

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Financial Position as at 31 March 2019**

		<b>GROUP</b>		<b>BANK</b>	
		<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>					
Cash and short-term funds		<b>1,804,734</b>	2,768,758	<b>1,571,995</b>	1,715,961
Deposits and placements with banks and other financial institutions		<b>500</b>	77,283	-	77,283
Amounts due from clients and brokers	A11	<b>77,008</b>	101,305	-	-
Financial assets at fair value through profit or loss	A12	<b>230,440</b>	-	<b>169,656</b>	-
Financial investments at fair value through other comprehensive income	A13	<b>9,478,462</b>	-	<b>6,852,866</b>	-
Financial investments at amortised cost	A14	<b>235,720</b>	-	<b>311,930</b>	-
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	B10	<b>55,442</b>	84,455	<b>55,442</b>	84,455
Loans, advances and financing	A18	<b>42,320,301</b>	39,989,515	<b>32,622,976</b>	31,546,564
Other assets	A19	<b>199,138</b>	141,949	<b>320,794</b>	176,948
Tax recoverable		<b>20,282</b>	2,004	<b>5,501</b>	-
Statutory deposits		<b>1,521,592</b>	1,408,316	<b>1,142,108</b>	1,092,566
Investments in subsidiaries		-	-	<b>989,102</b>	989,102
Investment in joint venture		<b>802</b>	693	-	-
Property, plant and equipment		<b>70,497</b>	69,373	<b>69,178</b>	67,834
Deferred tax assets		<b>72,972</b>	22,664	<b>50,116</b>	9,223
Intangible assets		<b>432,961</b>	409,402	<b>323,804</b>	292,981
<b>TOTAL ASSETS</b>		<b>56,520,851</b>	<b>53,938,268</b>	<b>44,485,468</b>	<b>42,852,839</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A20	<b>45,017,632</b>	42,740,460	<b>34,982,862</b>	33,508,370
Deposits and placements of banks and other financial institutions	A21	<b>858,708</b>	873,871	<b>344,835</b>	439,238
Financial liabilities designated at fair value through profit or loss	A22	<b>778,423</b>	682,238	<b>778,423</b>	682,238
Amounts due to clients and brokers	A23	<b>51,164</b>	75,103	-	-
Derivative financial liabilities	B10	<b>57,545</b>	154,686	<b>57,545</b>	154,686
Recourse obligations on loans and financing sold to Cagamas		<b>800,669</b>	1,102,363	<b>300,076</b>	601,696
Other liabilities	A24	<b>1,740,797</b>	1,435,523	<b>1,572,308</b>	1,319,698
Provision for taxation		-	22,661	-	23,190
Provision for zakat		<b>686</b>	252	-	-
Deferred tax liabilities		<b>2,163</b>	11,907	-	-
Subordinated obligations		<b>1,480,222</b>	1,379,614	<b>1,479,580</b>	1,379,024
<b>TOTAL LIABILITIES</b>		<b>50,788,009</b>	<b>48,478,678</b>	<b>39,515,629</b>	<b>38,108,140</b>
Share capital		<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Reserves		<b>4,184,736</b>	3,911,484	<b>3,421,733</b>	3,196,593
<b>TOTAL EQUITY</b>		<b>5,732,842</b>	<b>5,459,590</b>	<b>4,969,839</b>	<b>4,744,699</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>56,520,851</b>	<b>53,938,268</b>	<b>44,485,468</b>	<b>42,852,839</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A33	<b>24,181,704</b>	22,641,134	<b>21,570,720</b>	20,272,725
<b>Net assets per share attributable to equity holders of the Bank (RM)*</b>		<b>3.70</b>	<b>3.53</b>	<b>3.21</b>	<b>3.06</b>

\* 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/Year Ended 31 March 2019**

<b>GROUP</b>	Note	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
		<b>31 March</b>	31 March	<b>31 March</b>	31 March
		<b>2019</b>	2018	<b>2019</b>	2018
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest income	A25	<b>511,115</b>	469,178	<b>2,010,662</b>	1,897,878
Interest expense	A26	<b>(257,781)</b>	(234,551)	<b>(1,012,579)</b>	(972,727)
Net interest income		<b>253,334</b>	234,627	<b>998,083</b>	925,151
Net income from Islamic banking business	A27	<b>93,639</b>	83,399	<b>359,057</b>	318,245
		<b>346,973</b>	318,026	<b>1,357,140</b>	1,243,396
Fee and commission income	A28	<b>63,144</b>	73,392	<b>276,746</b>	303,464
Fee and commission expense	A28	<b>(21,786)</b>	(24,102)	<b>(86,488)</b>	(96,677)
Investment income	A28	<b>7,317</b>	30,636	<b>45,077</b>	94,117
Other income	A28	<b>7,794</b>	5,578	<b>29,626</b>	27,723
Other operating income	A28	<b>56,469</b>	85,504	<b>264,961</b>	328,627
Net income		<b>403,442</b>	403,530	<b>1,622,101</b>	1,572,023
Other operating expenses	A29	<b>(203,465)</b>	(212,131)	<b>(774,947)</b>	(794,021)
Operating profit before allowances		<b>199,977</b>	191,399	<b>847,154</b>	778,002
Allowance for expected credit losses/impairment losses on loans, advances and financing and other assets	A30	<b>(39,920)</b>	(37,634)	<b>(130,849)</b>	(93,386)
(Allowance for)/write-back of expected credit losses on financial investments	A31	<b>(574)</b>	-	<b>201</b>	-
Allowance for impairment losses on non-financial assets	A32	<b>(8,592)</b>	(62)	<b>(8,592)</b>	(62)
Operating profit after allowances		<b>150,891</b>	153,703	<b>707,914</b>	684,554
Share of results of joint venture		<b>28</b>	46	<b>109</b>	43
Profit before taxation		<b>150,919</b>	153,749	<b>708,023</b>	684,597
Taxation	B5	<b>(39,143)</b>	(40,878)	<b>(170,426)</b>	(191,369)
Net profit for the financial period/year		<b>111,776</b>	112,871	<b>537,597</b>	493,228
Net profit for the financial period/year attributable to: Equity holders of the Bank		<b>111,776</b>	112,871	<b>537,597</b>	493,228
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B13(a)	<b>7.2</b>	7.3	<b>34.7</b>	31.9
- Diluted (sen)	B13(b)	<b>7.2</b>	7.3	<b>34.7</b>	31.9

**ALLIANCE BANK MALAYSIA BERHAD**  
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**Condensed Interim Financial Statements**

**Unaudited Consolidated Statements of Comprehensive Income**  
**for the Financial Period/Year Ended 31 March 2019 (Contd.)**

