assets
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	5,352,766	-	-	-	419,198	-	-	-	267,691	-	6,039,655	-
20%	27,876	158,988	2,629,951	-	1,668,126	-	1,229	-	-	-	4,486,170	897,234
35%	-	-	-	-	-	-	6,599,651	-	-	-	6,599,651	2,309,878
50%	-	-	836,484	-	48,613	18,937	4,511,547	-	-	-	5,415,581	2,707,790
75%	-	-	-	-	-	8,759,512	22,973	-	-	-	8,782,485	6,586,864
100%	-	-	21	39,464	10,819,849	209,112	1,097,273	-	231,930	111,389	12,509,038	12,509,038
150%	-	-	-	-	21,816	73,731	-	5,374	-	3	100,924	151,386
<b>Total exposures</b>	<b>5,380,642</b>	<b>158,988</b>	<b>3,466,456</b>	<b>39,464</b>	<b>12,977,602</b>	<b>9,061,292</b>	<b>12,232,673</b>	<b>5,374</b>	<b>499,621</b>	<b>111,392</b>	<b>43,933,504</b>	<b>25,162,190</b>
Risk-weighted assets by exposures	5,575	31,798	944,253	39,464	11,210,505	6,898,810	5,680,400	8,061	231,931	111,394	25,162,190	
Average risk-weight	-	20%	27%	100%	86%	76%	46%	150%	46%	100%	57%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-



3.0 Credit Risk (contd.)

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

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

Restated * GROUP 31 March 2017	Exposures after netting and credit risk mitigation											Total exposures after netting and credit risk mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns /Central banks RM'000	Public sector entities RM'000	Banks, DFIs and Multilateral Development Banks RM'000	Insurance companies, Securities firms and Fund managers RM'000	Regulatory Retail Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000			
0%	7,150,538	-	-	-	952,999	-	-	-	267,692	-	-	8,371,229	-
20%	27,876	239,511	2,766,784	-	2,319,403	111	1,714	-	-	-	-	5,355,398	1,071,080
35%	-	-	-	-	-	-	7,929,020	-	-	-	-	7,929,020	2,775,157
50%	-	-	91,937	-	63,325	21,597	5,409,320	-	-	-	-	5,586,179	2,793,089
75%	-	-	-	-	-	11,155,159	24,488	-	-	-	-	11,179,647	8,384,735
100%	-	-	21	49,957	13,062,333	794,150	1,276,790	-	391,334	165,291	-	15,739,876	15,739,876
150%	-	-	-	-	31,143	79,536	-	5,374	-	3	-	116,056	174,084
<b>Total exposures</b>	<b>7,178,414</b>	<b>239,511</b>	<b>2,858,742</b>	<b>49,957</b>	<b>16,429,203</b>	<b>12,050,553</b>	<b>14,641,332</b>	<b>5,374</b>	<b>659,026</b>	<b>165,294</b>	<b>54,277,405</b>	<b>30,938,021</b>	
Risk-weighted assets by exposures	5,575	47,902	599,346	49,957	13,604,591	9,290,644	6,775,316	8,061	391,334	165,296		30,938,021	
Average risk-weight	-	20%	21%	100%	83%	77%	46%	150%	59%	100%		57%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-	-

\* Refer to B16 in the financial statements.

**3.0 Credit Risk (contd.)**

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

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

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

**BANK**

30 September 2017

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>On and Off Balance-Sheet Exposures</b>							
<b>(i) Exposures risk weighted using Sovereigns and Central Banks rating</b>							
Sovereigns and Central Banks (See Note 1)	-	5,091,602	-	-	-	5,091,602	
Corporates	-	414,502	-	-	-	414,502	
	-	5,506,104	-	-	-	5,506,104	
<b>(ii) Exposures risk weighted using Banking Institutions long term rating</b>							
Banks, DFIs and Multilateral Development Banks	335,440	2,291,573	91,198	-	45,926	2,764,137	
<b>Exposures risk weighted using Banking Institutions short term rating</b>							
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	
	335,440	2,291,573	91,198	-	45,926	2,764,137	
<b>(iii) Exposures risk weighted using Corporate long term rating</b>							
Public Sector Entities	55,949	-	-	-	24,568	80,517	
Corporates	1,726,044	43,308	-	-	11,581,670	13,351,022	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	44,140	44,140	
<b>Exposures risk weighted using Corporate short term rating</b>							
Public Sector Entities	-	-	-	-	-	-	
Corporates	14,977	-	-	-	-	14,977	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	
	1,796,970	43,308	-	-	11,650,378	13,490,656	

