

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 December 2018

	Note	<u>GROUP</u>		<u>BANK</u>	
		31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
ASSETS					
Cash and short-term funds		1,499,624	2,768,758	1,176,776	1,715,961
Deposits and placements with banks and other financial institutions		83,825	77,283	82,823	77,283
Amounts due from clients and brokers	A11	95,323	101,305	-	-
Financial assets at fair value through profit or loss	A12	189,446	-	128,662	-
Financial investments at fair value through other comprehensive income	A13	9,050,429	-	6,550,196	-
Financial investments at amortised cost	A14	125,364	-	232,378	-
Financial assets held-for-trading	A15	-	63,750	-	48,771
Financial investments available-for-sale	A16	-	8,505,189	-	6,406,448
Financial investments held-to-maturity	A17	-	293,612	-	344,703
Derivative financial assets	B11	70,395	84,455	70,395	84,455
Loans, advances and financing	A18	41,014,935	39,989,515	31,846,145	31,546,564
Other assets	A19	118,470	105,728	185,595	140,727
Tax recoverable		36,237	2,004	20,708	-
Statutory deposits		1,470,172	1,408,316	1,119,798	1,092,566
Investments in subsidiaries		-	-	989,102	989,102
Investment in joint venture		773	693	-	-
Property, plant and equipment		73,606	69,373	72,169	67,834
Deferred tax assets		44,211	22,664	26,415	9,223
Intangible assets		426,023	409,402	309,897	292,981
TOTAL ASSETS		54,298,833	53,902,047	42,811,059	42,816,618
LIABILITIES AND EQUITY					
Deposits from customers	A20	42,618,423	42,740,460	33,347,875	33,508,370
Deposits and placements of banks and other financial institutions	A21	1,155,840	873,871	420,726	439,238
Financial liabilities designated at fair value through profit or loss	A22	756,072	682,238	756,072	682,238
Amounts due to clients and brokers	A23	72,170	75,103	-	-
Derivative financial liabilities	B11	79,579	154,686	79,579	154,686
Recourse obligations on loans and financing sold to Cagamas		1,102,301	1,102,363	601,698	601,696
Other liabilities	A24	1,581,212	1,399,302	1,393,126	1,283,477
Provision for taxation		1	22,661	-	23,190
Provision for zakat		199	252	-	-
Deferred tax liabilities		157	11,907	-	-
Subordinated obligations		1,360,407	1,379,614	1,359,807	1,379,024
TOTAL LIABILITIES		48,726,361	48,442,457	37,958,883	38,071,919
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,024,366	3,911,484	3,304,070	3,196,593
TOTAL EQUITY		5,572,472	5,459,590	4,852,176	4,744,699
TOTAL LIABILITIES AND EQUITY		54,298,833	53,902,047	42,811,059	42,816,618
COMMITMENTS AND CONTINGENCIES	A31	26,631,079	22,641,134	24,010,504	20,272,725
Net assets per share attributable to Equity holders of the Bank (RM)*		3.60	3.53	3.13	3.06

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

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2018.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Consolidated Statements of Income
for the Financial Period Ended 31 December 2018

<u>GROUP</u>	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A25	512,122	471,299	1,499,547	1,428,700
Interest expense	A26	(257,222)	(242,594)	(754,798)	(738,176)
Net interest income		254,900	228,705	744,749	690,524
Net income from Islamic banking business	A27	94,559	78,763	265,418	234,846
		349,459	307,468	1,010,167	925,370
Fee and commission income	A28	67,363	76,600	213,602	230,072
Fee and commission expense	A28	(22,120)	(24,680)	(64,702)	(72,575)
Investment income	A28	12,082	14,347	37,760	63,481
Other income	A28	11,617	14,269	21,832	22,145
Other operating income	A28	68,942	80,536	208,492	243,123
Net income		418,401	388,004	1,218,659	1,168,493
Other operating expenses	A29	(196,770)	(215,297)	(571,482)	(581,890)
Operating profit before allowance (Allowance for)/write-back of credit losses on loans, advances and financing and other assets	A30	221,631	172,707	647,177	586,603
Write-back of credit losses on financial investments		(32,632)	7,971	(90,929)	(55,752)
		208	-	775	-
Operating profit after allowance		189,207	180,678	557,023	530,851
Share of results of joint venture		29	(4)	81	(3)
Profit before taxation		189,236	180,674	557,104	530,848
Taxation	B6	(40,304)	(58,120)	(131,283)	(150,491)
Net profit for the financial period		148,932	122,554	425,821	380,357
Net profit for the financial period attributable to: Equity holders of the Bank		148,932	122,554	425,821	380,357
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	9.6	8.0	27.5	24.7
- Diluted (sen)	B14(b)	9.6	8.0	27.5	24.7

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 31 December 2018 (Contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
GROUP				
Net profit for the financial period	148,932	122,554	425,821	380,357
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net gain from change in fair value	1,119	-	11,694	-
- Realised loss/(gain) transferred to statement of income on disposal	25	-	(1,544)	-
- Transfer to deferred tax	(275)	-	(2,436)	-
- Changes in credit losses	(208)	-	(775)	-
	661	-	6,939	-
Revaluation reserve on financial investments available-for-sale				
- Net (loss)/gain from change in fair value	-	(27)	-	50,997
- Realised gain transferred to statement of income on disposal and impairment	-	-	-	(4,958)
- Transfer from/(to) deferred tax	-	7	-	(11,049)
	-	(20)	-	34,990
Other comprehensive income/(expense), net of tax	661	(20)	6,939	34,990
Total comprehensive income for the financial period	149,593	122,534	432,760	415,347
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	149,593	122,534	432,760	415,347

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2018.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Income
for the Financial Period Ended 31 December 2018 (Contd.)

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
BANK					
Interest income	A25	505,728	462,234	1,481,936	1,412,848
Interest expense	A26	(250,193)	(234,307)	(734,202)	(716,213)
Net interest income		255,535	227,927	747,734	696,635
Fee and commission income	A28	58,529	66,839	183,564	198,445
Fee and commission expense	A28	(20,043)	(21,860)	(57,500)	(63,463)
Investment income	A28	51,054	41,241	112,961	95,778
Other income	A28	11,470	14,304	22,061	22,029
Other operating income	A28	101,010	100,524	261,086	252,789
Net income		356,545	328,451	1,008,820	949,424
Other operating expenses	A29	(155,836)	(175,934)	(451,475)	(463,095)
Operating profit before allowance (Allowance for)/write-back of credit losses on loans, advances and financing and other assets	A30	200,709	152,517	557,345	486,329
Write-back of credit losses on financial investments		150	-	751	-
Profit before taxation		177,088	167,565	490,712	473,138
Taxation	B6	(28,475)	(48,444)	(98,050)	(126,461)
Net profit for the financial period		148,613	119,121	392,662	346,677
Net profit for the financial period attributable to: Equity holders of the Bank		148,613	119,121	392,662	346,677
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	9.6	7.7	25.4	23.2
- Diluted (sen)	B14(b)	9.6	7.7	25.4	23.2

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 31 December 2018 (Contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
BANK				
Net profit for the financial period	148,613	119,121	392,662	346,677
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain from change in fair value	2,149	-	559	-
- Realised loss/(gain) transferred to statement of income on disposal	25	-	(986)	-
- Transfer (to)/from deferred tax	(522)	-	102	-
- Changes in credit losses	(154)	-	(619)	-
	<u>1,498</u>	-	<u>(944)</u>	-
Revaluation reserve on financial investments available-for-sale				
- Net gain from change in fair value	-	349	-	41,357
- Realised gain transferred to statement of income on disposal and impairment	-	-	-	(2,987)
- Transfer to deferred tax	-	(84)	-	(9,209)
	-	<u>265</u>	-	<u>29,161</u>
Other comprehensive income/(expense), net of tax	<u>1,498</u>	265	<u>(944)</u>	29,161
Total comprehensive income for the financial period	<u>150,111</u>	<u>119,386</u>	<u>391,718</u>	<u>375,838</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	<u>150,111</u>	<u>119,386</u>	<u>391,718</u>	<u>375,838</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2018.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2018

←----- Attributable to Equity holders of the Bank -----→

GROUP	<u>Ordinary shares</u> RM'000	<u>Regulatory reserves</u> RM'000	<u>Capital reserves</u> RM'000	<u>FVOCI reserves</u> RM'000	<u>Revaluation reserves</u> RM'000	<u>Retained profits</u> RM'000	<u>Total equity</u> RM'000
At 1 April 2018							
As previously stated	1,548,106	186,064	100,150	-	114,987	3,510,283	5,459,590
Effect of adoption of MFRS 9	-	(17,330)	-	16,923	(114,987)	47,876	(67,518)
Effect of adoption of MFRS 15	-	-	-	-	-	(15,500)	(15,500)
As restated	1,548,106	168,734	100,150	16,923	-	3,542,659	5,376,572
Net profit after taxation	-	-	-	-	-	425,821	425,821
Other comprehensive income	-	-	-	6,939	-	-	6,939
Total comprehensive income for the period	-	-	-	6,939	-	425,821	432,760
Transfer to regulatory reserves	-	17,201	-	-	-	(17,201)	-
Dividend paid	-	-	-	-	-	(236,860)	(236,860)
At 31 December 2018	1,548,106	185,935	100,150	23,862	-	3,714,419	5,572,472

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ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2018 (Contd.)

GROUP	←----- Attributable to Equity holders of the Bank ----->										
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Equity contribution from former holding company RM'000	Employees' share scheme (‘ESS’) reserves RM'000	Shares held for ESS RM'000	Retained profits RM'000	Total equity RM'000
At 1 April 2017											
As previously stated	796,517	401,517	1,223,525	157,900	10,018	99,268	6,062	-	-	2,306,158	5,000,965
Effect of group reorganisation	751,589	(401,517)	-	-	79,992	-	(6,062)	6,444	(73,837)	(243,376)	113,233
As restated	1,548,106	-	1,223,525	157,900	90,010	99,268	-	6,444	(73,837)	2,062,782	5,114,198
Net profit after taxation	-	-	-	-	-	-	-	-	-	380,357	380,357
Other comprehensive income	-	-	-	-	-	34,990	-	-	-	-	34,990
Total comprehensive income for the financial period	-	-	-	-	-	34,990	-	-	-	380,357	415,347
Share-based payment under ESS	-	-	-	-	-	-	-	204	-	-	204
Allowance for credit losses on amounts due from clients											
- employees of subsidiaries	-	-	-	-	-	-	-	(157)	-	157	-
- bank employees	-	-	-	-	-	-	-	(1,037)	-	1,037	-
ESS shares grant vested to:											
- employees of subsidiaries	-	-	-	-	-	-	-	(488)	488	-	-
- employees of joint venture	-	-	-	-	-	-	-	(111)	111	-	-
- bank employees	-	-	-	-	-	-	-	(3,099)	3,099	-	-
ESS share options exercised by:											
- employees of subsidiaries	-	-	-	-	-	-	-	(22)	22	-	-
- bank employees	-	-	-	-	-	-	-	(96)	96	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	-	4,032	-	4,032
Transfer of ESS recharged differences											
on shares vested	-	-	-	-	-	-	-	(1,638)	-	1,638	-
Disposal of ESS share	-	-	-	-	-	-	-	-	30,773	-	30,773
Gain from disposal of ESS share	-	-	-	-	-	-	-	-	-	4,032	4,032
Transfer (to)/from retained profits	-	-	(1,223,525)	26,900	10,140	-	-	-	-	1,186,485	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(247,697)	(247,697)
Dividends added back for shares held in ESS trust	-	-	-	-	-	-	-	-	-	1,549	1,549
At 31 December 2017	1,548,106	-	-	184,800	100,150	134,258	-	-	(35,216)	3,390,340	5,322,438

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ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2018 (Contd.)

	← <u>Non-Distributable reserves</u> →					→ <u>Distributable reserves</u>	<u>Total equity</u> RM'000
	<u>Ordinary shares</u> RM'000	<u>Regulatory reserves</u> RM'000	<u>Capital reserves</u> RM'000	<u>FVOCI reserves</u> RM'000	<u>Revaluation reserves</u> RM'000	<u>Retained profits</u> RM'000	
<u>BANK</u>							
At 1 April 2018							
As previously stated	1,548,106	160,029	95,515	-	74,907	2,866,142	4,744,699
Effect of adoption of MFRS 9	-	327	-	9,814	(74,907)	32,885	(31,881)
Effect of adoption of MFRS 15	-	-	-	-	-	(15,500)	(15,500)
As restated	1,548,106	160,356	95,515	9,814	-	2,883,527	4,697,318
Net profit after taxation	-	-	-	-	-	392,662	392,662
Other comprehensive expense	-	-	-	(944)	-	-	(944)
Total comprehensive (expense)/income for the period	-	-	-	(944)	-	392,662	391,718
Transfer to regulatory reserves	-	8,063	-	-	-	(8,063)	-
Dividends paid	-	-	-	-	-	(236,860)	(236,860)
At 31 December 2018	1,548,106	168,419	95,515	8,870	-	3,031,266	4,852,176

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2018.

Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2018 (Contd.)

	← <u>Non-distributable reserves</u> →						→ <u>Distributable reserves</u>		Total <u>equity</u> RM'000
	<u>Ordinary shares</u> RM'000	<u>Share premium</u> RM'000	<u>Statutory reserves</u> RM'000	<u>Capital reserves</u> RM'000	<u>Regulatory reserves</u> RM'000	<u>Revaluation reserves</u> RM'000	Equity contribution from former holding company RM'000	<u>Retained profits</u> RM'000	
<u>BANK</u>									
At 1 April 2017	796,517	401,517	835,401	-	144,349	64,916	5,523	2,115,505	4,363,728
Net profit after taxation	-	-	-	-	-	-	-	346,677	346,677
Other comprehensive income	-	-	-	-	-	29,161	-	-	29,161
Total comprehensive income for the financial period	-	-	-	-	-	29,161	-	346,677	375,838
Issuance of shares to former holding company	100,000	-	-	-	-	-	-	-	100,000
Allowance for credit losses on amounts due from clients	651,589	(401,517)	-	-	-	-	-	(250,072)	-
Acquisition of subsidiary under group reorganisation	-	-	-	95,515	-	-	-	-	95,515
Share-based payment under ESS	-	-	-	-	-	-	188	-	188
Payment for ESS recharged from former holding company	-	-	-	-	-	-	(3,195)	-	(3,195)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,479)	1,479	-
ESS on share options lapsed	-	-	-	-	-	-	(1,037)	1,037	-
Transfer (to)/from retained profits	-	-	(835,401)	-	23,285	-	-	812,116	-
Dividends paid	-	-	-	-	-	-	-	(248,438)	(248,438)
At 31 December 2017	1,548,106	-	-	95,515	167,634	94,077	-	2,778,304	4,683,636

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2018**

	GROUP		BANK	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	557,104	530,848	490,712	473,138
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(64,798)	(57,799)	(63,952)	(56,059)
Allowance for credit losses on loans, advances and financing	104,201	60,650	68,416	19,418
(Write-back of)/Allowance for credit losses on commitment and contingencies	(8,820)	-	2,974	-
Write-back of credit losses on financial investments	(775)	-	(751)	-
Allowance for credit losses on amounts due from clients	9	-	-	-
Allowance for credit losses on other assets	2,775	2,904	1,621	2,313
Amortisation of computer software	21,792	18,522	21,010	17,967
Depreciation of property, plant and equipment	17,576	15,599	17,057	15,045
Dividends from financial assets at FVTPL	(1,299)	-	(749)	-
Dividends from financial investments available-for-sale	-	(1,861)	-	(1,311)
Dividends from subsidiaries	-	-	(80,154)	(33,913)
Interest expense on recourse obligations on loans and financing sold to Cagamas	20,216	16,493	20,216	16,493
Interest expense on other borrowings	-	167	-	167
Interest expense on subordinated obligations	58,995	53,272	59,142	53,355
Interest income from financial investments at FVOCI	(193,282)	-	(186,442)	-
Interest income from financial investments at amortised cost	(3,835)	-	(8,564)	-
Interest income from financial investments available-for-sale	-	(203,344)	-	(198,969)
Interest income from financial investments held-to-maturity	-	(15,755)	-	(14,157)
Provision on other liabilities	-	4,615	-	4,400
Loss on disposal of property, plant and equipment	-	106	-	-
Property, plant and equipment written-off	25	175	24	167
Computer software written-off	1,820	325	1,724	236
Net gain from sale of financial assets at FVTPL	(1,533)	-	(1,532)	-
Net gain from sale of financial investments at FVOCI	(1,544)	-	(986)	-
Net gain from sale of financial assets held-for-trading	-	(429)	-	(429)
Net gain from sale of financial investments available-for-sale	-	(3,680)	-	(2,987)
Unrealised gain arising from financial assets at FVTPL	(11,647)	-	(7,803)	-
Unrealised (gain)/loss arising from derivative instruments	(22,882)	121,536	(22,882)	121,536
Unrealised gain arising from financial liabilities designated at fair value through profit or loss	(5,194)	(18,564)	(5,194)	(18,564)
Unrealised gain arising from held-for-trading	-	(4,768)	-	(4,395)
Share options/grants under Employees' Share Scheme	-	189	-	191
Share of results of joint venture	(81)	3	-	-
Zakat	81	4	-	-
Cash flow from operating activities before capital changes carried forward	468,904	519,208	303,887	393,642

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(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2018 (Contd.)**

	GROUP		BANK	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (contd.)				
Cash flow from operating activities before capital changes brought forward:	468,904	519,208	303,887	393,642
Changes in working capital:				
Deposits from customers	(122,037)	(4,088,362)	(160,495)	(3,418,974)
Deposits and placements of banks and other financial institutions	281,969	765,938	(18,512)	212,500
Other liabilities	132,332	224,044	64,991	213,445
Deposits and placements with banks and other financial institutions	(6,542)	-	(5,540)	-
Financial liabilities designated at fair value through profit or loss	79,028	201,382	79,028	201,382
Financial assets held-for-trading	-	162,374	-	87,018
Financial assets at FVTPL	64,677	-	49,426	-
Loans, advances and financing	(1,232,166)	166,688	(409,558)	457,843
Other assets	(15,975)	(37,990)	(46,947)	(115,418)
Amounts due from clients and brokers	3,040	10,256	-	-
Statutory deposits	(61,855)	19,048	(27,231)	36,545
Cash used in operations	(408,625)	(2,057,414)	(170,951)	(1,932,017)
Taxation paid	(154,904)	(127,554)	(122,231)	(105,632)
Zakat paid	(134)	(102)	-	-
Net cash used in operating activities	(563,663)	(2,185,070)	(293,182)	(2,037,649)

CASH FLOWS FROM INVESTING ACTIVITIES

Dividends from financial investments at FVTPL	1,299	-	749	-
Dividends from financial investments available-for-sale	-	1,861	-	1,311
Dividends from subsidiaries	-	-	80,154	33,913
Interest received from financial assets at FVTPL	1,653	-	1,653	-
Interest received from financial investments at FVOCI	197,283	-	196,496	-
Interest received from financial investments at amortised costs	4,991	-	7,701	-
Interest received from financial assets held-for-trading	-	4,010	-	3,435
Interest received from financial investments available-for-sale	-	199,566	-	190,460
Interest received from financial investments held-to-maturity	-	17,858	-	13,970
Net interest expense for derivative instruments	(38,165)	(27,205)	(38,165)	(27,205)
Purchase of property, plant and equipment	(21,896)	(12,630)	(21,475)	(12,277)
Purchase of computer software	(40,235)	(38,693)	(39,650)	(36,847)
Proceeds from disposal of property, plant and equipment	59	39	59	-
Proceeds from redemption/disposal of amortised cost (net of purchase)	235,150	-	180,150	-
Proceeds from redemption/disposal financial investments at FVOCI (net of purchase)	(710,270)	-	(278,242)	-
Proceeds from redemption/disposal of financial investments held-to-maturity (net of purchase)	-	559,902	-	319,872
Proceeds from redemption/disposal of financial investments available-for-sale (net of purchase)	-	1,187,482	-	1,104,476
Net cash (used in)/generated from investing activities	(370,131)	1,892,190	89,430	1,591,108

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Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2018 (Contd.)**

	GROUP		BANK	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	(236,860)	(246,148)	(236,860)	(248,438)
Interest on recourse obligations on loans and financing sold to Cagamas	(20,277)	(15,839)	(20,214)	(16,351)
Interest on other borrowings	-	(238)	-	(238)
Interest paid on subordinated obligations	(78,203)	(68,654)	(78,359)	(68,654)
Recourse obligations on loans and financing sold to Cagamas	-	650,008	-	300,006
Settlement of other borrowing	-	(5,000)	-	(5,000)
Proceeds from ESS exercised by employees/joint venture	-	4,143	-	-
Proceeds from disposal of share held in trust	-	34,829	-	-
Proceeds from issuance of subordinated notes	-	150,000	-	150,000
Subscription of shares from former holding company	-	-	-	100,000
Payment for ESS recharged from former parent	-	-	-	(3,195)
Transaction costs paid on issuance of subordinated notes	-	(438)	-	(721)
Net cash (used in)/generated from financing activities	(335,340)	502,663	(335,433)	207,409
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,269,134)	209,783	(539,185)	(239,132)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	2,768,758	1,381,779	1,715,961	1,618,617
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,499,624	1,591,562	1,176,776	1,379,485
Cash and cash equivalents comprise the following:				
Cash and short-term funds	1,499,624	1,591,562	1,176,776	1,379,485

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2018.

Explanatory Notes

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

A1 Basis of Preparation

The unaudited condensed interim financial statements for the third financial quarter and nine months ended 31 December 2018 have been prepared under the historical cost convention.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB"), Chapter 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 March 2018.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2018, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2018:

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"
- Annual Improvements to MFRSs 2014 - 2016 Cycles
 - Amendments to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
 - Amendments to MFRS 12 "Investments in Associates and Joint Ventures"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

The adoption the above standards, amendments to published standards and interpretation to existing standards are not anticipated to have any significant impact on the financial statements of the Group and the Bank other than the adoption of MFRS 9 and MFRS 15 where the impact are shown in Note A36.

The following MFRS have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2019, and have yet to be adopted by the Group and the Bank:

- MFRS 16 "Leases" (effective from 1 January 2019)
- Amendments to MFRS 9 "Prepayment features with negative compensation"(effective from 1 January 2019)
- Amendments to MFRS 128 "Long-term Interest in Associates and Joint Ventures"(effective from 1 January 2019)
- Annual Improvements to MFRSs 2015 - 2017 Cycles (effective from 1 January 2019)
 - Amendments to MFRS 3 "Business Combinations"
 - Amendments to MFRS 11 "Joint Arrangements"
 - Amendments to MFRS 112 "Income Taxes"
 - Amendments to MFRS 123 "Borrowing Costs"
- IC interpretation 23 "Uncertainty over Income Tax Treatments" (effective from 1 January 2019)

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

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the annual financial statements for the financial year ended 31 March 2018 was not subject to any qualification.

A3 Seasonality or Cyclicity of Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations during the third financial quarter and nine months ended 31 December 2018.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the third financial quarter and nine months ended 31 December 2018.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the third financial quarter and nine months ended 31 December 2018.

A6 Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the third financial quarter and nine months ended 31 December 2018.

A7 Dividend Paid

- (a) The Bank had on 28 June 2018, paid a second interim dividend of 6.8 sen, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares amounting to approximately RM105,271,000 in respect of the financial year ended 31 March 2018.
- (b) The Bank had on 28 December 2018, paid a first interim dividend of 8.5 sen, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares amounting to approximately RM131,589,000 in respect of the financial year ended 31 March 2019.

A8 Significant Events

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

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

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

A10 Related Party Transactions

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

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A11 Amounts Due From Clients And Brokers

	GROUP	
	31 December 2018 RM'000	31 March 2018 RM'000
Due from clients	96,172	101,475
Due from brokers	-	670
	<u>96,172</u>	<u>102,145</u>
Less:		
Allowance for other credit losses	<u>(849)</u>	<u>(840)</u>
	<u><u>95,323</u></u>	<u><u>101,305</u></u>

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

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

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

	GROUP	
	31 December 2018 RM'000	31 March 2018 RM'000
Classified as doubtful	110	228
Classified as bad	908	851
	<u>1,018</u>	<u>1,079</u>

The movements in allowance for other credit losses are as follows:

At beginning of financial year	840	835
Allowance made during the financial period/year (net)	9	5
At end of financial period/year	<u>849</u>	<u>840</u>

A12 Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

	GROUP		BANK	
At fair value	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
<u>Unquoted securities:</u>				
Shares	187,517	-	126,733	-
Corporate bonds and sukuk	1,929	-	1,929	-
	<u>189,446</u>	<u>-</u>	<u>128,662</u>	<u>-</u>
Total financial assets at FVTPL	<u><u>189,446</u></u>	<u><u>-</u></u>	<u><u>128,662</u></u>	<u><u>-</u></u>

The financial assets at FVTPL category was introduced upon the adoption of MFRS 9 on 1 April 2018. Comparative figures are not restated in line with transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A36.

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A13 Financial Investments at Fair Value Through Other Comprehensive Income

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	1,809,775	-	1,649,052	-
Malaysian Government investment certificates	2,210,588	-	1,136,955	-
Negotiable instruments of deposits	800,425	-	1,338,549	-
Commercial papers	29,869	-	29,869	-
Khazanah bonds	14,890	-	14,890	-
	<u>4,865,547</u>	<u>-</u>	<u>4,169,315</u>	<u>-</u>
<u>Quoted securities:</u>				
Shares	19	-	19	-
Accumulated allowance for credit losses	(11)	-	(11)	-
	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,184,874	-	2,380,873	-
	<u>4,184,874</u>	<u>-</u>	<u>2,380,873</u>	<u>-</u>
Total financial investments at FVOCI	<u>9,050,429</u>	<u>-</u>	<u>6,550,196</u>	<u>-</u>

The financial investments at FVOCI category was introduced upon the adoption of MFRS 9 on 1 April 2018. Comparative figures are not restated in line with transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A36.