	4th Quarter Ended		Twelve Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
<b>GROUP</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period/year</b>	<b>111,776</b>	<b>112,871</b>	<b>537,597</b>	<b>493,228</b>
<b>Other comprehensive income/(expense):</b>				
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	73,060	-	84,754	-
- Realised gain transferred to statement of income on disposal	(1,140)	-	(2,684)	-
- Transfer to deferred tax	(17,261)	-	(19,697)	-
- Changes in expected credit losses	(8)	-	(783)	-
	<u>54,651</u>	<u>-</u>	<u>61,590</u>	<u>-</u>
Revaluation reserve on financial investments available-for-sale				
- Net (loss)/gain from change in fair value	-	(25,458)	-	25,539
- Realised loss/(gain) transferred to statement of income on disposal and impairment	-	101	-	(4,857)
- Transfer from/(to) deferred tax	-	6,086	-	(4,963)
	<u>-</u>	<u>(19,271)</u>	<u>-</u>	<u>15,719</u>
Other comprehensive income/(expense), net of tax	<u>54,651</u>	<u>(19,271)</u>	<u>61,590</u>	<u>15,719</u>
<b>Total comprehensive income for the financial period/year</b>	<b>166,427</b>	<b>93,600</b>	<b>599,187</b>	<b>508,947</b>
Total comprehensive income for the financial period/year attributable to:				
Equity holders of the Bank	<u>166,427</u>	<u>93,600</u>	<u>599,187</u>	<u>508,947</u>

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**Condensed Interim Financial Statements**

**Unaudited Statements of Income**

**for the Financial Period/Year Ended 31 March 2019 (Contd.)**

		4th Quarter Ended		Twelve Months Ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
<b><u>BANK</u></b>	Note				
Interest income	A25	500,894	462,189	1,982,830	1,875,037
Interest expense	A26	(250,148)	(225,692)	(984,350)	(941,905)
Net interest income		250,746	236,497	998,480	933,132
Fee and commission income	A28	54,556	60,783	238,120	259,228
Fee and commission expense	A28	(19,445)	(20,910)	(76,945)	(84,373)
Investment income	A28	7,310	30,655	120,271	126,433
Other income	A28	7,817	5,193	29,878	27,222
Other operating income	A28	50,238	75,721	311,324	328,510
Net income		300,984	312,218	1,309,804	1,261,642
Other operating expenses	A29	(150,296)	(172,134)	(601,771)	(635,229)
Operating profit before allowances		150,688	140,084	708,033	626,413
Allowance for expected credit losses/impairment losses on loans, advances and financing and other assets	A30	(27,234)	(29,916)	(94,618)	(43,107)
(Allowance for)/write-back of expected credit losses on financial investments	A31	(302)	-	449	-
Write-back of/(allowance for) impairment losses on non-financial assets	A32	148	(62)	148	(62)
Profit before taxation		123,300	110,106	614,012	583,244
Taxation	B5	(30,010)	(29,873)	(128,060)	(156,334)
Net profit for the financial period/year		93,290	80,233	485,952	426,910
Net profit for the financial period/year attributable to: Equity holders of the Bank		93,290	80,233	485,952	426,910
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B13(a)	6.0	5.2	31.4	28.3
- Diluted (sen)	B13(b)	6.0	5.2	31.4	28.3

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**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the Financial Period/Year Ended 31 March 2019 (Contd.)**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
<b><u>BANK</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Net profit for the financial period/year</b>	<b>93,290</b>	80,233	<b>485,952</b>	426,910
<b>Other comprehensive income/(expense):</b>				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain from change in fair value	<b>37,930</b>	-	<b>38,489</b>	-
- Realised gain transferred to statement of income on disposal	<b>(1,133)</b>	-	<b>(2,119)</b>	-
- Transfer to deferred tax	<b>(8,831)</b>	-	<b>(8,729)</b>	-
- Changes in expected credit losses	<b>(5)</b>	-	<b>(624)</b>	-
	<b>27,961</b>	-	<b>27,017</b>	-
Revaluation reserve on financial investments available-for-sale				
- Net (loss)/gain from change in fair value	-	(25,223)	-	16,134
- Realised gain transferred to statement of income on disposal and impairment	-	-	-	(2,987)
- Transfer from/(to) deferred tax	-	6,053	-	(3,156)
	-	(19,170)	-	9,991
Other comprehensive income/(expense), net of tax	<b>27,961</b>	(19,170)	<b>27,017</b>	9,991
<b>Total comprehensive income for the financial period/year</b>	<b>121,251</b>	61,063	<b>512,969</b>	436,901
Total comprehensive income for the financial period/year attributable to:				
Equity holders of the Bank	<b>121,251</b>	61,063	<b>512,969</b>	436,901

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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 Year Ended 31 March 2019**

◀----- Attributable to Equity holders of the Bank -----▶

<b>GROUP</b>	Ordinary <u>shares</u> RM'000	Regulatory <u>reserves</u> RM'000	Capital <u>reserves</u> RM'000	FVOCI <u>reserves</u> RM'000	Revaluation <u>reserves</u> RM'000	Retained <u>profits</u> RM'000	Total <u>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
Effects of adoption of MFRS 9	-	(17,330)	-	16,923	(114,987)	41,819	(73,575)
Effects of adoption of MFRS 15	-	-	-	-	-	(15,500)	(15,500)
As restated	1,548,106	168,734	100,150	16,923	-	3,536,602	5,370,515
Net profit for the financial year	-	-	-	-	-	537,597	537,597
Other comprehensive income	-	-	-	61,590	-	-	61,590
Total comprehensive income for the financial year	-	-	-	61,590	-	537,597	599,187
Transfer to regulatory reserves	-	9,663	-	-	-	(9,663)	-
Dividends paid to shareholders	-	-	-	-	-	(236,860)	(236,860)
<b>At 31 March 2019</b>	<b>1,548,106</b>	<b>178,397</b>	<b>100,150</b>	<b>78,513</b>	<b>-</b>	<b>3,827,676</b>	<b>5,732,842</b>

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**ALLIANCE BANK MALAYSIA BERHAD**
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(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Changes in Equity for the Financial Year Ended 31 March 2019 (Contd.)**

	Attributable to Equity holders of the Bank										
	Ordinary shares	Share premium	Statutory reserves	Regulatory reserves	Capital reserves	Revaluation reserves	Equity contribution from former parent	Employees' share scheme (‘ESS’) reserves	Shares held for ESS	Retained profits	Total equity
<b>GROUP</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 for the financial year	-	-	-	-	-	-	-	-	-	493,228	493,228
Other comprehensive income	-	-	-	-	-	15,719	-	-	-	-	15,719
Total comprehensive income for the financial year	-	-	-	-	-	15,719	-	-	-	493,228	508,947
Share-based payment under ESS	-	-	-	-	-	-	-	204	-	-	204
ESS on share lapsed:											
- 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 difference on shares vested	-	-	-	-	-	-	-	(1,638)	-	1,638	-
Disposal of ESS share	-	-	-	-	-	-	-	-	65,989	-	65,989
Gain from disposal of ESS share	-	-	-	-	-	-	-	-	-	11,247	11,247
Transfer (from)/to retained profits	-	-	(1,223,525)	28,164	10,140	-	-	-	-	1,185,221	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(247,697)	(247,697)
Dividends added back for shares held in ESS trust	-	-	-	-	-	-	-	-	-	2,670	2,670
At 31 March 2018	1,548,106	-	-	186,064	100,150	114,987	-	-	-	3,510,283	5,459,590

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**ALLIANCE BANK MALAYSIA BERHAD**
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(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Changes in Equity for the Financial Year Ended 31 March 2019 (Contd.)**