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**3.0 Credit Risk (contd.)**

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

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

GROUP  
30 September 2017

Exposure Class	Ratings by Approved ECAs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>On and Off Balance-Sheet Exposures</b>							
<b>(i) Exposures risk weighted using Sovereigns and Central Banks rating</b>							
Sovereigns and Central Banks (See Note 1)	-	8,073,522	-	-	-	-	8,073,522
Corporates	-	970,631	-	-	-	-	970,631
Banks, DFIs and Multilateral Development Banks	-	45,145	-	-	-	-	45,145
	-	9,089,298	-	-	-	-	9,089,298
<b>(ii) Exposures risk weighted using Banking Institutions long term rating</b>							
Banks, DFIs and Multilateral Development Banks	586,010	1,170,864	91,203	-	45,926	-	1,894,003
<b>Exposures risk weighted using Banking Institutions short term rating</b>							
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	-
	586,010	1,170,864	91,203	-	45,926	-	1,894,003
<b>(iii) Exposures risk weighted using Corporate long term rating</b>							
Public Sector Entities	137,555	-	-	-	98,620	-	236,175
Corporates	2,555,775	57,744	-	-	14,203,444	-	16,816,963
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	54,568	-	54,568
<b>Exposures risk weighted using Corporate short term rating</b>							
Public Sector Entities	-	-	-	-	-	-	-
Corporates	49,889	-	-	-	-	-	49,889
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	54,568	-	54,568
	2,743,219	57,744	-	-	14,411,200	-	17,212,163

**3.0 Credit Risk (contd.)**

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

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

BANK

31 March 2017

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	RM'000
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>On and Off Balance-Sheet Exposures</b>							
<b>(i) Exposures risk weighted using Sovereigns and Central Banks rating</b>							
Sovereigns and Central Banks (See Note 1)	-	5,380,642	-	-	-	-	5,380,642
Corporates	-	419,198	-	-	-	-	419,198
	-	5,799,840	-	-	-	-	5,799,840
<b>(ii) Exposures risk weighted using Banking Institutions long term rating</b>							
Banks, DFIs and Multilateral Development Banks	892,473	2,457,655	5,694	-	110,633	-	3,466,455
<b>Exposures risk weighted using Banking Institutions short term rating</b>							
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	-
	892,473	2,457,655	5,694	-	110,633	-	3,466,455
<b>(iii) Exposures risk weighted using Corporate long term rating</b>							
Public Sector Entities	55,802	-	-	-	53,695	-	109,497
Corporates	1,678,213	44,126	-	-	11,722,431	-	13,444,770
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	39,572	-	39,572
<b>Exposures risk weighted using Corporate short term rating</b>							
Public Sector Entities	49,491	-	-	-	-	-	49,491
Corporates	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-
	1,783,506	44,126	-	-	11,815,698	-	13,643,330

**3.0 Credit Risk (contd.)**

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

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

Restated \*  
GROUP  
31 March 2017

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off Balance-Sheet Exposures</b>							
<b>(i) Exposures risk weighted using Sovereigns and Central Banks rating</b>							
	Sovereigns and Central Banks (See Note 1)	-	7,178,414	-	-	-	7,178,414
	Corporates	-	952,999	-	-	-	952,999
	Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
		-	8,131,413	-	-	-	8,131,413
<b>(ii) Exposures risk weighted using Banking Institutions long term rating</b>							
	Banks, DFIs and Multilateral Development Banks	1,642,670	1,099,743	5,694	-	110,633	2,858,740
<b>Exposures risk weighted using Banking Institutions short term rating</b>							
	Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
		1,642,670	1,099,743	5,694	-	110,633	2,858,740
<b>(iii) Exposures risk weighted using Corporate long term rating</b>							
	Public Sector Entities	86,321	-	-	-	103,699	190,020
	Corporates	2,329,489	58,835	-	-	14,273,940	16,662,264
	Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	50,065	50,065
<b>Exposures risk weighted using Corporate short term rating</b>							
	Public Sector Entities	49,491	-	-	-	-	49,491
	Corporates	-	-	-	-	-	-
	Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
		2,465,301	58,835	-	-	14,427,704	16,951,840

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

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

**Note:**

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

\* Refer to B16 in the financial statements.