Movements in allowances for credit losses are as follows:

	<u>Non-credit impaired</u>		<u>Credit Impaired</u>	<u>Total</u>
	<u>Collectively Assessed</u>		<u>Individually Assessed</u>	
	12-Month ECL (Stage 1) RM'000	Lifetime ECL (Stage 2) RM'000	Lifetime ECL (Stage 3) RM'000	RM'000
GROUP				
At 1 April 2018				
As previously stated	-	-	-	-
Effect of adoption of MFRS 9	241	1,106	9,409	10,756
As restated	241	1,106	9,409	10,756
New financial investments originated or purchased	19	-	-	19
Changes due to change in credit risk	(80)	(667)	-	(747)
Financial investments derecognised other than write-off	(47)	-	-	(47)
Total write-back from income statement	(108)	(667)	-	(775)
At end of financial period	<u>133</u>	<u>439</u>	<u>9,409</u>	<u>9,981</u>
BANK				
At 1 April 2018				
As previously stated	-	-	-	-
Effect of adoption of MFRS 9	134	872	-	1,006
As restated	134	872	-	1,006
New financial investments originated or purchased	8	-	-	8
Changes due to change in credit risk	(45)	(549)	-	(594)
Financial investments derecognised other than write-off	(33)	-	-	(33)
Total write-back from income statement	(70)	(549)	-	(619)
At end of financial period	<u>64</u>	<u>323</u>	<u>-</u>	<u>387</u>

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A14 Financial Investments at Amortised Cost

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
At cost				
<u>Money market instruments:</u>				
Malaysian Government securities	120,619	-	100,473	-
	<u>120,619</u>	<u>-</u>	<u>100,473</u>	<u>-</u>
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	18,938	-	133,492	-
Accumulated allowance for credit losses	(14,193)	-	(1,587)	-
	<u>4,745</u>	<u>-</u>	<u>131,905</u>	<u>-</u>
Total financial investments at amortised cost	<u>125,364</u>	<u>-</u>	<u>232,378</u>	<u>-</u>

The financial investments at amortised cost category was introduced upon the adoption of MFRS 9 on 1 April 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A36.

Movements in allowances for impairment which reflect the expected credit losses model on impairment are as follows:

	<u>Non-credit</u>	<u>Credit Impaired</u>		<u>Total</u> RM'000
	<u>impaired</u>	<u>Collectively</u>	<u>Individually</u>	
	<u>Collectively</u>	<u>Assessed</u>	<u>Assessed</u>	
	<u>12-Month</u>	<u>Lifetime ECL</u>		
	<u>(Stage 1)</u>	<u>(Stage 3)</u>		
	RM'000	RM'000	RM'000	
GROUP				
At 1 April 2018				
As previously stated	-	-	-	-
Effect of adoption of MFRS 9	-	1,695	12,498	14,193
As restated	-	1,695	12,498	14,193
Changes due to change in credit risk	-	(1,695)	1,695	-
Total (write-back)/charged to income statement	-	(1,695)	1,695	-
At end of financial period	-	-	14,193	14,193
BANK				
At 1 April 2018				
As previously stated	-	-	-	-
Effect of adoption of MFRS 9	425	1,112	182	1,719
As restated	425	1,112	182	1,719
Changes due to change in credit risk	(132)	(1,112)	1,112	(132)
Total (write-back)/charged to income statement	(132)	(1,112)	1,112	(132)
At end of financial period	293	-	1,294	1,587

* During the financial period, there were no credit losses under Stage 2.

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A15 Financial Assets Held-for-trading

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
At fair value				
<u>Money market instruments:</u>				
Commercial papers	-	40,905	-	25,926
	-	40,905	-	25,926
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	-	22,845	-	22,845
	-	22,845	-	22,845
Total financial assets held-for-trading	-	63,750	-	48,771

The financial assets held-for-trading category was removed upon the adoption of MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A36.

A16 Financial Investments Available-for-sale

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	-	1,698,601	-	1,586,503
Malaysian Government investment issues	-	2,063,704	-	1,196,560
Negotiable instruments of deposits	-	398,898	-	1,058,671
Commercial papers	-	14,978	-	14,978
Khazanah bonds	-	113,549	-	113,549
	-	4,289,730	-	3,970,261
<u>Quoted securities in Malaysia:</u>				
Shares	-	21	-	21
Accumulated impairment losses	-	(11)	-	(11)
	-	10	-	10
<u>Unquoted securities:</u>				
Shares	-	178,846	-	121,634
	-	178,846	-	121,634
Corporate bonds and sukuk	-	4,046,012	-	2,314,543
Accumulated impairment losses	-	(9,409)	-	-
	-	4,036,603	-	2,314,543
Total financial investments available-for-sale	-	8,505,189	-	6,406,448

The financial investments available-for-sale category was removed upon the adoption of MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A36.

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A17 Financial Investments Held-to-maturity

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	-	141,686	-	121,271
Khazanah bonds	-	147,181	-	93,036
	<u>-</u>	<u>288,867</u>	<u>-</u>	<u>214,307</u>
At cost				
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	-	18,938	-	131,690
Accumulated impairment losses	-	(14,193)	-	(1,294)
	<u>-</u>	<u>4,745</u>	<u>-</u>	<u>130,396</u>
Total financial investments held-to-maturity	<u>-</u>	<u>293,612</u>	<u>-</u>	<u>344,703</u>

The financial investments held-to-maturity category was removed upon the adoption of MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A36.

A18 Loans, Advances and Financing

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Overdrafts	3,931,772	3,410,188	2,633,782	2,544,606
Term loans/financing				
- Housing loans/financing	14,162,404	14,013,987	11,346,380	11,568,619
- Syndicated term loans/financing	506,555	328,508	364,517	183,539
- Hire purchase receivables	1,057,352	1,160,135	726,768	728,742
- Other term loans/financing	14,708,841	13,838,846	11,360,908	10,807,750
Bills receivables	336,907	345,530	327,298	340,283
Trust receipts	233,696	215,712	191,328	187,088
Claims on customers under acceptance credits	3,021,517	3,041,120	2,370,682	2,282,838
Staff loans				
[Loan to Directors:RM Nil; 31 March 2018:RM Nil]	23,828	26,123	6,537	7,744
Credit/charge card receivables	635,662	604,110	635,662	604,110
Revolving credits	1,647,380	2,069,989	1,223,639	1,510,347
Share margin financing	1,143,605	1,253,125	907,068	1,004,670
Gross loans, advances and financing	<u>41,409,519</u>	<u>40,307,373</u>	<u>32,094,569</u>	<u>31,770,336</u>
Add: Sales commissions and handling fees	86,673	54,591	101,082	61,630
Less: Allowance for impairment losses on loans, advances and financing				
- Individual assessment allowance	(149,639)	(75,733)	(128,854)	(64,967)
- Collective assessment allowance	(331,618)	(296,716)	(220,652)	(220,435)
Total net loans, advances and financing	<u>41,014,935</u>	<u>39,989,515</u>	<u>31,846,145</u>	<u>31,546,564</u>

The Bank has entered into an arrangement on Commodity Murabahah Term Financing ("CMTF") with Alliance Islamic Bank Berhad ("AIS"), the Bank's wholly owned subsidiary. The contract is based on Wakalah principle where the Bank will provide the funds, while the assets are managed by AIS (as the Wakeel or agent). The risk and rewards of the underlying assets are recognised and borne by the Bank. Hence, the underlying assets and allowances for impairment losses are recognised and accounted for by the Bank. The total net loans, advances and financing for CMTF was at RM191,561,000 as at 31 December 2018.

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A18 Loans, Advances and Financing (contd.)

A18a By maturity structure:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Within one year	11,124,533	11,169,395	8,350,702	8,623,585
One year to three years	2,012,652	1,320,249	1,618,322	951,258
Three years to five years	2,436,289	2,475,345	1,645,069	1,882,787
Over five years	25,836,045	25,342,384	20,480,476	20,312,706
Gross loans, advances and financing	41,409,519	40,307,373	32,094,569	31,770,336

A18b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Domestic non-bank financial institutions	303,912	451,720	246,779	374,409
Domestic business enterprises				
- Small and medium enterprises	10,718,499	10,232,690	8,431,832	8,040,287
- Others	7,998,820	8,005,100	6,168,466	6,065,223
Government and statutory bodies	2,390	3,667	2,390	3,667
Individuals	21,610,764	20,690,312	16,564,084	16,455,658
Other domestic entities	9,122	164,843	2,174	162,138
Foreign entities	766,012	759,041	678,844	668,954
Gross loans, advances and financing	41,409,519	40,307,373	32,094,569	31,770,336

A18c By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Fixed rate				
- Housing loans/financing	31,624	35,331	3,161	4,151
- Hire purchase receivables	1,034,581	1,131,382	703,997	699,989
- Other fixed rate loans/financing	3,110,162	2,699,007	1,613,967	1,295,655
Variable rate				
- Base lending rate plus	25,588,805	26,055,850	20,932,861	21,606,411
- Base rate plus	4,731,267	3,259,928	3,218,014	2,510,143
- Cost plus	6,797,248	6,973,819	5,506,737	5,501,931
- Other variable rates loans/financing	115,832	152,056	115,832	152,056
Gross loans, advances and financing	41,409,519	40,307,373	32,094,569	31,770,336

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A18 Loans, Advances and Financing (contd.)

A18d By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Purchase of securities	1,136,956	1,245,600	900,419	997,145
Purchase of transport vehicles	833,960	933,698	522,097	525,290
Purchase of landed property	22,225,154	22,079,479	18,070,599	18,335,356
of which: - Residential	15,174,274	15,051,340	12,307,669	12,566,335
- Non-residential	7,050,880	7,028,139	5,762,930	5,769,021
Purchase of fixed assets excluding land & buildings	330,973	302,307	289,266	256,498
Personal use	4,323,837	3,309,928	2,449,281	1,938,753
Credit card	635,662	604,110	635,662	604,110
Construction	574,284	451,297	551,693	433,393
Mergers and acquisitions	-	117,705	-	117,705
Working capital	8,965,458	8,832,929	6,886,070	6,774,400
Others	2,383,235	2,430,320	1,789,482	1,787,686
Gross loans, advances and financing	41,409,519	40,307,373	32,094,569	31,770,336

A18e By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Northern region	3,016,898	2,835,527	2,195,634	2,139,991
Central region	29,701,223	28,946,946	23,321,011	23,158,486
Southern region	5,199,119	4,951,821	3,962,389	3,820,900
Sabah region	2,565,071	2,606,218	1,903,485	1,992,524
Sarawak region	927,208	966,861	712,050	658,435
Gross loans, advances and financing	41,409,519	40,307,373	32,094,569	31,770,336

A18f Movements in credit impaired loans, advances and financing ("impaired loans") in stage 3:

	<u>GROUP</u>	<u>BANK</u>
	31 December 2018 RM'000	31 December 2018 RM'000
At 1 April 2018		
As previously reported	577,519	470,646
Effect of adoption of MFRS 9	(20,317)	(18,052)
As restated	557,202	452,594
Impaired during the financial period	568,334	424,533
Recovered during the financial period	(99,442)	(77,257)
Reclassified as unimpaired during the financial period	(335,283)	(247,098)
Financial assets derecognised other than write-off during the period	(61,305)	(56,999)
Amount written-off	(99,558)	(64,412)
At end of financial period	529,948	431,361
Gross impaired loans as % of gross loans, advances and financing	1.3%	1.3%

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A18 Loans, Advances and Financing (contd.)

A18f Movements in impaired loans under MFRS 139:

	<u>GROUP</u>	<u>BANK</u>
	31 March 2018 RM'000	31 March 2018 RM'000
At beginning of financial year	393,349	339,580
Impaired during the financial year	848,111	635,366
Reclassified as unimpaired during the financial year	(352,268)	(271,181)
Recoveries	(198,592)	(165,034)
Amount written-off	(113,081)	(68,085)
At end of financial year	<u>577,519</u>	<u>470,646</u>
Gross impaired loans as % of gross loans, advances and financing	<u>1.4%</u>	<u>1.5%</u>

A18g Credit impaired loans analysed by economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Purchase of securities	-	50	-	50
Purchase of transport vehicles	16,006	13,671	13,346	10,131
Purchase of landed property	281,871	347,159	240,810	281,386
of which: - Residential	<u>146,276</u>	<u>188,970</u>	<u>127,715</u>	<u>155,226</u>
- Non-residential	<u>135,595</u>	<u>158,189</u>	<u>113,095</u>	<u>126,160</u>
Purchase of fixed assets excluding land & buildings	17,852	5,635	17,161	4,754
Personal use	72,211	56,852	43,589	35,527
Credit card	9,661	9,074	9,661	9,074
Construction	8,628	11,771	8,628	11,771
Working capital	95,783	98,433	73,295	89,864
Others	27,936	34,874	24,871	28,089
Gross impaired loans	<u>529,948</u>	<u>577,519</u>	<u>431,361</u>	<u>470,646</u>

A18h Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Northern region	47,170	42,540	37,705	34,658
Central region	385,352	417,859	313,204	336,653
Southern region	63,696	78,417	50,929	65,560
Sabah region	21,208	28,145	17,901	24,263
Sarawak region	12,522	10,558	11,622	9,512
Gross impaired loans	<u>529,948</u>	<u>577,519</u>	<u>431,361</u>	<u>470,646</u>

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A18 Loans, Advances and Financing (contd.)

