



ALLIANCE BANK

Alliance Bank Malaysia Berhad (88103-W)

PILLAR 3 REPORT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

CONTENTS	PAGE
1.0 Scope of Application	1
2.0 Capital	2 - 8
2.1 Capital Adequacy Ratios	3
2.2 Capital Structure	4
2.3 Risk Weighted Assets ("RWA") and Capital Requirements	5 - 8
3.0 Credit Risk	9 - 35
3.1 Distribution of Credit Exposures	9 - 14
3.2 Past due Loans, Advances and Financing Analysis	15
3.3 Impaired Loans, Advances and Financing Analysis	16 - 19
3.4 Assignment of Risk-Weights for Portfolios	
Under the Standardised Approach	20 - 27
3.5 Credit Risk Mitigation ("CRM")	28 - 31
3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk	32 - 35
4.0 Market Risk	36
5.0 Equity Exposures in Banking Book	37
6.0 Interest Rate Risk/Rate of Return Risk in the Banking Book	38
7.0 Shariah Governance Disclosures	39

PILLAR 3 REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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.

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.

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 2018	31 March 2018	30 September 2018	31 March 2018
<u>Before deducting proposed dividends</u>				
CET I capital ratio	11.967%	11.680%	13.829%	13.695%
Tier I capital ratio	12.504%	12.217%	14.254%	14.123%
Total capital ratio	17.482%	17.122%	18.799%	18.638%
<u>After deducting proposed dividends</u>				
CET I capital ratio	11.495%	11.302%	13.455%	13.393%
Tier I capital ratio	12.031%	11.839%	13.881%	13.821%
Total capital ratio	17.009%	16.744%	18.426%	18.337%

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 September 2018		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	12.173%	102.592%
Tier I capital ratio	12.173%	102.592%
Total capital ratio	15.094%	103.576%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.761%	100.420%
Tier I capital ratio	11.761%	100.420%
Total capital ratio	14.682%	101.404%
31 March 2018		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	12.569%	86.830%
Tier I capital ratio	12.569%	86.830%
Total capital ratio	15.421%	87.642%
<u>After deducting proposed dividends</u>		
CET I capital ratio	12.198%	85.079%
Tier I capital ratio	12.198%	85.079%
Total capital ratio	15.050%	85.892%

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

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

2.0 Capital (contd.)

2.2 Capital Structure

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2018 RM'000	31 March 2018 RM'000	30 September 2018 RM'000	31 March 2018 RM'000
<u>CET I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	3,020,166	2,866,142	3,711,399	3,510,283
Regulatory reserves	162,495	-	171,612	-
Revaluation reserves	6,831	74,907	13,012	114,987
Capital reserves	95,515	95,515	100,150	100,150
	<u>4,833,113</u>	<u>4,584,670</u>	<u>5,544,279</u>	<u>5,273,526</u>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(307,627)	(292,981)	(423,779)	(409,402)
- Deferred tax assets	(39,818)	(9,223)	(71,024)	(22,664)
- 55% of revaluation reserves	(3,758)	(41,199)	(7,157)	(63,243)
- Regulatory reserves	(162,495)	-	(171,612)	-
- Investment in subsidiaries, associates and joint venture	(989,102)	(989,102)	(745)	(693)
Total CET I capital/Total Tier I capital	<u>3,330,313</u>	<u>3,252,165</u>	<u>4,869,962</u>	<u>4,777,524</u>
Additional Tier 1 Capital Securities	149,380	149,316	149,767	149,293
Total Tier I Capital	<u>3,479,693</u>	<u>3,401,481</u>	<u>5,019,729</u>	<u>4,926,817</u>
<u>Tier II Capital</u>				
Subordinated obligations	1,199,219	1,199,062	1,199,488	1,199,675
Collective assessment allowance and regulatory reserves	315,943	296,765	401,014	375,710
Less: Regulatory adjustment				
- Investment in Tier 2 capital instruments	(130,000)	(130,000)	-	-
Total Tier II Capital	<u>1,385,162</u>	<u>1,365,827</u>	<u>1,600,502</u>	<u>1,575,385</u>
Total Capital	<u>4,864,855</u>	<u>4,767,308</u>	<u>6,620,231</u>	<u>6,502,202</u>