	Non-Distributable reserves					Distributable reserves	
	Ordinary <u>shares</u>	Regulatory <u>reserves</u>	Capital <u>reserves</u>	FVOCI <u>reserves</u>	Revaluation <u>reserves</u>	Retained <u>profits</u>	Total <u>equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>BANK</u></b>							
At 1 April 2018							
As previously stated	1,548,106	160,029	95,515	-	74,907	2,866,142	4,744,699
Effects of adoption of MFRS 9	-	327	-	9,814	(74,907)	29,297	(35,469)
Effects of adoption of MFRS 15	-	-	-	-	-	(15,500)	(15,500)
As restated	1,548,106	160,356	95,515	9,814	-	2,879,939	4,693,730
Net profit for the financial year	-	-	-	-	-	485,952	485,952
Other comprehensive income	-	-	-	27,017	-	-	27,017
Total comprehensive income for the financial year	-	-	-	27,017	-	485,952	512,969
Transfer to regulatory reserves	-	442	-	-	-	(442)	-
Dividends paid	-	-	-	-	-	(236,860)	(236,860)
<b>At 31 March 2019</b>	<b>1,548,106</b>	<b>160,798</b>	<b>95,515</b>	<b>36,831</b>	<b>-</b>	<b>3,128,589</b>	<b>4,969,839</b>

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 Year Ended 31 March 2019 (Contd.)**

	Non-distributable reserves					Distributable reserves			
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Capital reserves RM'000	Regulatory reserves RM'000	Revaluation reserves RM'000	Equity contribution from former parent RM'000	Retained profits RM'000	Total equity RM'000
<b>BANK</b>									
At 1 April 2017	796,517	401,517	835,401	-	144,349	64,916	5,523	2,115,505	4,363,728
Net profit for the financial year	-	-	-	-	-	-	-	426,910	426,910
Other comprehensive income	-	-	-	-	-	9,991	-	-	9,991
Total comprehensive income for the financial year	-	-	-	-	-	9,991	-	426,910	436,901
Issuance of shares to former holding company	100,000	-	-	-	-	-	-	-	100,000
Bonus issue	651,589	(401,517)	-	-	-	-	-	(250,072)	-
Acquisition of subsidiary under group reorganisation	-	-	-	95,515	-	-	-	-	95,515
Share-based payment under ESS	-	-	-	-	-	-	188	-	188
Payment for ESS recharged from former holding company	-	-	-	-	-	-	(3,195)	-	(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)	-	15,680	-	-	819,721	-
Dividends paid	-	-	-	-	-	-	-	(248,438)	(248,438)
At 31 March 2018	1,548,106	-	-	95,515	160,029	74,907	-	2,866,142	4,744,699

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**Condensed Interim Financial Statements**
**Unaudited Condensed Statements of Cash Flows for the Financial Year Ended 31 March 2019**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>708,023</b>	684,597	<b>614,012</b>	583,244
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	<b>(84,578)</b>	(77,535)	<b>(83,707)</b>	(75,417)
Allowance for expected credit losses/impairment losses on loans, advances and financing	<b>147,238</b>	105,575	<b>97,909</b>	54,703
(Write-back of)/allowance for expected credit losses on commitment and contingencies	<b>(11,377)</b>	-	<b>1,304</b>	-
Write-back of expected credit losses on financial investments	<b>(201)</b>	-	<b>(449)</b>	-
(Write-back of)/allowance for expected credit losses/impairment losses on amounts due from clients and brokers	<b>(1)</b>	5	-	-
Allowance for expected credit losses/impairment losses on other receivable and short term funds	<b>2,856</b>	4,047	<b>2,514</b>	3,169
Amortisation of computer software	<b>30,206</b>	24,161	<b>29,117</b>	23,346
Depreciation of property, plant and equipment	<b>23,333</b>	20,731	<b>22,674</b>	19,986
Dividends from financial assets at fair value through profit or loss	<b>(1,299)</b>	-	<b>(749)</b>	-
Dividends from financial investments available-for-sale	-	(1,861)	-	(1,311)
Dividends from subsidiaries	-	-	<b>(80,154)</b>	(33,913)
Interest expense on recourse obligations on loans and financing sold to Cagamas	<b>25,182</b>	24,142	<b>25,182</b>	24,142
Interest expense on other borrowings	-	167	-	167
Interest expense on subordinated obligations	<b>78,732</b>	72,617	<b>78,915</b>	72,735
Interest income from financial investments at fair value through other comprehensive income	<b>(260,639)</b>	-	<b>(249,720)</b>	-
Interest income from financial investments at amortised cost	<b>(14,174)</b>	-	<b>(18,176)</b>	-
Interest income from financial investments available-for-sale	-	(267,241)	-	(260,478)
Interest income from financial investments held-to-maturity	-	(17,593)	-	(17,242)
Allowance for/(write-back of) impairment losses on non-financial assets	<b>8,592</b>	62	<b>(148)</b>	62
(Gain)/loss on disposal of property, plant and equipment	<b>(8)</b>	105	<b>(8)</b>	(1)
Loss on disposal of computer software	-	-	-	675
Property, plant and equipment written-off	<b>42</b>	291	<b>43</b>	277
Computer software written-off	<b>1,822</b>	372	<b>1,724</b>	284
Net gain from sale of financial assets at fair value through profit or loss	<b>(3,378)</b>	-	<b>(3,377)</b>	-
Net gain from sale of financial investments at fair value through other comprehensive income	<b>(2,684)</b>	-	<b>(2,119)</b>	-
Net gain from sale of financial assets held-for-trading	-	(761)	-	(761)
Net gain from sale of financial investments available-for-sale	-	(21,863)	-	(21,331)
Unrealised gain arising from financial assets at fair value through profit or loss	<b>(12,092)</b>	-	<b>(8,248)</b>	-
Unrealised (gain)/loss arising from derivative instruments	<b>(18,276)</b>	113,094	<b>(18,276)</b>	113,094
Unrealised loss/(gain) arising from financial liabilities designated at fair value through profit or loss	<b>12,809</b>	(25,555)	<b>12,809</b>	(25,555)
Unrealised gain arising from held-for-trading	-	(5,813)	-	(5,298)
Share options/grants under Employees' Share Scheme	-	189	-	191
Share of results of joint venture	<b>(109)</b>	(43)	-	-
Zakat	<b>590</b>	150	-	-
Cash flow from operating activities before working capital changes carried forward	<b>630,609</b>	632,040	<b>421,072</b>	454,768