A18i Movements in the allowance for impairment losses on loans, advances and financing are as follows:

	31 December 2018				Total	31 March 2018	
	Non-credit impaired		Credit Impaired			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	RM'000	RM'000	
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	18,607	(101,324)	(1,630)	(3,161)	(87,508)	-	-
Transfer to lifetime ECL non credit-impaired	(30,319)	171,728	(28,518)	(51,176)	61,715	-	-
Transfer to lifetime ECL credit-impaired	(176)	(84,500)	101,294	92,709	109,327	-	-
New financial assets originated or purchased	53,418	117,077	8,998	5,283	184,776	-	-
Changes due to change in credit risk	(7,618)	10,907	(3,891)	(3,872)	(4,474)	73,699	31,876
Financial assets derecognised other than write-off	(30,225)	(116,146)	(5,673)	(7,779)	(159,823)	-	-
Other adjustment	37	151	-	-	188	-	-
Total charged/(write-back) to income statement on allowance	3,724	(2,107)	70,580	32,004	104,201	73,699	31,876
Unwind of discount	-	-	-	(5,907)	(5,907)	-	-
Total charged/(write-back) to income statement	3,724	(2,107)	70,580	26,097	98,294	73,699	31,876
Write-off	-	(73)	(61,348)	(11,017)	(72,438)	(87,852)	(25,229)
Transfer from collective assessment allowance to individual assessment allowance	-	-	-	-	-	(2,459)	2,459
At end of financial period/year	69,163	196,514	65,941	149,639	481,257	296,716	75,733
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	11,705	(69,750)	(1,219)	(2,236)	(61,500)	-	-
Transfer to lifetime ECL non credit-impaired	(18,494)	111,912	(12,396)	(42,551)	38,471	-	-
Transfer to lifetime ECL credit-impaired	(143)	(47,716)	55,968	80,977	89,086	-	-
New financial assets originated or purchased	35,061	90,450	1,538	4,938	131,987	-	-
Changes due to change in credit risk	(4,132)	17	1,846	(5,641)	(7,910)	30,618	24,085
Financial assets derecognised other than write-off	(20,460)	(89,234)	(5,171)	(7,041)	(121,906)	-	-
Other adjustment	37	151	-	-	188	-	-
Total charged/(write-back) to income statement on allowance	3,574	(4,170)	40,566	28,446	68,416	30,618	24,085
Unwind of discount	-	-	-	(4,805)	(4,805)	-	-
Total charged/(write-back) to income statement	3,574	(4,170)	40,566	23,641	63,611	30,618	24,085
Write-off	-	(5)	(36,603)	(11,017)	(47,625)	(43,468)	(24,617)
Transfer from collective assessment allowance to individual assessment allowance	-	-	-	-	-	(1,352)	1,352
At end of financial period/year	46,650	130,720	43,282	128,854	349,506	220,435	64,967

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A19 Other Assets

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Other receivables	52,126	32,173	39,058	18,281
Derivative margin	35,308	37,136	35,073	36,902
Settlement account	36,222	42,924	36,222	42,924
Deposits	8,720	8,690	8,058	8,020
Prepayment	20,973	16,430	19,409	14,992
Amounts due from subsidiaries	-	-	77,061	46,794
Amount due from joint venture	371	392	371	392
	153,720	137,745	215,252	168,305
Less:				
Allowance for credit losses on other receivables	(35,250)	(32,017)	(29,657)	(27,578)
	118,470	105,728	185,595	140,727

Movement for allowance for credit losses on other receivables are as follows:

	<u>Non-credit impaired</u>		<u>Credit Impaired</u>		<u>Total</u> RM'000
	<u>Collectively Assessed</u>		<u>Collectively Assessed</u>		
	<u>12-Month ECL</u>		<u>Individually Assessed</u>		
	<u>(Stage 1)</u>		<u>Lifetime ECL</u>		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
GROUP					
At 1 April 2018					
As previously stated					32,017
Effect of adoption of MFRS 9	-	-	-	-	-
As restated	36	1,933	30,048	32,017	32,017
New financial assets originated or purchased	21	1,055	-	1,076	1,076
Changes due to change in credit risk	275	-	2,273	2,548	2,548
Financial assets derecognised other than write-off	(316)	(53)	(22)	(391)	(391)
Total (write-back)/charged to income statement	(20)	1,002	2,251	3,233	3,233
At end of financial period	16	2,935	32,299	35,250	35,250
BANK					
At 1 April 2018					
As previously stated					27,578
Effect of adoption of MFRS 9	-	-	-	-	-
As restated	-	-	-	-	27,578
Changes due to change in credit risk	-	-	2,079	2,079	2,079
Total charged to income statement	-	-	2,079	2,079	2,079
At end of financial period	-	-	2,079	29,657	29,657

* During the financial period, there were no ECL under Stage 2.

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A20 Deposits from Customers

A20a By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Amortised cost				
Demand deposits	14,468,174	14,161,040	11,609,164	11,752,631
Savings deposits	1,767,090	1,792,710	1,446,523	1,468,774
Fixed/investment deposits	24,049,121	24,142,700	18,572,475	18,393,938
Money market deposits	1,658,323	2,277,386	1,093,394	1,716,143
Negotiable instruments of deposits	675,715	366,624	626,319	176,884
	42,618,423	42,740,460	33,347,875	33,508,370

A20b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Domestic financial institutions	501,397	358,990	565,829	190,812
Domestic non-bank financial institutions	1,909,629	2,676,350	1,437,365	1,854,863
Government and statutory bodies	4,105,260	4,312,577	2,180,328	2,106,387
Business enterprises	16,711,838	16,354,335	12,888,531	12,945,816
Individuals	18,183,948	17,941,780	15,233,520	15,432,649
Foreign entities	643,852	596,011	570,922	534,617
Others	562,499	500,417	471,380	443,226
	42,618,423	42,740,460	33,347,875	33,508,370

A20c The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follow:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Due within six months	19,540,886	17,234,419	14,603,532	13,695,607
Six months to one year	6,329,390	8,371,649	5,470,920	5,709,738
One year to three years	348,874	1,018,884	208,943	869,862
Three years to five years	164,009	161,758	8,793	11,758
	26,383,159	26,786,710	20,292,188	20,286,965

A21 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Licensed banks	573,610	203,995	83,846	63,619
Licensed Investment banks	-	22,004	-	-
Bank Negara Malaysia	582,230	619,467	336,880	375,619
Others	-	28,405	-	-
	1,155,840	873,871	420,726	439,238

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A22 Financial Liabilities Designated at Fair Value Through Profit or Loss

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

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

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

	GROUP/BANK	
	31 December	31 March
	2018	2018
	RM'000	RM'000
Structured investments	810,731	731,703
Fair value changes arising from designation at fair value through profit or loss	(54,659)	(49,465)
	756,072	682,238

A23 Amounts Due To Clients And Brokers

	GROUP	
	31 December	31 March
	2018	2018
	RM'000	RM'000
Due to clients	17,651	75,103
Due to brokers	54,519	-
	72,170	75,103

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

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

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM48,723,000 (31 March 2018: RM71,652,000) have been excluded accordingly.

A24 Other Liabilities

	GROUP		BANK	
	31 December	31 March	31 December	31 March
	2018	2018	2018	2018
	RM'000	RM'000	RM'000	RM'000
Other payables	287,896	254,276	221,680	205,527
Derivative premium	89	32,751	89	32,751
Bills payable	208,513	157,335	193,953	143,126
Settlement account	35,720	53,882	35,720	53,882
Clearing account	341,612	201,208	255,809	161,741
Sundry deposits	39,426	54,924	34,062	47,306
Provision and accruals	107,518	131,420	101,881	131,672
Remisiers account	5,454	5,866	-	-
Allowance for credit losses on commitments and contingencies	35,118	-	30,207	-
Finance lease liabilities	1,364	3,329	1,364	3,329
Structured investments	518,361	504,143	518,361	504,143
Amount due to joint venture	141	168	-	-
	1,581,212	1,399,302	1,393,126	1,283,477

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A24 Other Liabilities (contd.)

Movement for allowance for credit losses on commitments and contingencies are as follows:

	31 December 2018				Total RM'000
	Non-credit impaired		Credit Impaired		
	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	
GROUP					
At 1 April 2018					
As previously reported					-
Effect of adoption of MFRS 9					43,957
As restated	8,534	21,280	9,978	4,165	43,957
Transfer to 12 month ECL	793	(7,888)	-	-	(7,095)
Transfer to lifetime ECL non credit-impaired	(1,001)	9,259	(20)	(215)	8,023
Transfer to lifetime ECL credit-impaired	-	(1,045)	-	6,995	5,950
New financial assets originated or purchased	4,557	4,222	-	73	8,852
Changes due to change in credit risk	(2,604)	(2,374)	(2,478)	3,123	(4,333)
Financial assets derecognised other than write-off	(2,726)	(5,751)	(7,480)	(4,285)	(20,242)
Other adjustments	7	18	-	-	25
Total (write-back)/charged to income statement on allowance	(974)	(3,559)	(9,978)	5,691	(8,820)
Unwind of discount	-	-	-	(19)	(19)
Total (write-back)/charged to income statement	(974)	(3,559)	(9,978)	5,672	(8,839)
At end of financial period	7,560	17,721	-	9,837	35,118
BANK					
At 1 April 2018					
As previously reported					-
Effect of adoption of MFRS 9					27,248
As restated	7,493	15,572	18	4,165	27,248
Transfer to 12 month ECL	676	(6,444)	-	-	(5,768)
Transfer to lifetime ECL non credit-impaired	(894)	8,242	(20)	(209)	7,119
Transfer to lifetime ECL credit-impaired	-	(1,033)	-	6,767	5,734
New financial assets originated or purchased	4,109	2,844	-	73	7,026
Changes due to change in credit risk	(2,422)	(448)	22	932	(1,916)
Financial assets derecognised other than write-off	(2,393)	(4,472)	(20)	(2,353)	(9,238)
Other adjustment	7	10	-	-	17
Total (write-back)/charged to income statement on allowance	(917)	(1,301)	(18)	5,210	2,974
Unwind of discount	-	-	-	(15)	(15)
Total (write-back)/charged to income statement	(917)	(1,301)	(18)	5,195	2,959
At end of financial period	6,576	14,271	-	9,360	30,207

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A25 Interest Income

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
GROUP				
Loans, advances and financing	420,201	378,661	1,226,789	1,142,805
Money at call and deposit placements with financial institutions	3,602	3,427	10,290	8,747
Financial investments at FVOCI	65,540	-	193,282	-
Financial investments at amortised cost	1,175	-	3,835	-
Financial investments available-for-sale	-	66,544	-	203,344
Financial investments held-to-maturity	-	3,061	-	15,755
Others	212	103	553	250
	490,730	451,796	1,434,749	1,370,901
Accretion of discount less amortisation of premium	21,392	19,503	64,798	57,799
	512,122	471,299	1,499,547	1,428,700
BANK				
Loans, advances and financing	412,641	370,468	1,205,674	1,130,626
Money at call and deposit placements with financial institutions	6,398	4,348	16,753	12,788
Financial investments at FVOCI	62,399	-	186,442	-
Financial investments at amortised cost	2,757	-	8,564	-
Financial investments available-for-sale	-	64,641	-	198,969
Financial investments held-to-maturity	-	3,901	-	14,157
Others	211	103	551	249
	484,406	443,461	1,417,984	1,356,789
Accretion of discount less amortisation of premium	21,322	18,773	63,952	56,059
	505,728	462,234	1,481,936	1,412,848

Included in the interest income on loans, advances and financing for the current financial period is interest/profit accrued on impaired loans/financing of the Group and the Bank of RM4,820,000 respectively (31 December 2017: RM2,919,000 and RM2,773,000).