2.0 Capital (contd.)

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

Regulatory Capital Requirements

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

<u>BANK</u> 30 September 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	4,372,459	4,372,459	-	-
Public sector entities	69,312	69,312	13,862	1,109
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	1,942,599	1,942,599	619,687	49,575
Insurance companies, securities firms and fund managers	8,596	8,596	8,596	688
Corporates	13,998,054	12,794,814	10,928,236	874,259
Regulatory retail	7,296,532	6,626,134	5,095,768	407,661
Residential mortgages	12,350,660	12,341,119	5,393,036	431,443
Higher risk assets	3,368	3,363	5,044	404
Other assets	597,241	597,241	356,801	28,544
Equity exposures	121,449	121,449	121,450	9,716
Defaulted exposures	294,198	284,957	332,358	26,589
Total on-balance sheet exposures	<u>41,054,468</u>	<u>39,162,043</u>	<u>22,874,838</u>	<u>1,829,988</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	2,969,501	2,511,614	2,265,025	181,202
Derivative financial instruments	257,490	257,490	128,104	10,248
Defaulted exposures	5,538	5,538	7,494	600
Total off-balance sheet exposures	<u>3,232,529</u>	<u>2,774,642</u>	<u>2,400,623</u>	<u>192,050</u>
Total on and off-balance sheet exposures	<u>44,286,997</u>	<u>41,936,685</u>	<u>25,275,461</u>	<u>2,022,038</u>
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	6,593,251	(6,479,650)	193,168	15,453
Foreign currency risk	35,352	(83,555)	83,555	6,684
Option risk	6,628,603	(6,563,205)	416	33
Total			<u>277,139</u>	<u>22,171</u>
(iii) Operational Risk	-	-	2,275,402	182,032
Total	<u>44,286,997</u>	<u>41,936,685</u>	<u>27,828,002</u>	<u>2,226,241</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 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	7,105,692	7,105,692	-	-
Public sector entities	198,808	198,808	39,762	3,181
Banks, DFIs and Multilateral Development Banks	1,450,680	1,450,680	291,778	23,342
Insurance companies, securities firms and fund managers	15,751	15,751	15,751	1,260
Corporates	18,620,533	17,054,097	13,982,666	1,118,613
Regulatory retail	9,679,074	8,942,961	6,990,945	559,276
Residential mortgages	15,472,677	15,462,090	6,759,430	540,754
Higher risk assets	3,527	3,522	5,282	423
Other assets	668,480	668,480	428,034	34,243
Equity exposures	178,661	178,661	178,662	14,293
Defaulted exposures	360,342	350,169	408,123	32,650
Total on-balance sheet exposures	<u>53,754,225</u>	<u>51,430,911</u>	<u>29,100,433</u>	<u>2,328,035</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,752,356	3,214,311	2,844,593	227,567
Derivative financial instruments	257,490	257,490	128,104	10,248
Defaulted exposures	5,982	5,981	7,972	638
Total off-balance sheet exposures	<u>4,015,829</u>	<u>3,477,782</u>	<u>2,980,669</u>	<u>238,453</u>
Total on and off-balance sheet exposures	<u>57,770,054</u>	<u>54,908,693</u>	<u>32,081,101</u>	<u>2,566,488</u>
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	6,603,234	(6,479,650)	193,480	15,478
Foreign currency risk	35,352	(83,555)	83,555	6,684
	6,638,586	(6,563,205)		
Option risk			416	33
Total			<u>277,451</u>	<u>22,196</u>
(iii) Operational Risk	-	-	2,856,954	228,556
Total	<u>57,770,054</u>	<u>54,908,693</u>	<u>35,215,506</u>	<u>2,817,240</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 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	4,800,900	4,800,900	-	-
Public sector entities	59,446	59,446	11,889	951
Banks, DFIs and Multilateral Development Banks	2,212,038	2,212,038	671,377	53,710
Insurance companies, securities firms and fund managers	37,884	37,851	37,851	3,028
Corporates	13,887,523	12,773,551	10,997,016	879,762
Regulatory retail	7,451,752	6,732,624	5,147,926	411,834
Residential mortgages	11,911,755	11,902,044	5,295,448	423,636
Higher risk assets	2,801	2,795	4,192	335
Other assets	529,608	529,608	264,204	21,136
Equity exposures	121,644	121,644	121,646	9,732
Defaulted exposures	313,098	311,149	404,843	32,387
Total on-balance sheet exposures	<u>41,328,449</u>	<u>39,483,650</u>	<u>22,956,392</u>	<u>1,836,511</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	2,800,489	2,406,616	2,212,069	176,966
Derivative financial instruments	254,986	254,986	122,904	9,832
Defaulted exposures	5,267	5,267	7,896	632
Total off-balance sheet exposures	<u>3,060,742</u>	<u>2,666,869</u>	<u>2,342,869</u>	<u>187,430</u>
Total on and off-balance sheet exposures	<u>44,389,191</u>	<u>42,150,519</u>	<u>25,299,261</u>	<u>2,023,941</u>
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	76,686	(70,016)	15,289	1,223
Foreign currency risk	7,016	(94,542)	94,541	7,563
	83,702	(164,558)		
Option risk			559	45
Total			<u>110,389</u>	<u>8,831</u>
(iii) Operational Risk				
	-	-	2,433,159	194,653
Total	<u>44,389,191</u>	<u>42,150,519</u>	<u>27,842,809</u>	<u>2,227,425</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>GROUP</u> 31 March 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	7,715,107	7,715,107	-	-
Public sector entities	211,083	211,083	42,217	3,377
Banks, DFIs and Multilateral Development Banks	1,315,416	1,315,416	261,255	20,900
Insurance companies, securities firms and fund managers	63,080	63,047	63,047	5,044
Corporates	18,530,955	17,092,449	14,147,528	1,131,801
Regulatory retail	10,019,382	9,229,348	7,164,075	573,127
Residential mortgages	14,354,700	14,343,762	6,356,377	508,510
Higher risk assets	3,195	3,189	4,783	383
Other assets	639,421	639,421	374,017	29,921
Equity exposures	178,856	178,856	178,858	14,309
Defaulted exposures	385,914	383,181	494,731	39,578
Total on-balance sheet exposures	<u>53,417,109</u>	<u>51,174,859</u>	<u>29,086,888</u>	<u>2,326,950</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,511,989	3,039,708	2,748,471	219,878
Derivative financial instruments	254,986	254,986	122,904	9,832
Defaulted exposures	11,080	10,217	15,322	1,226
Total off-balance sheet exposures	<u>3,778,055</u>	<u>3,304,911</u>	<u>2,886,697</u>	<u>230,936</u>
Total on and off-balance sheet exposures	<u>57,195,164</u>	<u>54,479,770</u>	<u>31,973,585</u>	<u>2,557,886</u>
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	91,664	(70,016)	15,757	1,261
Foreign currency risk	7,016	(94,542)	94,541	7,563
	98,680	(164,558)		
Option risk			559	45
Total			<u>110,857</u>	<u>8,869</u>
(iii) Operational Risk				
	-	-	2,801,473	224,118
Total	<u>57,195,164</u>	<u>54,479,770</u>	<u>34,885,915</u>	<u>2,790,873</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.

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.

<u>BANK</u>	Geographical region					
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Total RM'000
30 September 2018						
Cash and short-term funds	-	1,096,253	-	-	-	1,096,253
Financial assets at fair value through profit or loss	-	97,020	-	-	-	97,020
Financial investments at fair value through other comprehensive income	-	6,128,224	-	-	-	6,128,224
Financial investments at amortised cost	-	295,965	-	-	-	295,965
Financial assets held-for-trading	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-
Derivative financial assets	-	72,791	-	-	-	72,791
Loans, advances and financing	2,171,093	23,225,347	3,860,656	1,947,732	689,233	31,894,061
Statutory deposits	-	1,110,216	-	-	-	1,110,216
Total on-balance sheet	2,171,093	32,025,816	3,860,656	1,947,732	689,233	40,694,530
Financial guarantees	62,037	297,173	43,769	38,563	12,660	454,202
Credit related commitments and contingencies	867,594	6,863,845	1,019,045	626,365	286,692	9,663,541
Total off-balance sheet	929,631	7,161,018	1,062,814	664,928	299,352	10,117,743
Total credit exposure	3,100,724	39,186,834	4,923,470	2,612,660	988,585	50,812,273

<u>GROUP</u>	Geographical region					
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Total RM'000
30 September 2018						
Cash and short-term funds	-	1,750,971	-	-	-	1,750,971
Deposits and placements with banks and other financial institutions	-	1,000	-	-	-	1,000
Amounts due from clients and brokers	11,137	62,190	4,075	-	-	77,402
Financial assets at fair value through profit or loss	-	107,003	-	-	-	107,003
Financial investments at fair value through other comprehensive income	-	8,854,301	-	-	-	8,854,301
Financial investments at amortised cost	-	210,830	-	-	-	210,830
Financial assets held-for-trading	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-
Derivative financial assets	-	72,791	-	-	-	72,791
Loans, advances and financing	2,974,185	29,280,334	5,042,136	2,577,807	892,354	40,766,816
Statutory deposits	-	1,449,646	-	-	-	1,449,646
Total on-balance sheet	2,985,322	41,789,066	5,046,211	2,577,807	892,354	53,290,760
Financial guarantees	67,773	446,490	60,245	71,524	12,823	658,855
Credit related commitments and contingencies	1,161,248	8,243,532	1,309,824	778,894	457,352	11,950,850
Total off-balance sheet	1,229,021	8,690,022	1,370,069	850,418	470,175	12,609,705
Total credit exposure	4,214,343	50,479,088	6,416,280	3,428,225	1,362,529	65,900,465

Note:

For financial instruments, both the classifications as per Malaysian Financial Reporting Standard (MFRS) 139 and MFRS 9 were stated for comparative purposes.