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**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Year Ended 31 March 2019 (Contd.)**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (contd.)</b>				
Cash flow from operating activities before capital changes brought forward:	<b>630,609</b>	632,040	<b>421,072</b>	454,768
Changes in working capital:				
Deposits from customers	<b>2,277,172</b>	(1,705,260)	<b>1,474,492</b>	(2,604,131)
Deposits and placements of banks and other financial institutions	<b>(15,163)</b>	10,967	<b>(94,403)</b>	(210,491)
Other liabilities	<b>258,213</b>	55,187	<b>208,529</b>	86,271
Deposits and placements with banks and other financial institutions	<b>76,783</b>	(77,283)	<b>77,283</b>	(77,283)
Financial liabilities designated at fair value through profit or loss	<b>83,376</b>	305,059	<b>83,376</b>	305,059
Financial assets held-for-trading	-	272,407	-	211,887
Financial assets at fair value through profit or loss	<b>16,668</b>	-	<b>10,827</b>	-
Loans, advances and financing	<b>(2,801,062)</b>	(1,103,401)	<b>(1,400,892)</b>	(229,360)
Other assets	<b>(60,506)</b>	662	<b>(146,823)</b>	(38,666)
Amounts due from clients and brokers	<b>358</b>	17,749	-	-
Statutory deposits	<b>(113,276)</b>	29,128	<b>(49,542)</b>	36,800
Cash generated from/(used in) operations	<b>353,172</b>	(1,562,745)	<b>583,919</b>	(2,065,146)
Taxation paid	<b>(219,123)</b>	(196,351)	<b>(167,520)</b>	(159,931)
Zakat paid	<b>(156)</b>	(104)	-	-
Net cash generated/(used in) operating activities	<b>133,893</b>	(1,759,200)	<b>416,399</b>	(2,225,077)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from financial assets at fair value through profit or loss	<b>1,299</b>	-	<b>749</b>	-
Dividends from financial investments available-for-sale	-	1,861	-	1,311
Dividends from subsidiaries	-	-	<b>80,154</b>	33,913
Capital injection into subsidiaries	-	-	-	(537)
Interest received from financial assets at fair value through profit or loss	<b>1,547</b>	-	<b>1,547</b>	-
Interest received from financial investments at fair value through other comprehensive income	<b>239,129</b>	-	<b>241,980</b>	-
Interest received from financial investments at amortised costs	<b>13,071</b>	-	<b>17,362</b>	-
Interest received from financial assets held-for-trading	-	5,677	-	5,102
Interest received from financial investments available-for-sale	-	260,342	-	257,081
Interest received from financial investments held-to-maturity	-	20,760	-	18,934
Net interest expense for derivative instruments	<b>(49,852)</b>	(38,501)	<b>(49,852)</b>	(38,501)
Purchase of property, plant and equipment	<b>(24,560)</b>	(16,670)	<b>(24,122)</b>	(16,291)
Purchase of computer software	<b>(64,327)</b>	(56,574)	<b>(61,664)</b>	(55,300)
Proceeds from redemption/disposal of financial investments at amortised cost (net of purchase)	<b>368,791</b>	-	<b>302,126</b>	-
Proceeds from redemption/disposal financial investments at fair value through other comprehensive income (net of purchase)	<b>(1,041,224)</b>	-	<b>(526,693)</b>	-
Proceeds from redemption/disposal of financial investments held-to-maturity (net of purchase)	-	699,136	-	389,106
Proceeds from redemption/disposal of financial investments available-for-sale (net of purchase)	-	1,782,543	-	1,728,991
Proceeds from disposal of property, plant and equipment	<b>69</b>	56	<b>69</b>	16
Net cash (used in)/generated from investing activities	<b>(556,057)</b>	2,658,630	<b>(18,344)</b>	2,323,825

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**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Year Ended 31 March 2019 (Contd.)**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders of the company	<b>(236,860)</b>	(245,027)	<b>(236,860)</b>	(248,438)
Interest paid on recourse obligations on loans and financing sold to Cagamas	<b>(26,872)</b>	(24,490)	<b>(26,791)</b>	(25,152)
Interest on other borrowings	-	(237)	-	(237)
Interest paid on subordinated obligations	<b>(78,124)</b>	(68,654)	<b>(78,359)</b>	(68,654)
(Repayment of)/Proceed from recourse obligations on loans and financing sold to Cagamas	<b>(300,004)</b>	599,998	<b>(300,011)</b>	99,993
Settlement of other borrowing	-	(5,000)	-	(5,000)
Proceeds from issuance of subordinated notes	<b>100,000</b>	150,000	<b>100,000</b>	150,000
Proceeds from ESS exercised by employees/joint venture	-	4,150	-	-
Proceeds from disposal of share held in trust	-	77,236	-	-
Payment for ESS recharged from former parent	-	-	-	(3,195)
Subscription of shares from former holding company	-	-	-	100,000
Transaction costs paid on issuance of subordinated notes	-	(427)	-	(721)
Net cash (used in)/generated from financing activities	<b>(541,860)</b>	487,549	<b>(542,021)</b>	(1,404)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(964,024)</b>	1,386,979	<b>(143,966)</b>	97,344
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>2,768,758</b>	1,381,779	<b>1,715,961</b>	1,618,617
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>1,804,734</b>	2,768,758	<b>1,571,995</b>	1,715,961
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short-term funds	<b>1,804,734</b>	2,768,758	<b>1,571,995</b>	1,715,961

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 fourth financial quarter and the financial year ended 31 March 2019 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"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Annual Improvements to MFRSs 2014-2016 Cycles
  - Amendments to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
  - Amendments to MFRS 128 "Investments in Associates and Joint Ventures"

The adoption of the above standards, amendments to published standards and interpretation to existing standards did not 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 is shown in Note A39.

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"
- Amendments to MFRS 9 "Prepayment features with negative compensation"
- Amendments to MFRS 128 "Long-term Interest in Associates and Joint Ventures"
- Annual Improvements to MFRSs 2015 - 2017 Cycles
  - 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"

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 fourth financial quarter and the financial year ended 31 March 2019.

**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 fourth financial quarter and the financial year ended 31 March 2019.

**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 fourth financial quarter and the financial year ended 31 March 2019.

**A6 Debt and Equity Securities**

The Bank has completed the second issuance of Additional Tier 1 Capital Securities ("ATICS") pursuant to its existing ATICS Programme of up to RM1.0 billion in nominal value as below:

Issuance Date	Nominal Amount	Tenure	Call Date	Distribution Rate
8 March 2019	RM100.0 million	Perpetual Non-callable Five (5) years	8 March 2024 and thereafter on every distribution payment date	5.95% per annum

**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 ending 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.

**A11 Amounts Due From Clients And Brokers**

	<b>GROUP</b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
Due from clients	77,182	101,475
Due from brokers	665	670
	<u>77,847</u>	<u>102,145</u>
Less:		
Allowance for expected credit losses/impairment losses	(839)	(840)
	<u>77,008</u>	<u>101,305</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.

The movements in allowance for expected credit losses/impairment losses are as follows:

	<b>GROUP</b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
At 1 April 2018		
As previously stated	840	835
Effects of adoption of MFRS9	-	-
As restated	<u>840</u>	<u>835</u>
(Write-back of)/allowance for during the financial year (net)	<u>(1)</u>	<u>5</u>
At 31 March 2019	<u>839</u>	<u>840</u>

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

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government investment issues	41,002	-	41,002	-
	<u>41,002</u>	<u>-</u>	<u>41,002</u>	<u>-</u>
<u>Unquoted securities:</u>				
Shares	187,517	-	126,733	-
Corporate bonds and sukuk	1,921	-	1,921	-
	<u>189,438</u>	<u>-</u>	<u>128,654</u>	<u>-</u>
Total financial assets at FVTPL	<u>230,440</u>	<u>-</u>	<u>169,656</u>	<u>-</u>

**A13 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI")**

	<b>GROUP</b>		<b>BANK</b>	
<b>At fair value</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
<u>Money market instruments:</u>				
Malaysian Government securities	2,137,524	-	1,914,515	-
Malaysian Government investment certificates	3,064,770	-	1,710,316	-
Negotiable instruments of deposits	-	-	732,211	-
Commercial papers	87,001	-	48,318	-
	<u>5,289,295</u>	<u>-</u>	<u>4,405,360</u>	<u>-</u>
<u>Quoted securities:</u>				
Shares	8	-	8	-
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,189,159	-	2,447,498	-
Total financial investments at FVOCI	<u>9,478,462</u>	<u>-</u>	<u>6,852,866</u>	<u>-</u>

Movements in allowance for expected credit losses are as follows:

	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>GROUP</b>				
At 1 April 2018				
As previously stated	-	-	-	-
Effects 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	20	-	-	20
Financial investments derecognised other than write-off	(61)	-	-	(61)
Changes due to change in credit risk	(80)	(662)	-	(742)
Total write-back from income statement	(121)	(662)	-	(783)
At 31 March 2019	<u>120</u>	<u>444</u>	<u>9,409</u>	<u>9,973</u>



**A13 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") (Contd.)**

Movements in allowance for expected credit losses are as follows: (contd.)