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A26 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
GROUP				
Deposits and placements of banks and other financial institutions	3,577	6,309	13,877	18,040
Deposits from customers	226,135	210,928	658,310	647,347
Recourse obligations on loans and financing sold to Cagamas	6,724	5,562	20,216	16,493
Other borrowings	-	48	-	167
Subordinated obligations	19,719	18,727	58,995	53,272
Others	1,067	1,020	3,400	2,857
	257,222	242,594	754,798	738,176

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
BANK				
Deposits and placements of banks and other financial institutions	1,958	2,898	7,914	9,951
Deposits from customers	220,667	206,016	643,530	633,390
Recourse obligations on loans and financing sold to Cagamas	6,724	5,562	20,216	16,493
Other borrowings	-	48	-	167
Subordinated obligations	19,777	18,763	59,142	53,355
Others	1,067	1,020	3,400	2,857
	250,193	234,307	734,202	716,213

A27 Net Income from Islamic Banking Business

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
GROUP				
Income derived from investment of depositors' funds and others	150,273	119,899	442,517	362,347
Income derived from investment of Islamic Banking funds	15,535	14,135	44,652	40,197
Income attributable to the depositors and financial institutions	(71,249)	(55,271)	(221,751)	(167,698)
	94,559	78,763	265,418	234,846

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A28 Other Operating Income

GROUP	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee and commission income:</u>				
Commissions	17,020	21,563	62,109	67,513
Service charges and fees	7,950	8,546	23,545	24,251
Corporate advisory fees	1,189	427	2,705	2,158
Underwriting commissions	-	304	148	472
Brokerage fees	6,579	8,469	22,931	27,080
Guarantee fees	4,005	4,018	11,641	11,836
Processing fees	2,998	3,955	9,452	8,390
Commitment fees	4,441	4,129	13,052	12,287
Cards related income	21,475	24,438	63,518	73,834
Other fee income	1,706	751	4,501	2,251
	67,363	76,600	213,602	230,072
(b) <u>Fee and commission expense:</u>				
Commissions expense	(327)	(340)	(814)	(1,061)
Brokerage fees expense	(2,078)	(2,826)	(7,208)	(9,118)
Guarantee fees expense	(43)	(93)	(223)	(459)
Cards related expense	(19,672)	(21,421)	(56,457)	(61,937)
	(22,120)	(24,680)	(64,702)	(72,575)
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at FVTPL	65	-	1,533	-
- Financial investments at FVOCI	(25)	-	1,544	-
- Financial assets held-for-trading	-	119	-	429
- Financial investments available-for-sale	-	-	-	3,680
- Derivative instruments	12,676	21,838	(6,339)	155,715
Marked-to-market revaluation of gain/(loss):				
- Financial assets at FVTPL	9,394	-	11,647	-
- Financial assets held-for-trading	-	1,848	-	4,768
- Derivative instruments	(17,206)	(24,701)	22,882	(121,536)
- Financial liabilities designated at fair value through profit or loss	6,899	14,491	5,194	18,564
Gross dividend income from:				
- Financial investment at FVTPL	279	-	1,299	-
- Financial investments available-for-sale	-	752	-	1,861
	12,082	14,347	37,760	63,481
(d) <u>Other income :</u>				
Foreign exchange gain	5,299	6,778	1,697	1,906
Loss on disposal of property, plant and equipment	-	(106)	-	(106)
Others	6,318	7,597	20,135	20,345
	11,617	14,269	21,832	22,145
Total other operating income	68,942	80,536	208,492	243,123

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A28 Other Operating Income (contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	17,020	21,563	62,109	67,513
Service charges and fees	7,834	8,355	23,181	23,610
Guarantee fees	3,575	4,018	11,211	11,836
Processing fees	2,694	3,597	6,231	7,140
Commitment fees	4,429	4,118	13,018	12,262
Cards related income	21,475	24,438	63,518	73,834
Other fee income	1,502	750	4,296	2,250
	58,529	66,839	183,564	198,445
(b) <u>Fee and commission expense:</u>				
Commissions expense	(327)	(346)	(814)	(1,067)
Brokerage fees expense	(1)	-	(6)	-
Guarantee fees expense	(43)	(93)	(223)	(459)
Cards related expense	(19,672)	(21,421)	(56,457)	(61,937)
	(20,043)	(21,860)	(57,500)	(63,463)
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at FVTPL	65	-	1,532	-
- Financial investments at FVOCI	(25)	-	986	-
- Financial assets held-for-trading	-	119	-	429
- Financial investments available-for-sale	-	-	-	2,987
- Derivative instruments	12,676	21,838	(6,339)	155,715
Marked-to-market revaluation gain/(loss) of:				
- Financial assets at FVTPL	5,821	-	7,803	-
- Financial assets held-for-trading	-	1,848	-	4,395
- Derivative instruments	(17,206)	(24,701)	22,882	(121,536)
- Financial liabilities designated at fair value through profit or loss	6,899	14,491	5,194	18,564
Gross dividend income from:				
- Financial investments at FVTPL	160	-	749	-
- Financial investments available-for-sale	-	632	-	1,311
- Subsidiaries	42,664	27,014	80,154	33,913
	51,054	41,241	112,961	95,778
(d) <u>Other income:</u>				
Foreign exchange gain	5,219	6,672	1,353	1,680
Rental income	160	170	498	511
Others	6,091	7,462	20,210	19,838
	11,470	14,304	22,061	22,029
Total other operating income	101,010	100,524	261,086	252,789

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A29 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	95,000	87,628	284,128	261,451
- Contribution to EPF	15,055	13,924	44,833	41,454
- Share options/grants under ESS	-	3	-	189
- Others	11,499	42,221	36,861	76,316
	121,554	143,776	365,822	379,410
Establishment costs				
- Depreciation of property, plant and equipment	6,118	5,121	17,576	15,599
- Amortisation of computer software	8,917	6,244	21,792	18,522
- Rental of premises	7,395	7,382	22,123	22,230
- Water and electricity	2,182	1,785	5,902	6,013
- Repairs and maintenance	1,994	2,302	7,261	7,196
- Information technology expenses	15,327	13,113	40,522	36,473
- Others	7,066	2,653	13,096	9,057
	48,999	38,600	128,272	115,090
Marketing expenses				
- Promotion and advertisement	3,612	1,628	9,257	4,951
- Branding and publicity	3,025	1,543	6,448	5,000
- Others	2,299	1,856	6,102	5,185
	8,936	5,027	21,807	15,136
Administration and general expenses				
- Communication expenses	1,916	2,134	8,844	7,309
- Printing and stationery	688	625	2,097	2,059
- Insurance	2,755	2,778	8,400	8,517
- Professional fees	4,839	6,815	15,663	19,463
- Others	7,083	15,542	20,577	34,906
	17,281	27,894	55,581	72,254
Total other operating expenses	196,770	215,297	571,482	581,890

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A29 Other Operating Expenses (contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
BANK				
Personnel costs				
- Salaries, allowances and bonuses	74,524	67,893	222,164	199,078
- Contribution to EPF	11,819	10,806	35,225	31,843
- Share options/grants under ESS	-	3	-	191
- Others	9,186	39,837	30,316	71,030
	95,529	118,539	287,705	302,142
Establishment costs				
- Depreciation of property, plant and equipment	5,973	4,930	17,057	15,045
- Amortisation of computer software	8,654	6,012	21,010	17,967
- Rental of premises	5,825	5,791	17,398	17,299
- Water and electricity	1,472	1,364	4,286	4,360
- Repairs and maintenance	1,415	1,828	5,393	5,613
- Information technology expenses	12,558	10,781	32,749	29,331
- Others	4,186	600	6,369	2,590
	40,083	31,306	104,262	92,205
Marketing expenses				
- Promotion and advertisement	3,128	1,512	8,128	4,477
- Branding and publicity	2,252	1,383	4,734	3,970
- Others	1,563	1,091	4,018	3,091
	6,943	3,986	16,880	11,538
Administration and general expenses				
- Communication expenses	1,263	1,541	6,672	5,220
- Printing and stationery	551	500	1,635	1,654
- Insurance	2,492	2,541	7,581	7,791
- Professional fees	3,415	5,394	11,847	15,392
- Others	5,560	12,127	14,893	27,153
	13,281	22,103	42,628	57,210
Total other operating expenses	155,836	175,934	451,475	463,095

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A30 Allowance for/(Write-back of) Credit Losses on Loans, Advances and Financing and Other Assets

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
GROUP				
Allowance for/(write-back of) credit losses on loans, advances and financing:				
(a) Individual assessment allowance				
- Made during the period	10,041	5,524	32,004	23,171
(b) Collective assessment allowance				
- Made/(write-back) during the period	16,830	(14,722)	72,197	37,480
(c) Bad debts on loans and financing				
- Recovered	(8,558)	(4,850)	(34,521)	(23,682)
- Written-off	10,568	5,110	27,285	15,880
(d) Allowance for/(write-back of) credit losses on commitments and contingencies	2,699	-	(8,820)	-
	31,580	(8,938)	88,145	52,849
Allowance for/(write-back of) credit losses on:				
- Amounts due from clients and brokers	(3)	5	9	5
- Other receivables	1,013	962	3,233	2,898
- Cash and short term funds	12	-	(488)	-
- Deposits and placements with banks and other financial institutions	30	-	30	-
	32,632	(7,971)	90,929	55,752

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
BANK				
Allowance for/(write-back of) credit losses on loans, advances and financing:				
(a) Individual assessment allowance				
- Made during the period	8,217	4,040	28,446	16,299
(b) Collective assessment allowance				
- Made/(write-back) during the period	10,150	(18,721)	39,970	3,120
(c) Bad debts on loans and financing				
- Recovered	(5,543)	(3,759)	(22,278)	(16,532)
- Written-off	6,651	2,535	16,651	7,992
(d) Allowance for credit losses on commitments and contingencies	3,621	-	2,974	-
	23,096	(15,905)	65,763	10,879
Allowance for/(write-back of) credit losses on:				
- Other receivables	633	857	2,079	2,312
- Cash and short term funds	12	-	(488)	-
- Deposits and placements with banks and other financial institutions	30	-	30	-
	23,771	(15,048)	67,384	13,191

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A31 Commitments and Contingencies

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

	GROUP		BANK	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	663,066	719,148	503,914	564,446
Transaction-related contingent items	748,673	739,535	673,443	651,896
Short-term self-liquidating trade-related contingencies	152,154	235,056	85,167	215,445
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,497,137	1,056,899	1,048,914	744,972
- maturity not exceeding one year	8,395,621	7,543,400	6,524,638	5,748,870
Unutilised credit card lines	1,635,036	1,750,064	1,635,036	1,750,064
	13,091,687	12,044,102	10,471,112	9,675,693
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,146,289	5,057,347	7,146,289	5,057,347
- over one year to three years	102,986	73,015	102,986	73,015
- over three years	12,408	17,385	12,408	17,385
Interest rate related contracts:				
- one year or less	1,965,320	1,206,130	1,965,320	1,206,130
- over one year to three years	1,748,634	1,990,360	1,748,634	1,990,360
- over three years	2,464,186	2,146,310	2,464,186	2,146,310
Equity related contracts				
- one year or less	76,399	38,825	76,399	38,825
- over one year to three years	23,170	67,660	23,170	67,660
	13,539,392	10,597,032	13,539,392	10,597,032
	26,631,079	22,641,134	24,010,504	20,272,725

A32 Segment Information

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards, wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprise ("SME"), Corporate and Commercial Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Corporate and Commercial Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Stockbroking and Corporate Advisory

Stockbroking and Corporate Advisory covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refer to mainly other business operations such as alternative distribution channels, trustee services and head office.

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A32 Segment information (contd.)

GROUP	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
3rd Quarter ended 31 December 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external income	123,145	81,980	55,378	3,597	65	264,165	(9,265)	254,900
- inter-segment	(32,777)	31,029	4,157	(2,409)	-	-	-	-
	90,368	113,009	59,535	1,188	65	264,165	(9,265)	254,900
Net income from Islamic banking business	37,691	29,765	15,364	-	291	83,111	11,448	94,559
Other operating income	18,947	41,716	2,506	6,341	(851)	68,659	283	68,942
Net income	147,006	184,490	77,405	7,529	(495)	415,935	2,466	418,401
Other operating expenses	(84,587)	(68,714)	(13,477)	(9,772)	(5,493)	(182,043)	308	(181,735)
Depreciation and amortisation	(6,992)	(5,732)	(1,987)	(286)	(38)	(15,035)	-	(15,035)
Operating profit/(loss)	55,427	110,044	61,941	(2,529)	(6,026)	218,857	2,774	221,631
(Allowance for)/write-back of credit losses on loans, advances and financing and other assets	(21,067)	(11,205)	2	(336)	(25)	(32,631)	(1)	(32,632)
Write-back of credit losses on financial investments	-	-	204	-	-	204	4	208
Segment result	34,360	98,839	62,147	(2,865)	(6,051)	186,430	2,777	189,207
Share of results of joint venture								29
Taxation								(40,304)
Net profit for the financial period								148,932
Segment assets	22,055,948	19,051,724	14,282,505	465,953	29,722	55,885,852	(2,167,869)	53,717,983
Reconciliation of segment assets to consolidated assets:								
Investment in associate								773
Investment in joint venture								73,606
Property, plant and equipment								80,448
Tax recoverable and deferred tax assets								426,023
Intangible assets								54,298,833
Total assets								

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A32 Segment information (contd.)