The classification of financial instruments under MFRS 9 was adopted with effect from 1 April 2018. Please refer to Note A37 of the Financial Statement.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(a) Geographical Distribution (contd.)

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

<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 2018						
Cash and short-term funds	-	1,450,557	-	-	-	1,450,557
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	77,283
Financial assets held-for-trading	-	48,771	-	-	-	48,771
Financial investments available-for-sale	-	6,284,804	-	-	-	6,284,804
Financial investments held-to-maturity	-	344,703	-	-	-	344,703
Derivative financial assets	-	84,455	-	-	-	84,455
Loans, advances and financing	2,122,103	23,064,355	3,794,976	1,985,937	654,300	31,621,671
Statutory deposits	-	1,092,566	-	-	-	1,092,566
Total on-balance sheet	2,122,103	32,447,495	3,794,976	1,985,937	654,300	41,004,811
Financial guarantees	55,509	398,635	42,934	45,088	14,535	556,701
Credit related commitments and contingencies	828,695	6,569,110	829,182	618,932	273,075	9,118,992
Total off-balance sheet	884,204	6,967,745	872,115	664,019	287,610	9,675,693
Total credit exposure	3,006,307	39,415,239	4,667,091	2,649,956	941,910	50,680,504
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 2018						
Cash and short-term funds	-	2,503,354	-	-	-	2,503,354
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	77,283
Amounts due from clients and brokers	13,920	83,873	3,512	-	-	101,305
Financial assets held-for-trading	-	63,750	-	-	-	63,750
Financial investments available-for-sale	-	8,326,333	-	-	-	8,326,333
Financial investments held-to-maturity	-	293,612	-	-	-	293,612
Derivative financial assets	-	84,455	-	-	-	84,455
Loans, advances and financing	2,815,996	28,829,752	4,918,978	2,598,098	961,745	40,124,570
Statutory deposits	-	1,408,316	-	-	-	1,408,316
Total on-balance sheet	2,829,916	41,670,729	4,922,490	2,598,098	961,745	52,982,979
Financial guarantees	63,441	550,533	55,015	47,209	14,574	730,771
Credit related commitments and contingencies	1,118,225	7,775,286	1,073,320	1,036,449	310,051	11,313,331
Total off-balance sheet	1,181,666	8,325,819	1,128,335	1,083,657	324,625	12,044,102
Total credit exposure	4,011,582	49,996,548	6,050,825	3,681,756	1,286,370	65,027,081

* 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
BANK								
30 September 2018								
Cash and short-term funds	273,717	822,536	-	-	-	-	-	1,096,253
Financial assets at fair value through profit or loss	39,514	52,492	5,014	-	-	-	-	97,020
Financial investments at fair value through other comprehensive income	2,878,589	2,263,376	712,256	173,190	100,813	-	-	6,128,224
Financial investments at amortised cost	101,357	194,608	-	-	-	-	-	295,965
Financial assets held-for-trading	-	-	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-	-	-
Derivative financial assets	10,977	14,341	-	-	-	-	47,473	72,791
Loans, advances and financing	-	3,811,803	467,349	9,118,267	1,053,294	17,171,904	271,444	31,894,061
Statutory deposits	1,110,216	-	-	-	-	-	-	1,110,216
Total on-balance sheet	4,414,370	7,159,156	1,184,619	9,291,457	1,154,107	17,171,904	318,917	40,694,530
Financial guarantees	-	35,861	27,946	357,150	13,048	6,165	14,032	454,202
Credit related commitments and contingencies	-	1,436,654	123,944	3,818,703	1,427,163	2,390,602	466,475	9,663,541
Total off-balance sheet	-	1,472,515	151,890	4,175,853	1,440,211	2,396,767	480,507	10,117,743
Total credit risk	4,414,370	8,631,671	1,336,509	13,467,310	2,594,318	19,568,671	799,424	50,812,273
GROUP								
30 September 2018								
Cash and short-term funds	1,136,647	614,324	-	-	-	-	-	1,750,971
Deposits and placements with banks and other financial institutions	-	1,000	-	-	-	-	-	1,000
Amounts due from clients and brokers	-	-	-	-	-	-	77,402	77,402
Financial assets at fair value through profit or loss	39,514	52,492	5,014	9,983	-	-	-	107,003
Financial investments at fair value through other comprehensive income	4,123,027	3,023,348	1,160,501	259,206	288,219	-	-	8,854,301
Financial investments at amortised cost	121,737	89,093	-	-	-	-	-	210,830
Financial assets held-for-trading	-	-	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-	-	-
Derivative financial assets	10,977	14,341	-	-	-	-	47,473	72,791
Loans, advances and financing	-	4,761,458	649,142	11,723,144	1,269,902	21,971,611	391,559	40,766,816
Statutory deposits	1,449,646	-	-	-	-	-	-	1,449,646
Total on-balance sheet	6,881,548	8,556,056	1,814,657	11,992,333	1,558,121	21,971,611	516,434	53,290,760
Financial guarantees	-	42,053	33,093	530,280	32,720	6,207	14,502	658,855
Credit related commitments and contingencies	-	1,591,309	127,172	4,954,316	1,555,373	3,167,900	554,780	11,950,850
Total off-balance sheet	-	1,633,362	160,265	5,484,596	1,588,093	3,174,107	569,282	12,609,705
Total credit risk	6,881,548	10,189,418	1,974,922	17,476,929	3,146,214	25,145,718	1,085,716	65,900,465

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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BANK								
31 March 2018								
Cash and short-term funds	587,207	863,350	-	-	-	-	-	1,450,557
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	-	-	77,283
Financial assets held-for-trading	-	38,549	10,222	-	-	-	-	48,771
Financial investments available-for-sale	2,863,925	2,453,110	679,796	182,188	105,785	-	-	6,284,804
Financial investments held-to-maturity	121,271	223,432	-	-	-	-	-	344,703
Derivative financial assets	-	56,969	-	-	-	-	27,486	84,455
Loans, advances and financing	-	3,936,962	353,452	8,783,073	1,073,400	17,069,873	404,911	31,621,671
Statutory deposits	1,092,566	-	-	-	-	-	-	1,092,566
Total on-balance sheet	4,664,969	7,649,655	1,043,470	8,965,261	1,179,186	17,069,873	432,397	41,004,811
Financial guarantees	-	31,839	26,419	432,615	37,837	7,638	20,353	556,701
Credit related commitments and contingencies	-	1,292,655	122,364	3,509,320	1,382,911	2,302,406	509,336	9,118,992
Total off-balance sheet	-	1,324,494	148,783	3,941,935	1,420,748	2,310,044	529,689	9,675,693
Total credit risk	4,664,969	8,974,149	1,192,253	12,907,196	2,599,934	19,379,917	962,085	50,680,503
GROUP								
31 March 2018								
Cash and short-term funds	1,877,748	625,606	-	-	-	-	-	2,503,354
Deposits and placements with banks and other financial institutions	-	77,283	-	-	-	-	-	77,283
Balances due from clients and brokers	-	670	-	-	-	-	100,635	101,305
Financial assets held-for-trading	-	53,527	10,223	-	-	-	-	63,750
Financial investments available-for-sale	3,853,263	2,806,383	1,161,400	208,142	297,146	-	-	8,326,333
Financial investments held-to-maturity	141,686	151,926	-	-	-	-	-	293,612
Derivative financial assets	-	56,969	-	-	-	-	27,486	84,455
Loans, advances and financing	-	4,954,492	501,987	11,408,031	1,370,993	21,373,155	515,912	40,124,570
Statutory deposits	1,408,316	-	-	-	-	-	-	1,408,316
Total on-balance sheet	7,281,013	8,726,856	1,673,610	11,616,173	1,668,138	21,373,155	644,033	52,982,979
Financial guarantees	-	36,669	31,573	576,904	57,355	7,680	20,590	730,771
Credit related commitments and contingencies	-	1,453,597	128,259	4,495,893	1,515,553	2,900,735	819,294	11,313,331
Total off-balance sheet	-	1,490,266	159,831	5,072,797	1,572,909	2,908,415	839,884	12,044,102
Total credit risk	7,281,013	10,217,122	1,833,442	16,688,970	3,241,047	24,281,570	1,483,917	65,027,081