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b><u>BANK</u></b>				
At 1 April 2018	-	-	-	-
As previously stated	134	872	-	1,006
Effects of adoption of MFRS 9	134	872	-	1,006
As restated				
New financial investments originated or purchased	8	-	-	8
Financial investments derecognised other than write-off	(42)	-	-	(42)
Changes due to change in credit risk	(45)	(545)	-	(590)
Total write-back from income statement	(79)	(545)	-	(624)
At 31 March 2019	55	327	-	382

**A14 Financial Investments at Amortised Cost**

	<b><u>GROUP</u></b>		<b><u>BANK</u></b>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
<b>At cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	121,789	-	101,446	-
Commercial papers	38,686	-	34,880	-
	160,475	-	136,326	-
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	90,020	-	177,498	-
Allowance for expected credit losses	(14,775)	-	(1,894)	-
	75,245	-	175,604	-
Total financial investments at amortised cost	235,720	-	311,930	-

**A14 Financial Investments at Amortised Cost (Contd.)**

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>GROUP</b>				
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	-	-	14,193	14,193
As restated	-	-	14,193	14,193
New financial investments originated or purchased	42	540	-	582
Total charge to income statement	42	540	-	582
At 31 March 2019	42	540	14,193	14,775
<b>BANK</b>				
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	425	-	1,294	1,719
As restated	425	-	1,294	1,719
New financial investments originated or purchased	42	270	-	312
Changes due to change in credit risk	(137)	-	-	(137)
Total (write-back from)/charge to income statement	(95)	270	-	175
At 31 March 2019	330	270	1,294	1,894

**A15 Financial Assets Held-for-trading**

	<b>GROUP</b>		<b>BANK</b>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
<b>At fair value</b>				
<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

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**A16 Financial Investments Available-for-sale**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
<b>At fair value</b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<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
Allowance for 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
Allowance for impairment losses	-	(9,409)	-	-
	-	4,036,603	-	2,314,543
Total financial investments available-for-sale	-	8,505,189	-	6,406,448

**A17 Financial Investments Held-to-maturity**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
<b>At amortised cost</b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Money market instruments:</u>				
Malaysian Government securities	-	141,686	-	121,271
Khazanah bonds	-	147,181	-	93,036
	-	288,867	-	214,307
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	-	18,938	-	131,690
Allowance for impairment losses	-	(14,193)	-	(1,294)
	-	4,745	-	130,396
Total financial investments held-to-maturity	-	293,612	-	344,703

**A18 Loans, Advances and Financing**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Overdrafts	<b>4,254,342</b>	3,410,188	<b>2,811,642</b>	2,544,606
Term loans/financing				
- Housing loans/financing	<b>14,169,222</b>	14,013,987	<b>11,220,949</b>	11,568,619
- Syndicated term loans/financing	<b>542,646</b>	328,508	<b>400,597</b>	183,539
- Hire purchase receivables	<b>997,023</b>	1,160,135	<b>700,548</b>	728,742
- Other term loans/financing	<b>15,144,370</b>	13,838,846	<b>11,726,939</b>	10,807,750
Bills receivables	<b>416,944</b>	345,530	<b>404,862</b>	340,283
Trust receipts	<b>238,682</b>	215,712	<b>199,118</b>	187,088
Claims on customers under acceptance credits	<b>3,262,886</b>	3,041,120	<b>2,492,765</b>	2,282,838
Staff loans				
[Loan to Directors:RM Nil; 31 March 2018:RM Nil]	<b>23,217</b>	26,123	<b>6,233</b>	7,744
Credit/charge card receivables	<b>628,329</b>	604,110	<b>628,329</b>	604,110
Revolving credits	<b>1,842,108</b>	2,069,989	<b>1,333,991</b>	1,510,347
Share margin financing	<b>1,210,678</b>	1,253,125	<b>957,244</b>	1,004,670
Gross loans, advances and financing	<b>42,730,447</b>	40,307,373	<b>32,883,217</b>	31,770,336
Add: Sales commissions and handling fees	<b>92,517</b>	54,591	<b>102,848</b>	61,630
Less: Allowance for expected credit losses/impairment losses on loans, advances and financing				
- Expected credit losses	<b>(502,663)</b>	-	<b>(363,089)</b>	-
- Individual assessment allowance	-	(75,733)	-	(64,967)
- Collective assessment allowance	-	(296,716)	-	(220,435)
Total net loans, advances and financing	<b>42,320,301</b>	39,989,515	<b>32,622,976</b>	31,546,564

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 expected credit losses/impairment losses are recognised and accounted for by the Bank. The total loans, advances and financing for CMTF was at RM179,795,000 as at 31 March 2019.

**A18a By maturity structure:**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Within one year	<b>11,948,217</b>	11,169,395	<b>8,882,437</b>	8,623,585
One year to three years	<b>2,028,957</b>	1,320,249	<b>1,596,836</b>	951,258
Three years to five years	<b>2,507,701</b>	2,475,345	<b>1,734,480</b>	1,882,787
Over five years	<b>26,245,572</b>	25,342,384	<b>20,669,464</b>	20,312,706
Gross loans, advances and financing	<b>42,730,447</b>	40,307,373	<b>32,883,217</b>	31,770,336

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**A18 Loans, Advances and Financing (Contd.)**

**A18b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Domestic non-bank financial institutions	454,420	451,720	397,339	374,409
Domestic business enterprises				
- Small and medium enterprises	11,134,591	10,232,690	8,715,301	8,040,287
- Others	8,378,248	8,005,100	6,462,979	6,065,223
Government and statutory bodies	62,011	3,667	62,011	3,667
Individuals	21,940,809	20,690,312	16,586,050	16,455,658
Other domestic entities	18,154	164,843	2,087	162,138
Foreign entities	742,214	759,041	657,450	668,954
Gross loans, advances and financing	42,730,447	40,307,373	32,883,217	31,770,336

**A18c** By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Fixed rate				
- Housing loans/financing	30,924	18,387	3,819	12,488
- Hire purchase receivables	975,868	1,131,382	679,421	699,989
- Other fixed rate loans/financing	6,680,657	5,451,667	4,632,043	4,023,034
Variable rate				
- Base lending rate plus	26,180,959	25,722,537	20,862,144	21,273,098
- Base rate plus	4,659,660	3,268,524	3,485,583	2,533,620
- Cost plus	4,202,379	4,714,876	3,220,207	3,228,107
Gross loans, advances and financing	42,730,447	40,307,373	32,883,217	31,770,336