GROUP	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months ended 31 December 2018								
Net interest income								
- external income	352,775	248,208	160,239	11,165	321	772,708	(27,959)	744,749
- inter-segment	(97,803)	79,001	26,281	(7,479)	-	-	-	-
	254,972	327,209	186,520	3,686	321	772,708	(27,959)	744,749
Net income from Islamic banking business	102,606	84,406	43,456	-	291	230,759	34,659	265,418
Other operating income	65,653	128,152	(10,670)	22,258	18,008	223,401	(14,909)	208,492
Net income	423,231	539,767	219,306	25,944	18,620	1,226,868	(8,209)	1,218,659
Other operating expenses	(251,491)	(200,850)	(37,199)	(28,094)	(14,748)	(532,382)	268	(532,114)
Depreciation and amortisation	(19,154)	(14,736)	(4,466)	(959)	(53)	(39,368)	-	(39,368)
Operating profit/(loss)	152,586	324,181	177,641	(3,109)	3,819	655,118	(7,941)	647,177
(Allowance for)/write-back of credit losses on loans, advances and financing and other assets	(77,049)	(14,137)	386	(581)	451	(90,930)	1	(90,929)
Write-back of credit losses on financial investments	-	-	907	-	-	907	(132)	775
Segment result	75,537	310,044	178,934	(3,690)	4,270	565,095	(8,072)	557,023
Share of results of joint venture								81
Taxation								(131,283)
Net profit for the financial period								425,821
Segment assets	22,055,948	19,051,724	14,282,505	465,953	29,722	55,885,852	(2,167,869)	53,717,983
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								773
Property, plant and equipment								73,606
Tax recoverable and deferred tax assets								80,448
Intangible assets								426,023
Total assets								54,298,833

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A32 Segment information (contd.)

GROUP	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
3rd Quarter ended 31 December 2017								
Net interest income/(expense)								
- external income	102,297	80,070	50,442	3,355	317	236,481	(7,776)	228,705
- inter-segment	(24,970)	24,620	2,282	(1,932)	-	-	-	-
	<u>77,327</u>	<u>104,690</u>	<u>52,724</u>	<u>1,423</u>	<u>317</u>	<u>236,481</u>	<u>(7,776)</u>	<u>228,705</u>
Net income from Islamic banking business	28,265	23,535	14,016	-	-	65,816	12,947	78,763
Other operating income	30,542	43,535	152	7,212	6,330	87,771	(7,235)	80,536
Net income	<u>136,134</u>	<u>171,760</u>	<u>66,892</u>	<u>8,635</u>	<u>6,647</u>	<u>390,068</u>	<u>(2,064)</u>	<u>388,004</u>
Other operating expenses	(77,863)	(68,461)	(13,568)	(9,442)	(35,622)	(204,956)	1,024	(203,932)
Depreciation and amortisation	(6,666)	(3,758)	(611)	(329)	(1)	(11,365)	-	(11,365)
Operating profit	<u>51,605</u>	<u>99,541</u>	<u>52,713</u>	<u>(1,136)</u>	<u>(28,976)</u>	<u>173,747</u>	<u>(1,040)</u>	<u>172,707</u>
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(23,696)	31,727	(22)	(44)	6	7,971	-	7,971
Segment result	<u>27,909</u>	<u>131,268</u>	<u>52,691</u>	<u>(1,180)</u>	<u>(28,970)</u>	<u>181,718</u>	<u>(1,040)</u>	<u>180,678</u>
Share of results of joint venture								(4)
Taxation								<u>(58,120)</u>
Net profit for the financial period								<u><u>122,554</u></u>
Segment assets	<u>21,180,283</u>	<u>17,186,063</u>	<u>15,592,734</u>	<u>101,250</u>	<u>118,955</u>	<u>54,179,285</u>	<u>(2,332,806)</u>	<u>51,846,479</u>
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								647
Property, plant and equipment								70,650
Tax recoverable and deferred tax assets								15,523
Intangible assets								<u>397,206</u>
Total assets								<u><u>52,330,505</u></u>

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A32 Segment information (contd.)

GROUP	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Nine months ended 31 December 2017								
Net interest income/(expense)								
- external income	300,385	246,776	148,712	9,480	1,896	707,249	(16,725)	690,524
- inter-segment	(54,324)	61,064	(1,086)	(5,654)	-	-	-	-
	246,061	307,840	147,626	3,826	1,896	707,249	(16,725)	690,524
Net income from Islamic banking business	84,432	72,492	42,696	-	-	199,620	35,226	234,846
Other operating income	93,435	120,232	7,434	23,176	19,553	263,830	(20,707)	243,123
Net income	423,928	500,564	197,756	27,002	21,449	1,170,699	(2,206)	1,168,493
Other operating expenses	(228,334)	(194,697)	(36,924)	(28,383)	(63,520)	(551,858)	4,089	(547,769)
Depreciation and amortisation	(19,901)	(11,417)	(1,950)	(849)	(4)	(34,121)	-	(34,121)
Operating profit	175,693	294,450	158,882	(2,230)	(42,075)	584,720	1,883	586,603
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(66,751)	11,114	11	214	(340)	(55,752)	-	(55,752)
Segment result	108,942	305,564	158,893	(2,016)	(42,415)	528,968	1,883	530,851
Share of results of joint venture								(3)
Taxation								(150,491)
Net profit for the financial period								380,357
Segment assets	21,180,283	17,186,063	15,592,734	101,250	118,955	54,179,285	(2,332,806)	51,846,479
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								647
Property, plant and equipment								70,650
Tax recoverable and deferred tax assets								15,523
Intangible assets								397,206
Total assets								52,330,505

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A33 Capital Adequacy

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Bank and the Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

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

	GROUP		BANK	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
<u>Before deducting proposed dividends</u>				
CET I capital ratio	13.337%	13.695%	11.460%	11.680%
Tier I capital ratio	13.757%	14.123%	11.994%	12.217%
Total capital ratio	18.261%	18.638%	16.952%	17.122%
<u>After deducting proposed dividends</u>				
CET I capital ratio	13.337%	13.393%	11.460%	11.302%
Tier I capital ratio	13.757%	13.821%	11.994%	11.839%
Total capital ratio	18.261%	18.337%	16.952%	16.744%

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

	GROUP		BANK	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	3,565,487	3,510,283	2,882,653	2,866,142
Regulatory reserves	185,935	-	168,419	-
Revaluation reserves	13,881	114,987	8,483	74,907
Capital reserves	100,150	100,150	95,515	95,515
	5,413,559	5,273,526	4,703,176	4,584,670
Less: Regulatory adjustment				
- Goodwill and other intangibles	(426,023)	(409,402)	(309,897)	(292,981)
- Deferred tax assets	(44,211)	(22,664)	(26,415)	(9,223)
- 55% of revaluation reserves	(7,635)	(63,243)	(4,666)	(41,199)
- Regulatory reserves	(185,935)	-	(168,419)	-
- Investment in subsidiaries, associate and joint venture	(773)	(693)	(989,102)	(989,102)
Total CET I Capital/Total Tier I Capital	4,748,982	4,777,524	3,204,677	3,252,165
Additional Tier 1 Capital Securities	149,778	149,293	149,410	149,316
Total Additional Tier 1 Capital	149,778	149,293	149,410	149,316
Total Tier I Capital	4,898,760	4,926,817	3,354,087	3,401,481

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A33 Capital Adequacy (Contd.)

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
<u>Tier II Capital</u>				
Subordinated obligations	1,199,517	1,199,675	1,199,286	1,199,062
Collective assessment allowance and regulatory reserves	404,252	375,710	316,945	296,765
Less: Regulatory adjustment - Investment in Tier 2 capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	1,603,769	1,575,385	1,386,231	1,365,827
Total Capital	6,502,529	6,502,202	4,740,318	4,767,308

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Credit risk	32,340,112	31,973,585	25,355,633	25,299,261
Market risk	316,785	110,857	316,785	110,389
Operational risk	2,951,027	2,801,473	2,291,154	2,433,159
Total RWA and capital requirements	35,607,924	34,885,915	27,963,572	27,842,809

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
31 December 2018		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.632%	93.920%
Tier I capital ratio	11.632%	93.920%
Total capital ratio	14.522%	94.912%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.632%	93.920%
Tier I capital ratio	11.632%	93.920%
Total capital ratio	14.522%	94.912%
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%

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A34 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

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

(i) Financial instruments in Level 1

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

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes, repurchase agreements and most of the Group and the Bank's derivatives.

(iii) Financial instruments in Level 3

The Group and the Bank classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

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A34 Fair Value Measurements (contd.)**(b) Financial instruments measured at fair value and the fair value hierarchy**

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2018	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Unquoted securities	-	1,929	187,517	189,446
Financial investments at FVOCI				
- Money market instruments	-	4,865,547	-	4,865,547
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	4,184,874	-	4,184,874
Derivative financial assets	-	70,395	-	70,395
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	756,072	-	756,072
Derivative financial liabilities	-	79,579	-	79,579
<u>BANK</u>				
31 December 2018	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Unquoted securities	-	1,929	126,733	128,662
Financial investments at FVOCI				
- Money market instruments	-	4,169,315	-	4,169,315
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	2,380,873	-	2,380,873
Derivative financial assets	-	70,395	-	70,395
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	756,072	-	756,072
Derivative financial liabilities	-	79,579	-	79,579

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A34 Fair Value Measurements (contd.)**(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)**

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (contd.):

<u>GROUP</u> 31 March 2018	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	40,905	-	40,905
- Unquoted securities	-	22,845	-	22,845
Financial investments available-for-sale				
- Money market instruments	-	4,289,730	-	4,289,730
- Quoted securities in Malaysia	10	-	-	10
- Unquoted securities	-	4,036,603	178,846	4,215,449
Derivative financial assets	-	84,455	-	84,455
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	682,238	-	682,238
Derivative financial liabilities	-	154,686	-	154,686
<u>BANK</u>				
31 March 2018	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	25,926	-	25,926
- Unquoted securities	-	22,845	-	22,845
Financial investments available-for-sale				
- Money market instruments	-	3,970,261	-	3,970,261
- Quoted securities in Malaysia	10	-	-	10
- Unquoted securities	-	2,314,543	121,634	2,436,177
Derivative financial assets	-	84,455	-	84,455
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	682,238	-	682,238
Derivative financial liabilities	-	154,686	-	154,686

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A34 Fair Value Measurements (contd.)**(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)**

Reconciliation of movements in Level 3 financial instruments:

	<u>GROUP</u>		<u>BANK</u>	
	31 December	31 March	31 December	31 March
	2018	2018	2018	2018
	RM'000	RM'000	RM'000	RM'000
At beginning of financial period/year	178,846	170,239	121,634	111,377
Disposal	-	(4,970)	-	-
Partial distribution on liquidating shares	(195)	-	(195)	-
Total gains/(losses) recognised in:				
- Other comprehensive income				
(i) Revaluation reserves	-	13,607	-	10,257
- Statement of income				
(i) Revaluation gain	8,866	-	5,294	-
(ii) Loss arising from sales of financial investments available-for-sales	-	(30)	-	-
At end of financial period/year	187,517	178,846	126,733	121,634

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Group's and the Bank's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

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A35 Offsetting Financial Assets And Financial Liabilities

In accordance with MFRS 132 Financial Instruments: Presentation, the Group and the Bank reports financial assets and financial liabilities on a net basis on the statement of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- (i) all financial assets and liabilities that are reported net on the statement of financial position; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statement of financial position netting.

(a) Financial assets

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Amount
	RM'000	RM'000	RM'000	Financial Instruments	Cash collateral received	RM'000
GROUP						
December 2018						
Derivative financial assets	70,395	-	70,395	(17,056)	(60)	53,279
Amounts due from clients and brokers	123,797	(28,474)	95,323	-	-	95,323
	<u>194,192</u>	<u>(28,474)</u>	<u>165,718</u>	<u>(17,056)</u>	<u>(60)</u>	<u>148,602</u>
BANK						
December 2018						
Derivative financial assets	70,395	-	70,395	(17,056)	(60)	53,279
GROUP						
March 2018						
Derivative financial assets	84,455	-	84,455	(6,271)	(32,751)	45,433
Amounts due from clients and brokers	188,129	(86,824)	101,305	-	-	101,305
Total	<u>272,584</u>	<u>(86,824)</u>	<u>185,760</u>	<u>(6,271)</u>	<u>(32,751)</u>	<u>146,738</u>
BANK						
March 2018						
Derivative financial assets	84,455	-	84,455	(6,271)	(32,751)	45,433

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A35 Offsetting Financial Assets And Financial Liabilities (Contd.)**(b) Financial liabilities**

	Gross amounts of recognised financial liabilities set off in the statement of financial position RM'000	Gross amounts of recognised financial assets presented in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
GROUP						
December 2018						
Derivative financial liabilities	79,579	-	79,579	(17,056)	35,005	97,528
Amounts due to clients and brokers	100,644	(28,474)	72,170	-	-	72,170
Total	180,223	(28,474)	151,749	(17,056)	35,005	169,698
BANK						
December 2018						
Derivative financial liabilities	79,579	-	79,579	(17,056)	35,005	97,528
GROUP						
March 2018						
Derivative financial liabilities	154,686	-	154,686	(6,271)	(36,901)	111,514
Amounts due to clients and brokers	161,927	(86,824)	75,103	-	-	75,103
Total	316,613	(86,824)	229,789	(6,271)	(36,901)	186,617
BANK						
March 2018						
Derivative financial liabilities	154,686	-	154,686	(6,271)	(36,901)	111,514

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

A36 Changes in Accounting Policy

(a) Adoption of MFRS 9

With effective from the financial year beginning on or after 1 April 2018, the Group and the Bank adopt MFRS 9 "Financial Instruments", replacing MFRS 139 "Financial Instruments: Recognition and Measurement", and includes requirements for classification and measurement for financial asset and liabilities and impairment of financial assets.