3.0 Credit Risk (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>>1-3 months</u>	<u>>3-6 months</u>	<u>>6-12 months</u>	<u>>1 year</u>	<u>Total</u>
30 September 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,096,253	-	-	-	-	1,096,253
Financial assets at fair value through profit or loss	-	50,516	49	-	46,455	97,020
Financial investments at fair value through other comprehensive income	103,161	366,766	159,879	435,575	5,062,843	6,128,224
Financial investments at amortised cost	1,222	64,947	59	-	229,737	295,965
Financial assets held-for-trading	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-
Loans, advances and financing	6,290,149	1,569,070	594,213	159,539	23,281,090	31,894,061
Statutory deposits	-	-	-	-	1,110,216	1,110,216
Derivative financial assets	11,812	10,020	7,979	13,897	29,083	72,791
Total on-balance sheet exposure	7,502,597	2,061,319	762,179	609,011	29,759,424	40,694,530

GROUP

30 September 2018

Cash and short-term funds	1,750,971	-	-	-	-	1,750,971
Deposits and placements with banks and other financial institutions	-	-	1,000	-	-	1,000
Amounts due from clients and brokers	77,402	-	-	-	-	77,402
Financial assets at fair value through profit or loss	9,983	50,516	50	-	46,454	107,003
Financial investments at fair value through other comprehensive income	302,599	649,867	433,956	415,863	7,052,016	8,854,301
Financial investments at amortised cost	1,222	85,091	-	-	124,517	210,830
Financial assets held-for-trading	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-
Loans, advances and financing	8,185,201	2,090,582	777,042	188,595	29,525,396	40,766,816
Statutory deposits	-	-	-	-	1,449,646	1,449,646
Derivative financial assets	11,812	10,020	7,979	13,897	29,083	72,791
Total on-balance sheet exposure	10,339,190	2,886,076	1,220,027	618,355	38,227,112	53,290,760

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>>1-3 months</u>	<u>>3-6 months</u>	<u>>6-12 months</u>	<u>≥1 year</u>	<u>Total</u>
31 March 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,450,557	-	-	-	-	1,450,557
Financial assets held-for-trading	-	25,926	167	-	22,678	48,771
Financial investments available-for-sale	61,449	274,130	489,924	455,660	5,003,641	6,284,804
Financial investments held-to-maturity	1,229	446	49,764	63,149	230,115	344,703
Loans, advances and financing	6,240,348	1,494,915	700,136	127,353	23,058,919	31,621,671
Statutory deposits	-	-	-	-	1,092,566	1,092,566
Derivative financial assets	17,806	25,115	4,083	11,223	26,229	84,455
Total on-balance sheet exposure	7,771,389	1,897,814	1,244,074	657,385	29,434,149	41,004,811

GROUP

31 March 2018

Cash and short-term funds	2,503,354	-	-	-	-	2,503,354
Amounts due from clients and brokers	101,305	-	-	-	-	101,305
Financial assets held-for-trading	14,978	25,926	167	-	22,678	63,750
Financial investments available-for-sale	61,848	355,038	519,110	619,793	6,770,545	8,326,333
Financial investments held-to-maturity	1,229	744	84,422	82,636	124,581	293,612
Loans, advances and financing	7,927,745	1,986,359	1,000,365	187,192	29,022,910	40,124,570
Statutory deposits	-	-	-	-	1,408,316	1,408,316
Derivative financial assets	17,806	25,115	4,083	11,223	26,229	84,455
Total on-balance sheet exposure	10,628,265	2,470,464	1,608,147	900,843	37,375,260	52,982,979

3.0 Credit Risk (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. For loans that are structured to pay principal and / or interest at quarterly interval or longer, a default of payment will trigger an impairment immediately.

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2018 RM'000	31 March 2018 RM'000	30 September 2018 RM'000	31 March 2018 RM'000
Past due up to 1 month	1,131,204	836,874	1,556,470	1,105,247
Past due > 1 - 2 months	199,658	159,159	281,721	221,479
Past due > 2 - 3 months	44,003	20,164	62,186	34,883
	<u>1,374,865</u>	<u>1,016,197</u>	<u>1,900,377</u>	<u>1,361,609</u>

Past due loans, advances and financing analysed by sector:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2018 RM'000	31 March 2018 RM'000	30 September 2018 RM'000	31 March 2018 RM'000
Financial, insurance & business services and real estate	91,342	39,321	113,363	44,396
Transport, storage & communication	17,680	12,370	29,090	12,922
Agriculture, manufacturing, wholesale & retail trade	355,761	107,956	453,184	127,504
Construction	79,686	37,965	87,832	42,113
Household	827,620	814,802	1,183,102	1,130,620
Others	2,776	3,783	33,806	4,054
	<u>1,374,865</u>	<u>1,016,197</u>	<u>1,900,377</u>	<u>1,361,609</u>