**3.0 Credit Risk (contd.)**

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

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

<u>BANK</u>	<u>Exposures</u>	<u>Exposures</u>	<u>Exposures</u>	<u>Exposures</u>
<u>30 September 2017</u>	<u>before CRM</u>	<u>covered by</u>	<u>covered by</u>	<u>covered by</u>
<u>Exposure Class</u>	<u>RM'000</u>	<u>guarantees/</u>	<u>eligible</u>	<u>other eligible</u>
		<u>credit</u>	<u>financial</u>	<u>collateral</u>
		<u>derivatives</u>	<u>collateral</u>	<u>collateral</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/Central banks	5,072,604	-	-	-
Public sector entities	60,440	-	-	-
Banks, DFIs and Multilateral				
Development Banks	2,594,665	-	-	-
Insurance companies, securities				
firms and fund managers	27,621	-	99	-
Corporates	12,036,942	-	905,238	-
Regulatory retail	8,884,013	-	975,971	-
Residential mortgages	12,053,143	-	9,827	-
Higher risk assets	2,813	-	6	-
Other assets	496,815	-	-	-
Equity exposures	120,189	-	-	-
Defaulted exposures	236,745	-	1,441	-
Total on-balance sheet exposures	<u>41,585,990</u>	<u>-</u>	<u>1,892,582</u>	<u>-</u>
Off-balance sheet exposures:				
Off-balance sheet exposures other than				
OTC derivatives or credit derivatives	3,106,990	-	385,407	-
Defaulted exposures	4,247	-	-	-
Total off-balance sheet exposures	<u>3,111,237</u>	<u>-</u>	<u>385,407</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>44,697,227</u>	<u>-</u>	<u>2,277,989</u>	<u>-</u>

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**3.0 Credit Risk (contd.)**

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

<u>GROUP</u> 30 September 2017 <b>Exposure Class</b>	<u>Exposures</u> <u>before CRM</u> RM'000	<u>Exposures</u> <u>covered by</u> <u>guarantees/</u> <u>credit</u> <u>derivatives</u> RM'000	<u>Exposures</u> <u>covered by</u> <u>eligible</u> <u>financial</u> <u>collateral</u> RM'000	<u>Exposures</u> <u>covered by</u> <u>other eligible</u> <u>collateral</u> RM'000
<b><u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,994,523	-	-	-
Public sector entities	212,098	-	-	-
Banks, DFIs and Multilateral Development Banks	1,769,797	-	-	-
Insurance companies, securities firms and fund managers	37,999	-	99	-
Corporates	15,696,281	-	1,174,854	-
Regulatory retail	11,793,313	-	1,079,369	-
Residential mortgages	14,388,281	-	11,033	-
Higher risk assets	2,813	-	6	-
Other assets	638,996	-	-	-
Equity exposures	177,401	-	-	-
Defaulted exposures	295,790	-	2,810	-
<b>Total on-balance sheet exposures</b>	<b>53,007,292</b>	<b>-</b>	<b>2,268,171</b>	<b>-</b>
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,721,444	-	449,168	-
Defaulted exposures	4,580	-	55	-
<b>Total off-balance sheet exposures</b>	<b>3,726,024</b>	<b>-</b>	<b>449,223</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>56,733,316</b>	<b>-</b>	<b>2,717,394</b>	<b>-</b>

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**3.0 Credit Risk (contd.)**

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

<u>BANK</u> 31 March 2017 <b>Exposure Class</b>	<u>Exposures before CRM</u> RM'000	<u>Exposures covered by guarantees/ credit derivatives</u> RM'000	<u>Exposures covered by eligible financial collateral</u> RM'000	<u>Exposures covered by other eligible collateral</u> RM'000
<b><u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/Central banks	5,352,766	-	-	-
Public sector entities	105,293	-	-	-
Banks, DFIs and Multilateral Development Banks	3,281,948	-	-	-
Insurance companies, securities firms and fund managers	27,568	-	101	-
Corporates	12,282,183	-	735,255	-
Regulatory retail	8,873,425	-	921,507	-
Residential mortgages	12,149,938	-	10,324	-
Higher risk assets	3,182	-	6	-
Other assets	499,621	-	-	-
Equity exposures	111,392	-	-	-
Defaulted exposures	201,335	-	3,168	-
<b>Total on-balance sheet exposures</b>	<b>42,888,651</b>	<b>-</b>	<b>1,670,361</b>	<b>-</b>
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,075,910	-	367,061	-
Defaulted exposures	6,394	-	29	-
<b>Total off-balance sheet exposures</b>	<b>3,082,304</b>	<b>-</b>	<b>367,090</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>45,970,955</b>	<b>-</b>	<b>2,037,451</b>	<b>-</b>