**A18d** By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Purchase of securities	1,204,373	1,245,600	950,940	997,145
Purchase of transport vehicles	777,449	933,698	496,279	525,290
Purchase of landed property	22,319,389	22,079,479	18,002,032	18,335,356
of which: - Residential	15,172,297	15,051,340	12,160,606	12,566,335
- Non-residential	7,147,092	7,028,139	5,841,426	5,769,021
Purchase of fixed assets				
excluding land & buildings	322,933	302,307	283,977	256,498
Personal use	4,624,412	3,309,928	2,575,790	1,938,753
Credit card	628,329	604,110	628,329	604,110
Construction	598,923	451,297	542,695	433,393
Mergers and acquisitions	-	117,705	-	117,705
Working capital	9,673,428	8,832,929	7,455,372	6,774,400
Others	2,581,211	2,430,320	1,947,803	1,787,686
Gross loans, advances and financing	42,730,447	40,307,373	32,883,217	31,770,336

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**A18 Loans, Advances and Financing (Contd.)**

**A18e** By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Northern region	3,099,338	2,835,527	2,231,147	2,139,991
Central region	30,518,935	28,946,946	23,759,896	23,158,486
Southern region	5,273,067	4,951,821	3,989,423	3,820,900
Sabah region	2,867,868	2,606,218	2,174,295	1,992,524
Sarawak region	971,239	966,861	728,456	658,435
Gross loans, advances and financing	<u>42,730,447</u>	<u>40,307,373</u>	<u>32,883,217</u>	<u>31,770,336</u>

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

	<u>GROUP</u> 31 March 2019 RM'000	<u>BANK</u> 31 March 2019 RM'000
At 1 April 2018		
As previously stated under MFRS 139	577,519	470,646
Effects of adoption of MFRS 9	(16,386)	(15,008)
As restated	<u>561,133</u>	<u>455,638</u>
Impaired during the financial year	722,929	533,179
Recovered during the financial year	(100,684)	(75,340)
Reclassified as unimpaired during the financial year	(484,529)	(379,515)
Financial assets derecognised other than write-off during the financial year	(85,352)	(75,194)
Amount written-off	<u>(136,895)</u>	<u>(89,644)</u>
At 31 March 2019	<u>476,602</u>	<u>369,124</u>
Gross impaired loans as % of gross loans, advances and financing	<u>1.1%</u>	<u>1.1%</u>

**A18 Loans, Advances and Financing (Contd.)**

**A18g** Movements in impaired loans, advances and financing under MFRS 139:

	<u>GROUP</u>	<u>BANK</u>
	31 March	31 March
	2018	2018
	RM'000	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)
Recovered during the financial year	(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>

**A18h** Credit impaired loans analysed by economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	-	50	-	50
Purchase of transport vehicles	17,088	13,671	14,777	10,131
Purchase of landed property	234,412	347,159	184,647	281,386
of which: - Residential	<u>153,789</u>	<u>188,970</u>	<u>129,916</u>	<u>155,226</u>
- Non-residential	<u>80,623</u>	<u>158,189</u>	<u>54,731</u>	<u>126,160</u>
Purchase of fixed assets				
excluding land & buildings	21,220	5,635	20,579	4,754
Personal use	81,293	56,852	47,995	35,527
Credit card	9,045	9,074	9,045	9,074
Construction	8,429	11,771	8,429	11,771
Working capital	79,382	98,433	60,685	89,864
Others	25,733	34,874	22,967	28,089
Gross impaired loans	<u>476,602</u>	<u>577,519</u>	<u>369,124</u>	<u>470,646</u>

**A18i** Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Northern region	49,667	42,540	39,874	34,658
Central region	326,982	417,859	246,940	336,653
Southern region	63,370	78,417	49,183	65,560
Sabah region	25,316	28,145	22,554	24,263
Sarawak region	11,267	10,558	10,573	9,512
Gross impaired loans	<u>476,602</u>	<u>577,519</u>	<u>369,124</u>	<u>470,646</u>

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**A18 Loans, Advances and Financing (Contd.)**

**A18j** Movements in the allowance for expected credit losses on loans, advances and financing are as follows:

	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>31 March 2019</b>				
<b><u>GROUP</u></b>				
At 1 April 2018				
As previously stated under MFRS 139				372,449
Effects of adoption of MFRS 9				90,879
As restated	66,941	203,691	192,696	463,328
Transfer to Stage 1	24,268	(132,004)	(7,270)	(115,006)
Transfer to Stage 2	(40,020)	232,846	(103,159)	89,667
Transfer to Stage 3	(181)	(114,361)	254,377	139,835
New financial assets originated or purchased	70,774	154,861	15,818	241,453
Financial assets derecognised other than write-off	(39,199)	(152,890)	(19,415)	(211,504)
Changes due to change in credit risk	(9,934)	20,361	(7,814)	2,613
Other adjustments	30	150	-	180
Total charge to income statement on allowance	5,738	8,963	132,537	147,238
Unwinding of discount	-	-	(6,941)	(6,941)
	5,738	8,963	125,596	140,297
Write-off	-	(135)	(100,827)	(100,962)
At 31 March 2019	<u>72,679</u>	<u>212,519</u>	<u>217,465</u>	<u>502,663</u>
<b><u>BANK</u></b>				
At 1 April 2018				
As previously stated under MFRS 139				285,402
Effects of adoption of MFRS 9				52,797
As restated	43,894	137,652	156,653	338,199
Transfer to Stage 1	15,264	(90,649)	(5,930)	(81,315)
Transfer to Stage 2	(24,760)	154,042	(71,881)	57,401
Transfer to Stage 3	(148)	(65,538)	178,889	113,203
New financial assets originated or purchased	46,449	120,924	7,800	175,173
Financial assets derecognised other than write-off	(26,381)	(118,951)	(16,490)	(161,822)
Changes due to change in credit risk	(5,213)	5,001	(4,699)	(4,911)
Other adjustments	30	150	-	180
Total charge to income statement on allowance	5,241	4,979	87,689	97,909
Unwinding of discount	-	-	(5,408)	(5,408)
	5,241	4,979	82,281	92,501
Write-off	-	(9)	(67,602)	(67,611)
At 31 March 2019	<u>49,135</u>	<u>142,622</u>	<u>171,332</u>	<u>363,089</u>



**A18 Loans, Advances and Financing (Contd.)**

**A18k** Movements in the allowance for impairment losses on loans, advances and financing are as follows: (cont'd)

	<u>GROUP</u>	<u>BANK</u>
	31 March	31 March
	2018	2018
	RM'000	RM'000
<b>Individual assessment allowance</b>		
At beginning of financial year	66,627	64,147
Net allowance made during the financial year (net)	31,876	24,085
Amount written-off	(25,229)	(24,617)
Transfers from collective assessment allowance	2,459	1,352
At end of financial year	<u>75,733</u>	<u>64,967</u>
<b>Collective assessment allowance</b>		
At beginning of financial year	313,328	234,637
Net allowance made during the financial year (net)	73,699	30,618
Amount written-off	(87,852)	(43,468)
Transfers to individual assessment allowance	(2,459)	(1,352)
At end of financial year	<u>296,716</u>	<u>220,435</u>