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2018 RM'000	31 March 2018 RM'000	30 September 2018 RM'000	31 March 2018 RM'000
Northern region	139,241	75,634	202,816	107,468
Central region	908,973	700,806	1,238,169	926,597
Southern region	189,967	134,561	286,686	194,492
Sabah region	104,494	85,781	134,235	110,336
Sarawak region	32,190	19,415	38,471	22,716
	<u>1,374,865</u>	<u>1,016,197</u>	<u>1,900,377</u>	<u>1,361,609</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 2018 RM'000	31 March 2018 RM'000	30 September 2018 RM'000	31 March 2018 RM'000
Financial, insurance & business services and real estate	81,297	103,133	81,626	106,333
Transport, storage & communication	4,480	5,028	5,141	5,991
Agriculture, manufacturing, wholesale & retail trade	141,501	127,274	189,235	169,844
Construction	7,877	11,450	13,723	13,271
Household	210,102	212,935	261,522	271,254
Others	11,999	10,826	12,000	10,826
	<u>457,256</u>	<u>470,646</u>	<u>563,247</u>	<u>577,519</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>	<u>allowance</u>	<u>allowance</u>	<u>(net)</u>	<u>period/year</u>
30 September 2018	RM'000	RM'000	RM'000	RM'000
Financial, insurance & business services and real estate	4,085	17,064	2,655	-
Transport, storage & communication	2,370	5,845	(114)	-
Agriculture, manufacturing, wholesale & retail trade	49,333	116,788	13,526	(10,613)
Construction	2,196	12,398	(344)	-
Household	61,254	68,048	4,408	-
Others	2,568	2,029	98	(246)
	<u>121,806</u>	<u>222,172</u>	<u>20,229</u>	<u>(10,859)</u>

GROUP

30 September 2018

Financial, insurance & business services and real estate	4,085	21,406	1,742	-
Transport, storage & communication	2,370	8,438	(114)	-
Agriculture, manufacturing, wholesale & retail trade	57,537	139,442	14,494	(10,613)
Construction	7,023	14,244	3,898	-
Household	67,392	148,504	1,845	-
Others	2,568	2,702	98	(246)
	<u>140,975</u>	<u>334,736</u>	<u>21,963</u>	<u>(10,859)</u>

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>	Individual assessment allowance	Collective assessment allowance	Individual impairment made for/ write-back during the year (net)	Individual impairment write-off for the year
31 March 2018	RM'000	RM'000	RM'000	RM'000
Financial, insurance & business services and real estate	1,992	29,353	1,044	-
Transport, storage & communication	2,510	4,667	1,930	(9,561)
Agriculture, manufacturing, wholesale & retail trade	47,416	96,493	12,928	(3,953)
Construction	2,665	8,980	3,888	(8,663)
Household	7,523	78,624	2,432	(2,440)
Others	2,861	2,318	1,863	-
	<u>64,967</u>	<u>220,435</u>	<u>24,085</u>	<u>(24,617)</u>
 <u>GROUP</u>				
31 March 2018				
Financial, insurance & business services and real estate	2,904	34,075	1,957	-
Transport, storage & communication	2,510	6,300	1,930	(9,561)
Agriculture, manufacturing, wholesale & retail trade	55,267	115,199	18,954	(3,953)
Construction	3,265	11,425	3,968	(8,708)
Household	8,926	126,796	3,204	(3,007)
Others	2,861	2,921	1,863	-
	<u>75,733</u>	<u>296,716</u>	<u>31,876</u>	<u>(25,229)</u>

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 2018	RM'000	RM'000	RM'000
Northern region	35,092	14,821	29,268
Central region	329,778	79,676	149,984
Southern region	56,426	18,647	21,910
Sabah region	23,550	3,463	13,394
Sarawak region	12,410	5,199	7,616
	<u>457,256</u>	<u>121,806</u>	<u>222,172</u>

<u>GROUP</u>			
30 September 2018			
Northern region	43,911	15,541	39,315
Central region	412,455	94,418	233,418
Southern region	66,622	21,530	35,788
Sabah region	27,113	4,287	16,961
Sarawak region	13,146	5,199	9,254
	<u>563,247</u>	<u>140,975</u>	<u>334,736</u>

<u>BANK</u>	Impaired loans, advances and financing	Individual assessment allowance	Collective assessment allowance
31 March 2018	RM'000	RM'000	RM'000
Northern region	34,658	7,299	26,602
Central region	336,653	42,378	144,320
Southern region	65,560	11,848	27,381
Sabah region	24,263	645	16,431
Sarawak region	9,512	2,797	5,701
	<u>470,646</u>	<u>64,967</u>	<u>220,435</u>

<u>GROUP</u>			
31 March 2018			
Northern region	42,540	7,863	33,287
Central region	417,859	48,402	197,424
Southern region	78,417	15,284	37,739
Sabah region	28,145	1,387	20,620
Sarawak region	10,558	2,797	7,646
	<u>577,519</u>	<u>75,733</u>	<u>296,716</u>

3.0 Credit Risk (contd.)

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

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

	30 September 2018					31 March 2018	
	Non-credit impaired		Credit Impaired		Total	Collectively Assessed	Individually Assessed
	Collectively Assessed		Collectively Assessed	Individually Assessed			
	12 months ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BANK							
At 1 April 2018							
As previously stated					285,402	234,637	64,147
Effect of adoption of MFRS 9					48,118	-	-
As restated	43,076	134,895	39,319	116,230	333,520	234,637	64,147
Transfer to 12 month ECL	7,235	(44,992)	(961)	(1,891)	(40,609)	-	-
Transfer to lifetime ECL non credit-impaired	(12,280)	74,825	(7,429)	(27,735)	27,381	-	-
Transfer to lifetime ECL credit-impaired	(88)	(34,558)	40,528	53,048	58,930	-	-
New financial assets originated or purchased	23,122	60,395	1,532	523	85,572	-	-
Financial assets derecognised other than write-off	(13,215)	(59,594)	(4,729)	(1,505)	(79,043)	-	-
Changes due to change in credit risk	(1,545)	1,531	(123)	(2,211)	(2,348)	30,618	24,085
Other adjustments	38	128	-	-	166	-	-
Total charge/(write-back) to income statement	3,267	(2,265)	28,818	20,229	50,049	30,618	24,085
Unwind of discount				(3,794)	(3,794)	-	-
Write-off	-	(1)	(24,937)	(10,859)	(35,797)	(43,468)	(24,617)
Transfer (to)/from collective assessment allowance to individual assessment allowance	-	-	-	-	-	(1,352)	1,352
At end of financial period	46,343	132,629	43,200	121,806	343,978	220,435	64,967
GROUP							
At 1 April 2018							
As previously stated					372,449	313,328	66,627
Effect of adoption of MFRS 9					82,952	-	-
As restated	65,439	198,694	56,709	134,559	455,401	313,328	66,627
Transfer to 12 month ECL	11,566	(65,029)	(1,079)	(2,816)	(57,358)	-	-
Transfer to lifetime ECL non credit-impaired	(20,539)	115,420	(17,968)	(32,859)	44,054	-	-
Transfer to lifetime ECL credit-impaired	(91)	(59,342)	69,903	59,591	70,061	-	-
New financial assets originated or purchased	35,246	78,118	8,992	523	122,879	-	-
Financial assets derecognised other than write-off	(19,491)	(78,128)	(5,170)	(2,039)	(104,828)	-	-
Changes due to change in credit risk	(3,250)	11,774	(5,731)	(437)	2,356	73,699	31,876
Other adjustments	38	128	-	-	166	-	-
Total charge to income statement	3,479	2,941	48,947	21,963	77,330	73,699	31,876
Unwind of discount	-	-	-	(4,688)	(4,688)	-	-
Write-off	-	(60)	(41,413)	(10,859)	(52,332)	(87,852)	(25,229)
Transfer (to)/from collective assessment allowance to individual assessment allowance	-	-	-	-	-	(2,459)	2,459
At end of financial period	68,918	201,575	64,243	140,975	475,711	296,716	75,733