(i) Classification and Measurement

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

The combined application of the entity's business model and cash flow characteristics of the financial assets do not result in the significant change in the classification of financial asset other than the unquoted equity instruments which was previously classified as available-for-sale, is now reclassified to financial assets at FVTPL. The reclassification has resulted in an increase of RM143,184,000 and RM86,972,000 in the Group's and the Bank's opening retained profits respectively due to the transfer of related fair value gains from financial instruments available-for-sale revaluation reserves to retained earnings.

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

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

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

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

A36 Changes in Accounting Policy (Contd.)

(a) Adoption of MFRS 9 (Contd.)

(ii) Impairment of Financial Assets

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

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

Under MFRS 9, impairment will be measured on each reporting date according to a three-stage expected credit loss impairment model:

- i) Stage 1 – from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL).
- ii) Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset (Lifetime ECL).
- iii) Stage 3 – when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL).

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

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

A36 Changes in Accounting Policy (Contd.)

(a) Adoption of MFRS 9 (Contd.)

(iii) Impact on Adoption of MFRS 9

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<u>GROUP</u>	Original classification under MFRS 139	New classification under MFRS 9	MFRS 139 carrying amount 31 March 2018 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	MFRS 9 carrying amount 1 April 2018 RM'000
ASSETS						
Cash and short-term funds	Receivables	Amortised Cost	2,768,758	-	(501)	2,768,257
Deposits and placements with banks and other financial institutions	Receivables	Amortised Cost	77,283	-	-	77,283
Amounts due from clients and brokers	Receivables	Amortised Cost	101,305	-	-	101,305
Financial investments at FVTPL	HFT	FVTPL	-	242,596	-	242,596
Financial investments at FVOCI	AFS	FVOCI	-	8,335,752	-	8,335,752
Financial investments at amortised cost	HTM	Amortised Cost	-	307,805	(14,193)	293,612
Financial assets held-for-trading ("HFT")	HFT	FVTPL	63,750	(63,750)	-	-
Financial investments available-for-sale ("AFS")	AFS	FVOCI	8,505,189	(8,514,598)	9,409	-
- <i>Debt instrument</i>	AFS	FVOCI	8,326,333	(8,335,742)	9,409	-
- <i>Quoted equity instrument</i>	AFS	FVOCI	10	(10)	-	-
- <i>Unquoted equity instrument</i>	AFS	FVTPL	178,846	(178,846)	-	-
Financial investments held-to-maturity ("HTM")	HTM	Amortised Cost	293,612	(307,805)	14,193	-
Derivative financial assets	FVTPL	FVTPL	84,455	-	-	84,455
Loans, advances and financing	Loans and receivables	Amortised Cost	39,989,515	(19,592)	(82,952)	39,886,971
Other assets	Receivables	Amortised Cost	105,728	-	-	105,728
Tax recoverable			2,004	-	13,050	15,054
Statutory deposits	Receivables	Amortised Cost	1,408,316	-	-	1,408,316
Investment in joint venture			693	-	-	693
Property, plant and equipment			69,373	-	-	69,373
Deferred tax assets			22,664	22,457	-	45,121
Intangible assets			409,402	-	-	409,402
TOTAL ASSETS			53,902,047	2,865	(60,994)	53,843,918

A36 Changes in Accounting Policy (Contd.)

(a) Adoption of MFRS 9 (Contd.)

(iii) Impact on Adoption of MFRS 9 (Contd.)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

<u>GROUP</u>	Original classification under MFRS 139	New classification under MFRS 9	MFRS 139 carrying amount 31 March 2018 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	MFRS 9 carrying amount 1 April 2018 RM'000
LIABILITIES AND EQUITY						
Deposits from customers	Amortised Cost	Amortised Cost	42,740,460	-	-	42,740,460
Deposits and placements of banks and other financial institutions	Amortised Cost	Amortised Cost	873,871	-	-	873,871
Financial liabilities designated at fair value through profit or loss	FVTPL	FVTPL	682,238	-	-	682,238
Amounts due to clients and brokers	Amortised Cost	Amortised Cost	75,103	-	-	75,103
Derivative financial liabilities			154,686	-	-	154,686
Recourse obligations on loans and financing sold to Cagamas	Amortised Cost	Amortised Cost	1,102,363	-	-	1,102,363
Other liabilities			1,399,302	-	43,957	1,443,259
Provision for taxation			22,661	(4,702)	(17,959)	-
Provision for zakat			252	-	-	252
Deferred tax liabilities			11,907	(11,907)	-	-
Subordinated obligations	Amortised Cost	Amortised Cost	1,379,614	-	-	1,379,614
TOTAL LIABILITIES			48,442,457	(16,609)	25,998	48,451,846
Share capital			1,548,106	-	-	1,548,106
Reserves			3,911,484	19,474	(86,992)	3,843,966
- Regulatory reserve			186,064	-	(17,330)	168,734
- FVOCI reserve			-	6,167	10,756	16,923
- Revaluation reserve			114,987	(114,987)	-	-
- Retained profits			3,510,283	128,294	(80,418)	3,558,159
- Capital reserve			100,150	-	-	100,150
TOTAL EQUITY			5,459,590	19,474	(86,992)	5,392,072
TOTAL LIABILITIES AND EQUITY			53,902,047	2,865	(60,994)	53,843,918

A36 Changes in Accounting Policy (Contd.)

(a) Adoption of MFRS 9 (Contd.)

(iii) Impact on Adoption of MFRS 9 (Contd.)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

<u>BANK</u>	Original classification under MFRS 139	New classification under MFRS 9	MFRS 139 carrying amount 31 March 2018 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	MFRS 9 carrying amount 1 April 2018 RM'000
ASSETS						
Cash and short-term funds	Receivables	Amortised Cost	1,715,961	-	(501)	1,715,460
Deposits and placements with banks and other financial institutions	Receivables	Amortised Cost	77,283	-	-	77,283
Financial investments at FVTPL	HFT	FVTPL	-	170,405	-	170,405
Financial investments at FVOCI	AFS	FVOCI	-	6,284,814	-	6,284,814
Financial investments at amortised cost	HTM	Amortised Cost	-	345,997	(1,719)	344,278
Financial assets held-for-trading	HFT	FVTPL	48,771	(48,771)	-	-
Financial investments available-for-sale	AFS	FVOCI	6,406,448	(6,406,448)	-	-
- Debt instrument	AFS	FVOCI	6,284,804	(6,284,804)	-	-
- Quoted equity instrument	AFS	FVOCI	10	(10)	-	-
- Unquoted equity instrument	AFS	FVTPL	121,634	(121,634)	-	-
Financial investments held-to-maturity	HTM	Amortised Cost	344,703	(345,997)	1,294	-
Derivative financial assets	FVTPL	FVTPL	84,455	-	-	84,455
Loans, advances and financing	Loans and receivables	Amortised Cost	31,546,564	6,557	(48,118)	31,505,003
Other assets	Receivables	Amortised Cost	140,727	-	-	140,727
Statutory deposits	Receivables	Amortised Cost	1,092,566	-	-	1,092,566
Investment in joint venture			989,102	-	-	989,102
Property, plant and equipment			67,834	-	-	67,834
Deferred tax assets			9,223	20,873	-	30,096
Intangible assets			292,981	-	-	292,981
TOTAL ASSETS			42,816,618	27,430	(49,044)	42,795,004

A36 Changes in Accounting Policy (Contd.)

(a) Adoption of MFRS 9 (Contd.)

(iii) Impact on Adoption of MFRS 9 (Contd.)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

<u>BANK</u>	Original classification under MFRS 139	New classification under MFRS 9	MFRS 139 carrying amount 31 March 2018 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	MFRS 9 carrying amount 1 April 2018 RM'000
LIABILITIES AND EQUITY						
Deposits from customers	Amortised Cost	Amortised Cost	33,508,370	-	-	33,508,370
Deposits and placements of banks and other financial institutions	Amortised Cost	Amortised Cost	439,238	-	-	439,238
Financial liabilities designated at fair value through profit or loss	FVTPL	FVTPL	682,238	-	-	682,238
Derivative financial liabilities			154,686	-	-	154,686
Recourse obligations on loans and financing sold to Cagamas	Amortised Cost	Amortised Cost	601,696	-	-	601,696
Other liabilities			1,283,477	-	27,248	1,310,725
Provision for taxation			23,190	1,574	(18,555)	6,209
Subordinated obligations	Amortised Cost	Amortised Cost	1,379,024	-	-	1,379,024
TOTAL LIABILITIES			38,071,919	1,574	8,693	38,082,186
Share capital			1,548,106	-	-	1,548,106
Reserves			3,196,593	25,856	(57,737)	3,164,712
- Regulatory reserve			160,029	-	327	160,356
- FVOCI reserve			-	8,808	1,006	9,814
- Revaluation reserve			74,907	(74,907)	-	-
- Retained profits			2,866,142	91,955	(59,070)	2,899,027
- Capital reserve			95,515	-	-	95,515
TOTAL EQUITY			4,744,699	25,856	(57,737)	4,712,818
TOTAL LIABILITIES AND EQUITY			42,816,618	27,430	(49,044)	42,795,004

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A36 Changes in Accounting Policy (Contd.)**(b) Adoption of MFRS 15**

Effective from the financial year beginning on or after 1 April 2018, the Group and the Bank adopt MFRS 15 "Revenue from Contracts with Customers" which replaces MFRS 118 "Revenue" and MFRS 111 "Construction Contracts" and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

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

Key provisions of the new standard are as follows:

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

The adoption of MFRS 15 has resulted in a decrease of RM15,500,000 in the Group's and the Bank's opening retained profits.

Impact of adoption of MFRS as below:

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**GROUP**

	31 March 2018 RM'000	Adoption of MFRS 15 RM'000	1 April 2018 RM'000
Other liabilities	1,399,302	15,500	1,414,802
Retained profits	3,510,283	(15,500)	3,494,783

BANK

	31 March 2018 RM'000	Adoption of MFRS 15 RM'000	1 April 2018 RM'000
Other liabilities	1,283,477	15,500	1,298,977
Retained profits	2,866,142	(15,500)	2,850,642

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

B1 Financial Review for Financial Quarter and Financial Year to Date

GROUP

	3rd Quarter Ended 31 December 2018 RM'000	3rd Quarter Ended 31 December 2017 RM'000	Changes %
Net income/revenue	418,401	388,004	7.8
Operating profit before allowance	221,631	172,707	28.3
Operating profit after allowance	189,207	180,678	4.7
Profit before tax	189,236	180,674	4.7
Profit after tax	148,932	122,554	21.5
Profit attributable to ordinary equity holders of the Bank	148,932	122,554	21.5
	Nine Months Ended 31 December 2018 RM'000	Nine Months Ended 31 December 2017 RM'000	Changes %
Net income/revenue	1,218,659	1,168,493	4.3
Operating profit before allowance	647,177	586,603	10.3
Operating profit after allowance	557,023	530,851	4.9
Profit before tax	557,104	530,848	4.9
Profit after tax	425,821	380,357	12.0
Profit attributable to ordinary equity holders of the Bank	425,821	380,357	12.0
	3rd Quarter Ended 31 December 2018 RM'000	2nd Quarter Ended 30 September 2018 RM'000	Changes %
Net income/revenue	418,401	399,186	4.8
Operating profit before allowance	221,631	207,654	6.7
Operating profit after allowance	189,207	186,776	1.3
Profit before tax	189,236	186,808	1.3
Profit after tax	148,932	140,522	6.0
Profit attributable to ordinary equity holders of the Bank	148,932	140,522	6.0

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

BANK

	3rd Quarter Ended 31 December 2018 RM'000	3rd Quarter Ended 31 December 2017 RM'000	Changes %
Net income/revenue	356,545	328,451	8.6
Operating profit before allowance	200,709	152,517	31.6
Operating profit after allowance	177,088	167,565	5.7
Profit before tax	177,088	167,565	5.7
Profit after tax	148,613	119,121	24.8
Profit attributable to ordinary equity holders of the Bank	148,613	119,121	24.8
	Nine Months Ended 31 December 2018 RM'000	Nine Months Ended 31 December 2017 RM'000	Changes %
Net income/revenue	1,008,820	949,424	6.3
Operating profit before allowance	557,345	486,329	14.6
Operating profit after allowance	490,712	473,138	3.7
Profit before tax	490,712	473,138	3.7
Profit after tax	392,662	346,677	13.3
Profit attributable to ordinary equity holders of the Bank	392,662	346,677	13.3
	3rd Quarter Ended 31 December 2018 RM'000	2nd Quarter Ended 30 September 2018 RM'000	Changes %
Net income/revenue	356,545	305,007	16.9
Operating profit before allowance	200,709	151,170	32.8
Operating profit after allowance	177,088	141,915	24.8
Profit before tax	177,088	141,915	24.8
Profit after tax	148,613	106,277	39.8
Profit attributable to ordinary equity holders of the Bank	148,613	106,277	39.8

B2 Review Of Performance

Review of Performance for the Third Quarter Ended 31 December 2018

The Group recorded a Net Profit After Taxation of RM425.8 million for the 9 months ended 31 December 2018, representing an increase of RM45.5 million or 12.0% compared to the corresponding period last year.