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**3.0 Credit Risk (contd.)**

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

Restated * <u>GROUP</u> 31 March 2017 <b>Exposure Class</b>	<u>Exposures before CRM</u> RM'000	<u>Exposures covered by guarantees/ credit derivatives</u> RM'000	<u>Exposures covered by eligible financial collateral</u> RM'000	<u>Exposures covered by other eligible collateral</u> RM'000
<b><u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,090,538	-	-	-
Public sector entities	175,816	-	-	-
Banks, DFIs and Multilateral Development Banks	2,674,355	-	-	-
Insurance companies, securities firms and fund managers	38,061	-	101	-
Corporates	15,689,245	-	995,165	-
Regulatory retail	11,840,659	-	1,025,793	-
Residential mortgages	14,544,792	-	11,445	-
Higher risk assets	3,182	-	6	-
Other assets	659,027	-	-	-
Equity exposures	165,294	-	-	-
Defaulted exposures	232,514	-	3,950	-
<b>Total on-balance sheet exposures</b>	<b><u>53,113,483</u></b>	<b><u>-</u></b>	<b><u>2,036,460</u></b>	<b><u>-</u></b>
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,622,419	-	431,467	-
Defaulted exposures	9,461	-	31	-
<b>Total off-balance sheet exposures</b>	<b><u>3,631,880</u></b>	<b><u>-</u></b>	<b><u>431,498</u></b>	<b><u>-</u></b>
<b>Total on and off-balance sheet exposures</b>	<b><u>56,745,363</u></b>	<b><u>-</u></b>	<b><u>2,467,958</u></b>	<b><u>-</u></b>

\* Refer to B16 in the financial statements.

**3.0 Credit Risk (contd.)**

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

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

<u>BANK</u>	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
30 September 2017				
<u>Credit-related exposures</u>				
Direct credit substitutes	641,682	-	641,682	557,577
Transaction-related contingent items	672,472	-	336,236	245,845
Short-term self-liquidating trade-related contingencies	214,545	-	42,909	39,062
Irrevocable commitments to extend credit:				
- maturity exceeding one year	727,503	-	363,752	318,773
- maturity not exceeding one year	5,669,099	-	1,133,820	817,608
Unutilised credit card lines	1,655,714	-	331,143	252,184
	<u>9,581,015</u>	<u>-</u>	<u>2,849,541</u>	<u>2,231,049</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,909,782	28,685	103,418	36,717
- over one year to three years	157,472	449	9,109	7,841
- over three years	23,642	-	2,135	2,134
Interest rate related contracts:				
- one year or less	576,570	377	1,489	511
- over one year to three years	2,006,231	10,583	45,009	13,885
- over three years	1,698,138	13,815	91,737	41,821
Equity related contracts:				
- one year or less	79,646	139	4,941	2,436
- over one year to three years	41,930	288	3,858	1,929
	<u>12,493,411</u>	<u>54,337</u>	<u>261,696</u>	<u>107,274</u>
	<u>22,074,426</u>	<u>54,337</u>	<u>3,111,237</u>	<u>2,338,323</u>

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**3.0 Credit Risk (contd.)**