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:

←----- Exposures after netting and credit risk mitigation ----->												
<u>BANK</u>	Sovereigns	Public	Banks,	Insurance							Total	Total
30 September 2018	/Central	sector	DFIs and	companies,							exposures	Risk-
<u>Risk-</u>	<u>banks</u>	<u>entities</u>	<u>Development</u>	<u>Fund</u>	<u>Regulatory</u>	<u>Residential</u>	<u>Higher</u>	<u>Other</u>	<u>Equity</u>		after	Weighted
<u>Weights</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Banks</u>	<u>managers</u>	<u>Corporates</u>	<u>mortgages</u>	<u>risk</u>	<u>assets</u>	<u>assets</u>	<u>exposures</u>	<u>mitigation</u>	<u>Assets</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	4,372,459	-	-	-	554,506	-	-	-	240,440	-	5,167,405	-
20%	15,942	100,050	1,254,601	-	1,610,785	-	384	-	-	-	2,981,762	596,352
35%	-	-	-	-	-	-	7,231,927	-	-	-	7,231,927	2,531,175
50%	-	-	831,523	-	53,945	16,882	4,653,432	-	-	-	5,555,782	2,777,890
75%	-	-	-	-	-	6,822,826	17,314	-	-	-	6,840,140	5,130,106
100%	-	-	354	24,847	12,343,811	534,328	617,541	-	356,801	121,445	13,999,127	13,999,126
150%	-	-	-	-	105,399	49,768	-	5,372	-	3	160,542	240,812
Total exposures	4,388,401	100,050	2,086,478	24,847	14,668,446	7,423,804	12,520,598	5,372	597,241	121,448	41,936,685	25,275,461
Risk-weighted assets by exposures	3,188	20,010	667,036	24,847	12,851,036	5,734,541	5,488,494	8,058	356,801	121,450	25,275,461	
Average risk-weight	-	20%	32%	100%	88%	77%	44%	150%	60%	100%	60%	
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 -----→												
GROUP	Sovereigns	Public	Banks,	Insurance							Total	Total
30 September 2018	/Central	sector	DFIs and	companies,							exposures	Risk-
Risk-	/banks	entities	Multilateral	Securities	Fund	Regulatory	Residential	Higher	Other	Equity	after	Weighted
Weights	RM'000	RM'000	Banks	managers	Corporates	retail	mortgages	risk	assets	assets	credit risk	Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	mitigation	RM'000
0%	7,105,691	-	45,104	-	985,794	-	-	-	240,446	-	8,377,035	-
20%	15,942	235,510	1,452,593	-	2,568,648	-	500	-	-	-	4,273,193	854,639
35%	-	-	-	-	-	-	9,176,674	-	-	-	9,176,674	3,211,836
50%	-	-	96,384	-	69,281	24,112	5,779,062	-	-	-	5,968,839	2,984,420
75%	-	-	-	-	-	8,700,552	18,286	-	-	-	8,718,838	6,539,130
100%	-	-	354	32,051	15,596,343	1,174,900	789,841	-	428,034	178,658	18,200,181	18,200,179
150%	-	-	-	-	133,512	54,887	-	5,531	-	3	193,933	290,897
Total exposures	7,121,633	235,510	1,594,435	32,051	19,353,578	9,954,451	15,764,363	5,531	668,480	178,661	54,908,693	32,081,101
Risk-weighted assets by exposures	3,188	47,102	339,065	32,051	16,344,978	7,794,701	6,905,022	8,297	428,034	178,663	32,081,101	
Average risk-weight	-	20%	21%	100%	84%	78%	44%	150%	64%	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.):

←----- Exposures after netting and credit risk mitigation -----→												
<u>BANK</u>	Sovereigns	Public	Banks,	Insurance							Total	Total
31 March 2018	/Central	sector	DFIs and	companies,							exposures	Risk-
<u>Risk-</u>	<u>banks</u>	<u>entities</u>	<u>Development</u>	<u>Fund</u>	<u>Regulatory</u>	<u>Residential</u>	<u>Higher</u>	<u>Other</u>	<u>Equity</u>		after	Weighted
<u>Weights</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Banks</u>	<u>managers</u>	<u>Corporates</u>	<u>mortgages</u>	<u>assets</u>	<u>assets</u>	<u>exposures</u>		credit risk	<u>Assets</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	mitigation	RM'000
0%	4,800,900	-	-	-	383,680	-	-	265,404	-	-	5,449,984	-
20%	-	74,458	1,562,541	-	1,704,378	-	456	-	-	-	3,341,833	668,366
35%	-	-	-	-	-	-	6,739,628	-	-	-	6,739,628	2,358,870
50%	-	-	830,379	-	68,050	5,895	4,468,233	-	-	-	5,372,557	2,686,279
75%	-	-	-	-	-	7,051,491	17,402	-	-	-	7,068,893	5,301,670
100%	-	-	22	53,466	12,346,197	402,310	776,879	-	264,204	121,641	13,964,719	13,964,719
150%	-	-	-	-	110,301	97,790	-	4,811	-	3	212,905	319,357
Total exposures	4,800,900	74,458	2,392,942	53,466	14,612,606	7,557,486	12,002,598	4,811	529,608	121,644	42,150,519	25,299,261
Risk-weighted assets by exposures	-	14,892	727,720	53,466	12,886,548	5,840,561	5,383,008	7,217	264,204	121,646	25,299,261	
Average risk-weight	-	20%	30%	100%	88%	77%	45%	150%	50%	100%	60%	
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 -----→												
GROUP	Sovereigns	Public	Banks,	Insurance							Total	Total
31 March 2018	/Central	sector	DFIs and	companies,							exposures	Risk-
Risk-	/banks	entities	Multilateral	firms and		Regulatory	Residential	Higher	Other	Equity	after	Weighted
Weights	RM'000	RM'000	Banks	Fund	Corporates	retail	mortgages	risk	assets	assets	credit risk	Assets
			RM'000	managers	RM'000	RM'000	RM'000	assets	RM'000	exposures	mitigation	RM'000
0%	7,775,107	-	45,149	-	882,250	-	-	-	265,404	-	8,967,910	-
20%	-	230,095	1,359,993	-	2,532,554	-	610	-	-	-	4,123,252	824,650
35%	-	-	-	-	-	-	8,198,999	-	-	-	8,198,999	2,869,650
50%	-	-	91,034	-	83,423	8,505	5,343,650	-	-	-	5,526,612	2,763,306
75%	-	-	-	-	-	9,086,689	18,776	-	-	-	9,105,465	6,829,099
100%	-	-	22	78,661	15,772,308	983,255	911,720	-	374,017	178,853	18,298,836	18,298,836
150%	-	-	-	-	139,867	113,620	-	5,206	-	3	258,696	388,044
Total exposures	7,775,107	230,095	1,496,198	78,661	19,410,402	10,192,069	14,473,755	5,206	639,421	178,856	54,479,770	31,973,585
Risk-weighted assets by exposures	-	46,019	317,538	78,661	16,530,330	7,972,954	6,467,399	7,809	374,017	178,858	31,973,585	
Average risk-weight	-	20%	21%	100%	85%	78%	45%	150%	58%	100%	59%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	