The Group's net income grew by RM50.2 million or 4.3% due to a year on year expansion of total gross loans/financing by RM2.3 billion. The Net Interest Margin recorded at 248bps from 236bps last corresponding period.

Other operating income including Islamic Banking income was recorded at RM228.5 million.

Operating expenses improved by RM10.4 million or 1.8%. Cost to income ratio was recorded at 46.9%.

Gross loans, financing and advances for the 9 months grew by 2.7% to RM41.4 billion.

Gross impaired loans ratio was maintained at 1.3%. Loan loss coverage ratio including regulatory reserves was at 125.9%. Annualised credit cost was recorded at 30bps.

The Current Account/Savings Account ratio was at 38.1%. Loans-to-deposits ratio stood at 97.2% as at 31 December 2018, while loan-to-fund ratio stood at 87.9%.

The Group's total capital ratio stood at 18.3%, with a Common Equity Tier 1 Capital ratio of 13.3% and Tier 1 Capital ratio at 13.8% as at 31 December 2018.

Performance by business segment:

The Group businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Stockbroking and Corporate Advisory Services. Please refer to Note A32 on Segment Information for the composition of each business segment.

Consumer Banking profit before tax stood at RM75.5 million, which was RM33.4 million or 30.7% lower than last corresponding period. Net income was lower by RM0.7 million or 0.2%, however net interest income was higher by RM23.3 million or 7.1%, mainly contributed by Alliance One Account (AOA). Operating expenses were higher by RM22.4 million or 9.0% compared to the last corresponding period, mainly due to expansion of AOA. Allowance for expected credit losses on loans, advances and financing was higher by RM10.3 million or 15.4%. Segment assets was RM0.9 billion or 4.1% higher.

Business Banking profit before tax stood at RM310.0 million, which was RM4.5 million or 1.5% higher than last corresponding period. The net income was higher by RM39.2 million or 7.8%, while operating expenses increased by RM9.5 million or 4.6%. Allowance for expected credit losses on loans, advances and financing was higher by RM25.3 million mainly due to a one-off credit cost adjustment in the previous corresponding period. Segment assets registered growth of RM1.9 billion or 10.9%.

Financial Markets profit before tax stood at RM178.9 million, which was RM20.0 million or 12.6% higher than the last corresponding period. The net income was higher by RM21.6 million or 10.9%, while operating expenses increase by RM2.8 million or 7.2%. Segment assets registered at RM14.3 billion.

Stockbroking and Corporate Advisory Services recorded a loss before tax of RM3.7 million.

B3 Review Of Performance

Current Quarter vs Previous Year Corresponding Quarter

The Group recorded a Net Profit After Taxation of RM148.9 million for the third quarter ended 31 December 2018, representing an increase of 21.5% or RM26.4 million from the corresponding quarter.

Key performance highlights:

- Net income grew by 7.8% or RM30.4 million mainly from net interest income;
- Net Interest Margin recorded at 256bps, which was 18bps higher than the corresponding quarter;
- Other operating income was recorded at RM76.2 million;
- Operating expense was better off by 8.6% or RM18.5 million, cost to income ratio improved by 8.5% to 47.0%; and
- Expected credit loss was recorded at RM32.6 million.

Comparison with Immediate Preceding Quarter

The Group recorded a Net Profit After Taxation of RM148.9 million for the third quarter ended 31 December 2018, representing an increase of 6.0% or RM8.4 million from the preceding quarter.

Key performance highlights:

- Net income grew by 4.8% or RM19.2 million mainly from net interest income and other operating income;
- Net Interest Margin was recorded at 256bps, which was 11bps higher than the preceding quarter;
- Other operating income increased by 6.7% or RM4.8 million;
- Operating expense increased by 2.7% or RM5.2 million; and
- Expected credit loss was higher by 55.2% or RM11.6 million.

B4 Prospect for the Current Financial Period

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

In Financial Year (“FY”) 2019, we will continue to scale up for growth in our core businesses i.e. consumer lending and SME Banking. For these businesses, we will drive productivity and increase our sales capacity to accelerate loan growth, aiming to outpace industry growth. We will also enhance our leads generation and sales management through better customer and market analytics.

In addition, Alliance@Work (our bank-at-work program) will continue to be an important acquisition channel to garner consumer CASA and business CASA (via company payroll and online cash management).

We have been digitizing key in-branch processes to deliver enhanced customer experience and to improve the efficiency of our operations.

These efforts are aligned to our brand promise to use innovation to bring fast, simple, and responsive solutions that meet our customers’ needs.

Growing downside risk is weighing on Malaysia’s economic outlook. First, moderation of global economic growth suppresses our external trade. Second, the ongoing trade dispute between US and China is causing volatility in Malaysia’s financial and commodity markets. Lastly, the increased reliance on oil-related revenue amid commodity prices fluctuations and the high level of domestic public sector debt is dampening growth outlook.

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B4 Prospect for the Current Financial Period (Contd.)

Domestically, we expect private consumption to remain as the main driver for growth, supported by stable labour market conditions, Bantuan Sara Hidup cash transfer initiatives and tax refunds to corporates and individuals.

Investment wise, we expect private sector investment on manufacturing and commodity related sectors to remain robust, however external risks persisted. On public spending, we foresee lower capital expenditure, in-line with government's ongoing expenditure rationalization program such as cancellation or postponement of several mega projects.

Furthermore, the new government is taking bold initiatives and structural reforms to strengthen public sector governance, efficiency as well as emphasizing on transparency to gain investor confidence as well as to pursue more sustainable growth.

Notwithstanding the challenging economic outlook, we expect the Group's FY19 profitability growth to remain on track.

B5 Profit Forecast

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

B6 Taxation

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
GROUP				
Taxation				
- Income tax	48,789	55,994	133,122	145,556
- Over provision in prior financial period	(4,172)	(1,438)	(4,884)	(615)
- Deferred tax	(4,313)	3,564	3,045	5,550
	40,304	58,120	131,283	150,491

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
BANK				
Taxation				
- Income tax	38,537	46,200	98,653	120,758
- Over provision in prior financial period	(4,388)	952	(4,388)	934
- Deferred tax	(5,674)	1,292	3,785	4,769
	28,475	48,444	98,050	126,461

The Group's and the Bank's effective tax rate for the third financial quarter and nine months ended 31 December 2018 was lower than the current statutory tax rate of 24% due to certain income are not subjected to tax.

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B7 Profit/(Loss) on Sale of Unquoted Investments or Properties

There was no material profit/(loss) on sale of unquoted investments or properties for third financial quarter and nine months ended 31 December 2018 other than in the ordinary course of business.

B8 Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the third financial quarter and nine months ended 31 December 2018 other than Investments held by the Group and the Bank whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia ("BNM").

B9 Status of Corporate Proposals

There were no corporate proposal announced but not completed as at financial report date.

B10 Deposits from Customers, Deposits and Placements of Banks and Other Financial Institutions and Debts Securities

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
(a) Deposits from customers				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	25,870,276	25,606,068	20,074,452	19,405,345
- More than one year (medium/long term)	512,883	1,180,642	217,736	881,620
	<u>26,383,159</u>	<u>26,786,710</u>	<u>20,292,188</u>	<u>20,286,965</u>
Others	16,235,264	15,953,750	13,055,687	13,221,405
	<u>42,618,423</u>	<u>42,740,460</u>	<u>33,347,875</u>	<u>33,508,370</u>
(b) Deposits and placements of banks and other financial institutions				
- One year or less (short term)	580,831	302,397	89,569	105,366
- More than one year (medium/long term)	575,009	571,474	331,157	333,872
	<u>1,155,840</u>	<u>873,871</u>	<u>420,726</u>	<u>439,238</u>
(c) Subordinated obligations				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	1,209,243	1,226,622	1,209,010	1,226,009
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	151,164	152,992	150,797	153,015
	<u>1,360,407</u>	<u>1,379,614</u>	<u>1,359,807</u>	<u>1,379,024</u>

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B11 Derivative Financial Assets/(Liabilities)

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

GROUP/BANK	As at 31 December 2018			As at 31 March 2018		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,360,772	19,713	(7,730)	1,450,035	8,365	(84,502)
- over one year to three years	102,986	-	(3,817)	73,015	-	(8,573)
- over three years	12,408	-	(1,295)	17,385	-	(2,987)
Currency swaps						
- one year or less	5,330,627	19,400	(21,210)	3,240,897	47,110	(13,774)
Currency spots						
- one year or less	358,254	542	(924)	167,965	245	(185)
Currency options						
- one year or less	96,636	483	(152)	198,450	1,449	(1,616)
	7,261,683	40,138	(35,128)	5,147,747	57,169	(111,637)
Interest rate derivatives						
Interest rate swap						
- one year or less	6,178,140	30,019	(23,566)	5,342,800	26,882	(26,667)
- over one year to three years	1,965,320	2,253	(1,556)	1,206,130	1,057	(1,421)
- over three years	1,748,634	4,034	(2,785)	1,990,360	7,504	(5,729)
	2,464,186	23,732	(19,225)	2,146,310	18,321	(19,517)
Equity related derivatives						
- one year or less	76,399	96	(19,116)	38,825	404	(4,745)
- over one year to three years	23,170	142	(1,769)	67,660	-	(11,637)
Total derivatives assets/(liabilities)	13,539,392	70,395	(79,579)	10,597,032	84,455	(154,686)

(i) The Group's and the Bank's derivative are subject to credit risk, market risk and liquidity risk as follow:

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the counterparties to fulfil their contractual obligations to settle commitments. Exposure to credit risk may be categorised as primary or secondary. This exposure is monitored on an on-going basis against predetermined counterparty limits. As at 31 December 2018, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM70,395,000 (31 March 2018: RM84,455,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

- (i) The Group's and the Bank's derivative are subject to credit risk, market risk and liquidity risk as follow (contd.):

Market Risk

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

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

Liquidity Risk

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

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

- (ii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Group's and the Bank's credit ratings. As at 31 December 2018, the Group and the Bank had posted cash collateral of RM35,005,000 (31 March 2018: RM36,901,000) on their derivative contracts.

- (iii) Related accounting policies

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

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

- (iv) There have been no changes since the end of the previous financial year in respect of the following:

- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- (b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- (c) the related accounting policies.

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2018.

B12 Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank for the third financial quarter and nine months ended 31 December 2018.

B13 Dividend Declared

No dividend has been declared during the third financial quarter and nine months ended 31 December 2018.

B14 Earnings Per Share

(a) Basic

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

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	148,932	122,554	425,821	380,357
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Shares held for ESS ('000)	-	(10,121)	-	(10,121)
	1,548,106	1,537,985	1,548,106	1,537,985
Basic earnings per share (sen)	9.6	8.0	27.5	24.7

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
<u>BANK</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	148,613	119,121	392,662	346,677
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,492,550
Basic earnings per share (sen)	9.6	7.7	25.4	23.2

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B14 Earnings Per Share (contd.)

(b) Diluted

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<u>148,932</u>	<u>122,554</u>	<u>425,821</u>	<u>380,357</u>
Weighted average numbers of ordinary shares in issue ('000)	<u>1,548,106</u>	1,548,106	<u>1,548,106</u>	1,548,106
Shares held for ESS ('000)	<u>-</u>	(10,121)	<u>-</u>	(10,121)
	<u>1,548,106</u>	<u>1,537,985</u>	<u>1,548,106</u>	<u>1,537,985</u>
Diluted earnings per share (sen)	<u>9.6</u>	<u>8.0</u>	<u>27.5</u>	<u>24.7</u>

	3rd Quarter Ended		Nine Months Ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<u>BANK</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<u>148,613</u>	<u>119,121</u>	<u>392,662</u>	<u>346,677</u>
Weighted average numbers of ordinary shares in issue ('000)	<u>1,548,106</u>	1,548,106	<u>1,548,106</u>	1,492,550
Diluted earnings per share (sen)	<u>9.6</u>	<u>7.7</u>	<u>25.4</u>	<u>23.2</u>

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary
Kuala Lumpur
28 February 2019