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

<u>GROUP</u> 30 September 2017	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	755,603	-	755,603	662,644
Transaction-related contingent items	735,763	-	367,882	268,386
Short-term self-liquidating trade- related contingencies	267,127	-	53,425	48,993
Irrevocable commitments to extend credit:				
- maturity exceeding one year	980,942	-	490,471	436,050
- maturity not exceeding one year	7,329,022	-	1,465,804	1,016,050
Unutilised credit card lines	1,655,714	-	331,143	252,184
	<u>11,724,171</u>	<u>-</u>	<u>3,464,328</u>	<u>2,684,307</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,909,782	28,685	103,418	36,717
- over one year to three years	157,472	449	9,109	7,841
- over three years	23,642	-	2,135	2,134
Interest rate related contracts:				
- one year or less	576,570	377	1,489	511
- over one year to three years	2,006,231	10,583	45,009	13,885
- over three years	1,698,138	13,815	91,737	41,821
Equity related contracts:				
- one year or less	79,646	139	4,941	2,436
- over one year to three years	41,930	288	3,858	1,929
	<u>12,493,411</u>	<u>54,337</u>	<u>261,696</u>	<u>107,274</u>
	<u>24,217,582</u>	<u>54,337</u>	<u>3,726,024</u>	<u>2,791,581</u>

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**3.0 Credit Risk (contd.)**

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

<u>BANK</u>	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
31 March 2017				
<u>Credit-related exposures</u>				
Direct credit substitutes	649,782	-	649,782	563,934
Transaction-related contingent items	653,885	-	326,943	238,065
Short-term self-liquidating trade- related contingencies	114,249	-	22,850	18,836
Irrevocable commitments to extend credit:				
- maturity exceeding one year	927,426	-	463,713	388,228
- maturity not exceeding one year	4,943,831	-	988,766	692,205
Unutilised credit card lines	1,584,784	-	316,957	241,470
	<u>8,873,957</u>	<u>-</u>	<u>2,769,010</u>	<u>2,142,738</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	11,082,789	61,802	161,111	52,284
- over one year to three years	116,546	73	6,462	5,135
- over three years	37,817	43	3,433	3,433
Interest rate related contracts:				
- one year or less	750,000	227	1,277	270
- over one year to three years	1,988,572	8,336	44,924	15,343
- over three years	1,605,860	15,775	90,428	41,136
Equity related contracts:				
- one year or less	52,405	59	3,203	1,591
- over one year to three years	30,330	30	2,456	1,228
	<u>15,664,319</u>	<u>86,345</u>	<u>313,294</u>	<u>120,420</u>
	<u>24,538,276</u>	<u>86,345</u>	<u>3,082,304</u>	<u>2,263,158</u>

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**3.0 Credit Risk (contd.)**

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

<u>GROUP</u>	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
31 March 2017				
<u>Credit-related exposures</u>				
Direct credit substitutes	757,816	-	757,816	660,814
Transaction-related contingent items	710,106	-	355,053	255,570
Short-term self-liquidating trade- related contingencies	138,588	-	27,718	23,152
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,111,249	-	555,625	471,495
- maturity not exceeding one year	6,527,092	-	1,305,418	878,592
Unutilised credit card lines	1,584,784	-	316,957	241,470
	<u>10,829,635</u>	<u>-</u>	<u>3,318,586</u>	<u>2,531,093</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	11,082,789	61,802	161,111	52,284
- over one year to three years	116,546	73	6,462	5,135
- over three years	37,817	43	3,433	3,433
Interest rate related contracts:				
- one year or less	750,000	227	1,277	270
- over one year to three years	1,988,572	8,336	44,924	15,343
- over three years	1,605,860	15,775	90,428	41,136
Equity related contracts:				
- one year or less	52,405	59	3,203	1,591
- over one year to three years	30,330	30	2,456	1,228
	<u>15,664,319</u>	<u>86,345</u>	<u>313,294</u>	<u>120,420</u>
	<u>26,493,954</u>	<u>86,345</u>	<u>3,631,880</u>	<u>2,651,513</u>

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**4.0 Market Risk**

**Regulatory capital requirements**

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

	<u>BANK</u>		<u>GROUP</u>	
	Risk- Weighted Assets RM'000	Capital Requirements RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
30 September 2017				
Interest rate risk				
- General interest rate risk	19,402	1,552	26,026	2,082
- Specific interest rate risk	5,290	423	5,290	423
	<u>24,692</u>	<u>1,975</u>	<u>31,316</u>	<u>2,505</u>
Option risk	538	43	538	43
Foreign exchange risk	<u>165,118</u>	<u>13,209</u>	<u>165,118</u>	<u>13,209</u>
	<u>190,348</u>	<u>15,228</u>	<u>196,972</u>	<u>15,758</u>
31 March 2017				
Interest rate risk				
- General interest rate risk	26,405	2,112	36,819	2,946
- Specific interest rate risk	3,387	271	14,525	1,162
	<u>29,792</u>	<u>2,383</u>	<u>51,344</u>	<u>4,108</u>
Option risk	175	14	175	14
Foreign exchange risk	<u>74,523</u>	<u>5,962</u>	<u>74,523</u>	<u>5,962</u>
	<u>104,490</u>	<u>8,359</u>	<u>126,042</u>	<u>10,083</u>