**A19 Other Assets**

	<u>GROUP</u>		<u>BANK</u>	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other receivables	86,513	68,394	72,185	54,502
Collateral pledged for derivative transactions	23,292	37,136	23,056	36,902
Settlement account	94,606	42,924	94,606	42,924
Deposits	8,775	8,690	8,122	8,020
Prepayment	20,038	16,430	18,573	14,992
Amounts due from subsidiaries	-	-	133,557	46,794
Amount due from joint venture	299	392	299	392
	<u>233,523</u>	173,966	<u>350,398</u>	204,526
Less:				
Allowance for expected credit losses/ impairment losses on other receivables [Note (a)]	<u>(34,385)</u>	(32,017)	<u>(29,604)</u>	(27,578)
	<u>199,138</u>	141,949	<u>320,794</u>	176,948

**A19 Other Assets (Contd.)**

Note:

(a) Movement for allowance for expected credit losses/impairment losses on other receivables are as follows:

	<b>Lifetime ECL RM'000</b>
<b><u>GROUP</u></b>	
At 1 April 2018	
As previously stated	32,017
Effect of adoption of MFRS 9	-
As restated	<u>32,017</u>
New financial assets originated or purchased	1,174
Financial assets derecognised other than write-off	(1,382)
Changes due to change in credit risk	<u>3,527</u>
Total charge to income statement	3,319
Write-off	(951)
At 31 March 2019	<u><u>34,385</u></u>
<b><u>BANK</u></b>	
At 1 April 2018	
As previously stated	27,578
Effect of adoption of MFRS 9	-
As restated	<u>27,578</u>
Changes due to change in credit risk	<u>2,977</u>
Total charge to income statement	2,977
Write-off	(951)
At 31 March 2019	<u><u>29,604</u></u>

**A20 Deposits from Customers**

**A20a** By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
<b>Amortised cost</b>				
Demand deposits	14,207,328	14,161,040	11,510,890	11,752,631
Savings deposits	1,753,526	1,792,710	1,432,970	1,468,774
Fixed/investment deposits	25,676,643	24,142,700	19,430,211	18,393,938
Money market deposits	2,917,200	2,277,386	2,206,407	1,716,143
Negotiable instruments of deposits	462,935	366,624	402,384	176,884
	<b>45,017,632</b>	<b>42,740,460</b>	<b>34,982,862</b>	<b>33,508,370</b>

**A20b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Domestic financial institutions	306,199	358,990	390,046	190,812
Domestic non-bank financial institutions	2,516,834	2,676,350	1,769,027	1,854,863
Government and statutory bodies	5,450,441	4,312,577	2,975,054	2,106,387
Business enterprises	16,909,336	16,354,335	12,894,883	12,945,816
Individuals	18,637,918	17,941,780	15,917,675	15,432,649
Foreign entities	630,733	596,011	559,770	534,617
Others	566,171	500,417	476,407	443,226
	<b>45,017,632</b>	<b>42,740,460</b>	<b>34,982,862</b>	<b>33,508,370</b>

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

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Due within six months	19,128,642	17,234,419	14,877,446	13,695,607
Six months to one year	8,833,425	8,371,649	6,994,821	5,709,738
One year to three years	730,686	1,018,884	157,981	869,862
Three years to five years	364,025	161,758	8,754	11,758
	<b>29,056,778</b>	<b>26,786,710</b>	<b>22,039,002</b>	<b>20,286,965</b>

**A21 Deposits and Placements of Banks and Other Financial Institutions**

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Licensed banks	252,558	203,995	12,467	63,619
Licensed Investment banks	30,051	22,004	-	-
Bank Negara Malaysia	576,099	619,467	332,368	375,619
Others	-	28,405	-	-
	<b>858,708</b>	<b>873,871</b>	<b>344,835</b>	<b>439,238</b>

**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 index linked options and foreign currency options.

The Group and the Bank have 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 credit risk are not significant.

	<b>GROUP/BANK</b>	
	<b>31 March</b>	31 March
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Structured investments	<b>815,079</b>	731,703
Fair value changes arising from designation at fair value through profit or loss	<b>(36,656)</b>	(49,465)
	<b>778,423</b>	682,238

**A23 Amounts Due To Clients And Brokers**

	<b>GROUP</b>	
	<b>31 March</b>	31 March
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Due to clients	<b>51,164</b>	75,103
	<b>51,164</b>	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 RM56,655,000 (31 March 2018: RM71,652,000) have been excluded accordingly.

**A24 Other Liabilities**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payables	<b>488,686</b>	292,226	<b>406,233</b>	243,477
Collateral pledged for derivative transactions	<b>8,456</b>	32,751	<b>8,456</b>	32,751
Bills payable	<b>175,095</b>	157,335	<b>166,622</b>	143,126
Settlement account	<b>80,059</b>	53,882	<b>80,059</b>	53,882
Clearing account	<b>224,575</b>	199,469	<b>174,407</b>	160,002
Sundry deposits	<b>40,962</b>	54,924	<b>35,705</b>	47,306
Provision and accruals	<b>129,763</b>	131,282	<b>117,929</b>	131,534
Remisiers account	<b>6,122</b>	5,866	-	-
Allowance for expected credit losses/impairment losses on commitments and contingencies	<b>32,604</b>	148	<b>28,582</b>	148
Finance lease liabilities	<b>688</b>	3,329	<b>688</b>	3,329
Structured investments	<b>553,627</b>	504,143	<b>553,627</b>	504,143
Amount due to joint venture	<b>160</b>	168	-	-
	<b>1,740,797</b>	1,435,523	<b>1,572,308</b>	1,319,698

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**A24 Other Liabilities (Contd.)**

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

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>31 March 2019</b>				
<b><u>GROUP</u></b>				
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	8,562	21,295	14,143	44,000
As restated	8,562	21,295	14,143	44,000
Transfer to Stage 1	1,023	(10,403)	-	(9,380)
Transfer to Stage 2	(1,396)	11,958	(401)	10,161
Transfer to Stage 3	-	(1,058)	7,298	6,240
New financial assets originated or purchased	5,696	5,704	73	11,473
Financial assets derecognised other than write-off	(3,728)	(8,063)	(12,148)	(23,939)
Changes due to change in credit risk	(3,330)	(2,786)	161	(5,955)
Other adjustments	6	17	-	23
	(1,729)	(4,631)	(5,017)	(11,377)
Unwinding of discount	-	-	(19)	(19)
Total write-back from income statement	(1,729)	(4,631)	(5,036)	(11,396)
At 31 March 2019	6,833	16,664	9,107	32,604
<b><u>BANK</u></b>				
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	7,520	15,587	4,183	27,290
As restated	7,520	15,587	4,183	27,290
Transfer to Stage 1	867	(8,597)	-	(7,730)
Transfer to Stage 2	(1,257)	10,651	(395)	8,999
Transfer to Stage 3	-	(1,046)	7,069	6,023
New financial assets originated or purchased	5,120	4,157	73	9,350
Financial assets derecognised other than write-off	(3,148)	(6,291)	(2,454)	(11,893)
Changes due to change in credit risk	(3,011)	(987)	538	(3,460)
Other adjustments	6	9	-	15
	(1,423)	(2,104)	4,831	1,304
Unwinding of discount	-	-	(12)	(12)
Total (write-back from)/charge to income statement	(1,423)	(2,104)	4,819	1,292
At 31 March 2019	6,097	13,483	9,002	28,582

## A25 Interest Income

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 RM5,465,000 (31 March 2018: RM3,722,000 and RM3,487,000) respectively.