3.0 Credit Risk (contd.)

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

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

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

BANK

30 September 2018

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A1 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
On and Off Balance-Sheet Exposures							
(i) Exposures risk weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)	-	4,388,401	-	-	-	-	4,388,401
Corporates	-	554,506	-	-	-	-	554,506
	-	4,942,907	-	-	-	-	4,942,907
(ii) Exposures risk weighted using Banking Institutions long term rating							
Banks, DFIs and Multilateral Development Banks	701,048	1,198,313	25,407	-	161,709		2,086,476
Exposures risk weighted using Banking Institutions short term rating							
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	-
	701,048	1,198,313	25,407	-	161,709		2,086,476
(iii) Exposures risk weighted using Corporate long term rating							
Public Sector Entities	65,747	-	-	-	34,302		100,049
Corporates	1,610,784	46,886	-	-	13,936,639		15,594,309
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	24,851		24,851
Exposures risk weighted using Corporate short term rating							
Public Sector Entities	-	-	-	-	-		-
Corporates	-	-	-	-	-		-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-		-
	1,676,531	46,886	-	-	13,995,792		15,719,209

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 2018

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
On and Off Balance-Sheet Exposures							
(i) Exposures risk weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)	-	7,121,633	-	-	-	-	7,121,633
Corporates	-	985,795	-	-	-	-	985,795
Banks, DFIs and Multilateral Development Banks	-	45,104	-	-	-	-	45,104
	-	8,152,532	-	-	-	-	8,152,532
(ii) Exposures risk weighted using Banking Institutions long term rating							
Banks, DFIs and Multilateral Development Banks	1,147,946	214,269	25,407	-	161,709	-	1,549,330
Exposures risk weighted using Banking Institutions short term rating							
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	-
	1,147,946	214,269	25,407	-	161,709	-	1,549,330
(iii) Exposures risk weighted using Corporate long term rating							
Public Sector Entities	132,024	-	-	-	103,486	-	235,510
Corporates	2,553,673	61,439	-	-	17,644,887	-	20,259,999
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	32,056	-	32,056
Exposures risk weighted using Corporate short term rating							
Public Sector Entities	-	-	-	-	-	-	-
Corporates	14,975	-	-	-	-	-	14,975
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-
	2,700,672	61,439	-	-	17,780,429	-	20,542,540

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 2018

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance-Sheet Exposures</u>							
(i) Exposures risk weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)		-	4,800,900	-	-	-	4,800,900
Corporates		-	383,680	-	-	-	383,680
		-	5,184,580	-	-	-	5,184,580
(ii) Exposures risk weighted using Banking Institutions long term rating							
Banks, DFIs and Multilateral Development Banks		475,428	1,274,546	403,451	-	224,537	2,377,962
Exposures risk weighted using Banking Institutions short term rating							
Banks, DFIs and Multilateral Development Banks		14,978	-	-	-	-	14,978
		490,406	1,274,546	403,451	-	224,537	2,392,940
(iii) Exposures risk weighted using Corporate long term rating							
Public Sector Entities		55,778	-	-	-	18,678	74,456
Corporates		1,704,377	58,704	-	-	13,789,513	15,552,594
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	53,514	53,514
Exposures risk weighted using Corporate short term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-	-
		1,760,155	58,704	-	-	13,861,705	15,680,564

3.0 Credit Risk (contd.)

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

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

GROUP

31 March 2018

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)		-	7,775,108	-	-	-	7,775,108
Corporates		-	882,250	-	-	-	882,250
Banks, DFIs and Multilateral Development Banks		-	45,149	-	-	-	45,149
		-	8,702,507	-	-	-	8,702,507
(ii) Exposures risk weighted using Banking Institutions long term rating							
Banks, DFIs and Multilateral Development Banks		576,166	231,916	403,451	-	224,537	1,436,070
Exposures risk weighted using Banking Institutions short term rating							
Banks, DFIs and Multilateral Development Banks		14,978	-	-	-	-	14,978
		591,144	231,916	403,451	-	224,537	1,451,048
(iii) Exposures risk weighted using Corporate long term rating							
Public Sector Entities		137,353	-	-	-	92,739	230,092
Corporates		2,532,552	73,250	-	-	17,632,805	20,238,607
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	78,709	78,709
Exposures risk weighted using Corporate short term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-	-
		2,669,905	73,250	-	-	17,804,253	20,547,408

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

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

Note:

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

3.0 Credit Risk (contd.)

3.5 Credit Risk Mitigation ("CRM")

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

<u>BANK</u>	Exposures	Exposures	Exposures	Exposures
30 September 2018	before CRM	covered by	covered by	covered by
Exposure Class	RM'000	guarantees/ credit derivatives	eligible financial collateral	other eligible collateral
		RM'000	RM'000	RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	4,372,459	-	-	-
Public sector entities	69,312	-	-	-
Banks, DFIs and Multilateral				
Development Banks	1,942,599	-	-	-
Insurance companies, securities				
firms and fund managers	8,596	-	-	-
Corporates	13,998,054	-	1,203,240	-
Regulatory retail	7,296,532	-	670,398	-
Residential mortgages	12,350,660	-	9,541	-
Higher risk assets	3,368	-	6	-
Other assets	597,241	-	-	-
Equity exposures	121,449	-	-	-
Defaulted exposures	294,198	-	9,240	-
Total on-balance sheet exposures	<u>41,054,468</u>	<u>-</u>	<u>1,892,425</u>	<u>-</u>
Off-balance sheet exposures:				
Off-balance sheet exposures other than				
OTC derivatives or credit derivatives	3,226,992	-	457,886	-
Defaulted exposures	5,538	-	-	-
Total off-balance sheet exposures	<u>3,232,530</u>	<u>-</u>	<u>457,886</u>	<u>-</u>
Total on and off-balance sheet				
exposures	<u>44,286,998</u>	<u>-</u>	<u>2,350,311</u>	<u>-</u>

3.0 Credit Risk (contd.)

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

<u>GROUP</u> 30 September 2018 Exposure Class	Exposures <u>before CRM</u> RM'000	Exposures covered by guarantees/ credit <u>derivatives</u> RM'000	Exposures covered by eligible financial <u>collateral</u> RM'000	Exposures covered by other eligible <u>collateral</u> RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,105,692	-	-	-
Public sector entities	198,808	-	-	-
Banks, DFIs and Multilateral Development Banks	1,450,680	-	-	-
Insurance companies, securities firms and fund managers	15,751	-	-	-
Corporates	18,620,533	-	1,566,436	-
Regulatory retail	9,679,074	-	736,113	-
Residential mortgages	15,472,677	-	10,587	-
Higher risk assets	3,527	-	6	-
Other assets	668,480	-	-	-
Equity exposures	178,661	-	-	-
Defaulted exposures	360,342	-	10,173	-
Total on-balance sheet exposures	<u>53,754,225</u>	<u>-</u>	<u>2,323,315</u>	<u>-</u>
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	4,009,847	-	538,046	-
Defaulted exposures	5,982	-	1	-
Total off-balance sheet exposures	<u>4,015,829</u>	<u>-</u>	<u>538,047</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>57,770,054</u>	<u>-</u>	<u>2,861,362</u>	<u>-</u>