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**5.0 Equity Exposures in Banking Book**

The following table shows the equity exposures in banking book:

	<u>BANK</u>		<u>GROUP</u>	
	Gross credit exposures RM'000	Risk-weighted assets RM'000	Gross credit exposures RM'000	Risk-weighted assets RM'000
30 September 2017				
<b>Publicly traded</b>				
Holding of equity investments	12	12	12	12
<b>Privately held</b>				
For socio-economic purposes	120,175	120,175	177,387	177,387
Not for socio-economic purposes	3	4	2	4
	<u>120,189</u>	<u>120,191</u>	<u>177,401</u>	<u>177,403</u>
31 March 2017				
<b>Publicly traded</b>				
Holding of equity investments	15	15	15	15
<b>Privately held</b>				
For socio-economic purposes	111,374	111,374	165,276	165,276
Not for socio-economic purposes	3	4	3	4
	<u>111,392</u>	<u>111,393</u>	<u>165,294</u>	<u>165,295</u>

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

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	Restated * 31 March 2017 RM'000
Realised gains/(losses) recognised in the statement of comprehensive income				
- Privately held equity investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrealised gains/(losses) recognised in revaluation reserve				
- Publicly traded equity investments	(3)	-	(3)	-
- Privately held equity investments	8,800	8,720	12,111	12,938
	<u>8,797</u>	<u>8,720</u>	<u>12,108</u>	<u>12,938</u>

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

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

	Bank + 100 bps RM'000	Group + 100 bps RM'000
30 September 2017		
<b>Impact on net interest income ("NII")</b>		
Ringgit Malaysia	<u>75,928</u>	<u>83,282</u>
<b>Impact on Economic Value ("EV")</b>		
Ringgit Malaysia	<u>18,436</u>	<u>89,659</u>
31 March 2017		
<b>Impact on net interest income ("NII")</b>		
Ringgit Malaysia	<u>96,418</u>	<u>101,418</u>
<b>Impact on Economic Value ("EV")</b>		
Ringgit Malaysia	<u>49,770</u>	<u>139,520</u>

Note:

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



## **7.0 Shariah Governance Disclosures**

Shariah Non-Compliance Risk arises from the risk of failure to comply with Shariah rules and principles as determined by Shariah Advisory Council of Bank Negara Malaysia and Alliance Islamic Bank's (AIS) Shariah Committee. To manage the risks, AIS has adopted the following guiding principles:

- (i) A sound Shariah Compliance Framework which governs the operations of AIS and outlines the roles of key functionalities within AIS, including but not limited to the Shariah risk management process. This is in line with the Shariah Governance Framework issued by BNM.
- (ii) The Board of Directors, assisted by the Shariah Committee and Senior Management, provide oversight on Shariah compliance aspects of AIS' overall operations. This amongst others include:
  - Oversight and implementation of the Shariah Compliance Framework.
  - Regular review of non-Shariah compliant income and issues.
  - Addressing non-Shariah compliance findings.
  - Ensuring compliance with regulatory and internal requirements including disclosures.
- (iii) Appointment of qualified Shariah Committee member who also serves as AIS' Board member; serving as a 'bridge' between the Board and the Shariah Committee.
- (iv) Ongoing Shariah reviews and training to raise risk awareness and ensure compliance to Shariah rules and principles. This includes:
  - Regular assessment on Shariah compliance in the activities and operations of AIS. The findings of the review are reported to the Shariah Committee for deliberation and decision.
  - Performing research and studies on Shariah issues, including providing day-to-day Shariah advice and consultancy to relevant parties.
  - Conducting Shariah-related training and ongoing engagement with relevant parties to raise awareness on Shariah non-compliance risk.
- (v) Escalation and reporting processes of non-Shariah compliance income and issues governed through designated escalation channels, which include the Board and the Shariah Committee.

### ***Non-Shariah Compliant Income And Events***

During the financial period, there was no Shariah non-compliance event detected from the ongoing reviews of the Bank's operational processes.