3.0 Credit Risk (contd.)

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

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

3.0 Credit Risk (contd.)

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

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

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 2018				
<u>Credit-related exposures</u>				
Direct credit substitutes	583,744	-	583,744	511,629
Transaction-related contingent items	740,372	-	370,186	252,024
Short-term self-liquidating trade- related contingencies	106,280	-	21,256	17,878
Irrevocable commitments to extend credit:				
- maturity exceeding one year	874,609	-	437,305	366,449
- maturity not exceeding one year	6,143,160	-	1,228,632	867,029
Unutilised credit card lines	1,669,579	-	333,915	257,509
	<u>10,117,744</u>	<u>-</u>	<u>2,975,038</u>	<u>2,272,518</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	5,153,712	40,838	91,970	43,224
- over one year to three years	60,404	845	4,039	4,039
- over three years	14,480	-	1,252	1,252
Interest rate related contracts:				
- one year or less	1,562,402	2,688	5,356	2,225
- over one year to three years	1,793,710	3,576	26,322	6,324
- over three years	2,549,192	24,659	122,025	67,825
Equity related contracts:				
- one year or less	61,979	-	3,719	1,812
- over one year to three years	32,590	313	2,808	1,404
	<u>11,228,469</u>	<u>72,919</u>	<u>257,490</u>	<u>128,104</u>
	<u>21,346,213</u>	<u>72,919</u>	<u>3,232,529</u>	<u>2,400,622</u>

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
30 September 2018				
<u>Credit-related exposures</u>				
Direct credit substitutes	742,108	-	742,108	654,108
Transaction-related contingent items	815,972	-	407,986	276,465
Short-term self-liquidating trade- related contingencies	152,814	-	30,563	26,653
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,326,402	-	663,201	513,720
- maturity not exceeding one year	7,902,828	-	1,580,565	1,124,110
Unutilised credit card lines	1,669,579	-	333,916	257,509
	<u>12,609,703</u>	<u>-</u>	<u>3,758,338</u>	<u>2,852,565</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	5,153,712	40,838	91,970	43,224
- over one year to three years	60,404	845	4,039	4,039
- over three years	14,480	-	1,252	1,252
Interest rate related contracts:				
- one year or less	1,562,402	2,688	5,356	2,225
- over one year to three years	1,793,710	3,576	26,322	6,324
- over three years	2,549,192	24,659	122,025	67,825
Equity related contracts:				
- one year or less	61,979	-	3,719	1,812
- over one year to three years	32,590	313	2,808	1,404
	<u>11,228,469</u>	<u>72,919</u>	<u>257,490</u>	<u>128,104</u>
	<u>23,838,172</u>	<u>72,919</u>	<u>4,015,829</u>	<u>2,980,669</u>

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

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

ALLIANCE BANK MALAYSIA BERHAD
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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 2018				
Interest rate risk				
- General interest rate risk	191,142	15,291	191,142	15,291
- Specific interest rate risk	2,026	162	2,338	187
	<u>193,168</u>	<u>15,453</u>	<u>193,480</u>	<u>15,478</u>
Option risk	416	33	416	33
Foreign exchange risk	<u>83,555</u>	<u>6,684</u>	<u>83,555</u>	<u>6,684</u>
	<u>277,139</u>	<u>22,171</u>	<u>277,451</u>	<u>22,196</u>
31 March 2018				
Interest rate risk				
- General interest rate risk	11,971	958	11,971	958
- Specific interest rate risk	3,318	265	3,786	303
	<u>15,289</u>	<u>1,223</u>	<u>15,757</u>	<u>1,261</u>
Option risk	559	45	559	45
Foreign exchange risk	<u>94,541</u>	<u>7,563</u>	<u>94,541</u>	<u>7,563</u>
	<u>110,389</u>	<u>8,831</u>	<u>110,857</u>	<u>8,869</u>

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	Risk-weighted assets	Gross credit exposures	Risk-weighted assets
	RM'000	RM'000	RM'000	RM'000
30 September 2018				
Publicly traded				
Holding of equity investments	9	9	9	9
Privately held				
For socio-economic purposes	121,436	121,436	178,648	178,648
Not for socio-economic purposes	3	5	3	5
	<u>121,449</u>	<u>121,450</u>	<u>178,661</u>	<u>178,662</u>
31 March 2018				
Publicly traded				
Holding of equity investments	10	10	10	10
Privately held				
For socio-economic purposes	121,631	121,631	178,843	178,843
Not for socio-economic purposes	3	5	3	5
	<u>121,644</u>	<u>121,646</u>	<u>178,856</u>	<u>178,858</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 2018	31 March 2018	30 September 2018	Restated * 31 March 2018
	RM'000	RM'000	RM'000	RM'000
Realised gains/(losses) recognised in the statement of comprehensive income				
- Privately held equity investments	-	18,343	-	18,343
	<u>-</u>	<u>18,343</u>	<u>-</u>	<u>18,343</u>
Unrealised gains/(losses) recognised in revaluation reserve				
- Publicly traded equity investments	-	(5)	-	(5)
- Privately held equity investments	-	(8,086)	-	(4,776)
	<u>-</u>	<u>(8,091)</u>	<u>-</u>	<u>(4,781)</u>

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 2018		
Impact on net interest income ("NII")		
Ringgit Malaysia	<u>91,254</u>	<u>105,924</u>
Impact on Economic Value ("EV")		
Ringgit Malaysia	<u>28,184</u>	<u>(43,922)</u>
31 March 2018		
Impact on net interest income ("NII")		
Ringgit Malaysia	<u>102,916</u>	<u>125,768</u>
Impact on Economic Value ("EV")		
Ringgit Malaysia	<u>29,042</u>	<u>(24,233)</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 Shariah non-compliance income and issues.
 - Addressing Shariah non-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 Shariah non-compliance income and issues governed through designated escalation channels, which include the Board and the Shariah Committee.
- (vi) Periodic engagement between the Board and the Shariah Committee to discuss on Shariah research, Shariah compliance and scholar's view on Islamic banking activities.

Shariah Non-Compliance Income And Events

During the financial period, there was 1 Shariah non-compliance event detected from the ongoing reviews of AIS' operational processes. Necessary efforts had been taken to rectify the Shariah non-compliance event, which was tracked and escalated to the Shariah Committee and the Board. There was no Shariah non-compliance income to be disposed of in accordance with Shariah Committee's decision.