**A26 Interest Expense**

**GROUP**

Deposits and placements of banks and other financial institutions  
Deposits from customers  
Recourse obligations on loans and financing sold to Cagamas  
Other borrowings  
Subordinated obligations  
Others

4th Quarter Ended		Twelve Months Ended	
31 March	31 March	31 March	31 March
2019	2018	2019	2018
RM'000	RM'000	RM'000	RM'000
3,179	7,254	17,056	25,294
228,730	199,285	887,040	846,632
4,966	7,649	25,182	24,142
-	-	-	167
19,737	19,345	78,732	72,617
1,169	1,018	4,569	3,875
<b>257,781</b>	<b>234,551</b>	<b>1,012,579</b>	<b>972,727</b>

**BANK**

Deposits and placements of banks and other financial institutions  
Deposits from customers  
Recourse obligations on loans and financing sold to Cagamas  
Other borrowings  
Subordinated obligations  
Others

4th Quarter Ended		Twelve Months Ended	
31 March	31 March	31 March	31 March
2019	2018	2019	2018
RM'000	RM'000	RM'000	RM'000
1,873	3,882	9,787	13,833
222,367	193,763	865,897	827,153
4,966	7,649	25,182	24,142
-	-	-	167
19,773	19,380	78,915	72,735
1,169	1,018	4,569	3,875
<b>250,148</b>	<b>225,692</b>	<b>984,350</b>	<b>941,905</b>

**A27 Net Income from Islamic Banking Business**

**GROUP**

Income derived from investment of depositors' funds and others  
Income derived from investment of Islamic Banking funds  
Income attributable to the depositors and financial institutions

4th Quarter Ended		Twelve Months Ended	
31 March	31 March	31 March	31 March
2019	2018	2019	2018
RM'000	RM'000	RM'000	RM'000
151,031	126,363	593,548	488,710
15,936	14,135	60,588	54,332
<b>(73,328)</b>	<b>(57,099)</b>	<b>(295,079)</b>	<b>(224,797)</b>
<b>93,639</b>	<b>83,399</b>	<b>359,057</b>	<b>318,245</b>

**A28 Other Operating Income**

<b>GROUP</b>	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
(a) <u>Fee and commission income:</u>				
Commissions	17,955	21,652	80,064	89,165
Service charges and fees	5,777	6,825	29,322	31,076
Corporate advisory fees	509	1,063	3,214	3,221
Underwriting commissions	372	-	520	472
Brokerage fees	7,247	9,731	30,178	36,811
Guarantee fees	3,490	3,971	15,131	15,807
Processing fees	1,510	2,978	10,962	11,368
Commitment fees	4,352	4,126	17,404	16,413
Cards related income	20,432	22,296	83,950	96,130
Other fee income	1,500	750	6,001	3,001
	<b>63,144</b>	<b>73,392</b>	<b>276,746</b>	<b>303,464</b>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(584)	(563)	(1,398)	(1,624)
Brokerage fees expense	(2,344)	(3,193)	(9,552)	(12,311)
Guarantee fees expense	(2)	(2)	(225)	(461)
Cards related expense	(18,856)	(20,344)	(75,313)	(82,281)
	<b>(21,786)</b>	<b>(24,102)</b>	<b>(86,488)</b>	<b>(96,677)</b>
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	1,845	-	3,378	-
- Financial investments at fair value through other comprehensive income	1,140	-	2,684	-
- Financial assets held-for-trading	-	332	-	761
- Financial investments available-for-sale	-	18,183	-	21,863
- Derivative instruments	26,496	(4,357)	20,157	151,358
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	445	-	12,092	-
- Financial assets held-for-trading	-	1,045	-	5,813
- Derivative instruments	(4,606)	8,442	18,276	(113,094)
- Financial liabilities designated at fair value through profit or loss	(18,003)	6,991	(12,809)	25,555
Gross dividend income from:				
- Financial assets at fair value through profit or loss	-	-	1,299	-
- Financial investments available-for-sale	-	-	-	1,861
	<b>7,317</b>	<b>30,636</b>	<b>45,077</b>	<b>94,117</b>
(d) <u>Other income :</u>				
Foreign exchange gain/(loss)	404	(743)	2,101	1,163
Gain/(loss) on disposal of property, plant and equipment	8	1	8	(105)
Others	7,382	6,320	27,517	26,665
	<b>7,794</b>	<b>5,578</b>	<b>29,626</b>	<b>27,723</b>
Total other operating income	<b>56,469</b>	<b>85,504</b>	<b>264,961</b>	<b>328,627</b>



**A28 Other Operating Income (Contd.)**

	4th Quarter Ended		Twelve Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
<b><u>BANK</u></b>				
(a) <u>Fee and commission income:</u>				
Commissions	17,955	21,652	80,064	89,165
Service charges and fees	5,670	6,632	28,851	30,242
Guarantee fees	3,485	3,971	14,696	15,807
Processing fees	1,176	1,368	7,407	8,508
Commitment fees	4,340	4,114	17,358	16,376
Cards related income	20,432	22,296	83,950	96,130
Other fee income	1,498	750	5,794	3,000
	<b>54,556</b>	<b>60,783</b>	<b>238,120</b>	<b>259,228</b>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(584)	(557)	(1,398)	(1,624)
Brokerage fees expense	(3)	(7)	(9)	(7)
Guarantee fees expense	(2)	(2)	(225)	(461)
Cards related expense	(18,856)	(20,344)	(75,313)	(82,281)
	<b>(19,445)</b>	<b>(20,910)</b>	<b>(76,945)</b>	<b>(84,373)</b>
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	1,845	-	3,377	-
- Financial investments at fair value through other comprehensive income	1,133	-	2,119	-
- Financial assets held-for-trading	-	332	-	761
- Financial investments available-for-sale	-	18,344	-	21,331
- Derivative instruments	26,496	(4,357)	20,157	151,358
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	445	-	8,248	-
- Financial assets held-for-trading	-	903	-	5,298
- Derivative instruments	(4,606)	8,442	18,276	(113,094)
- Financial liabilities designated at fair value through profit or loss	(18,003)	6,991	(12,809)	25,555
Gross dividend income from:				
- Financial assets at fair value through profit or loss	-	-	749	-
- Financial investments available-for-sale	-	-	-	1,311
- Subsidiaries	-	-	80,154	33,913
	<b>7,310</b>	<b>30,655</b>	<b>120,271</b>	<b>126,433</b>
(d) <u>Other income:</u>				
Foreign exchange gain/(loss)	336	(876)	1,689	804
Rental income	213	169	711	680
Gain on disposal of property, plant and equipment	8	1	8	1
Others	7,260	5,899	27,470	25,737
	<b>7,817</b>	<b>5,193</b>	<b>29,878</b>	<b>27,222</b>
Total other operating income	<b>50,238</b>	<b>75,721</b>	<b>311,324</b>	<b>328,510</b>

**A29 Other Operating Expenses**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>GROUP</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>96,658</b>	93,410	<b>380,786</b>	354,861
- Contribution to EPF	<b>15,390</b>	14,403	<b>60,223</b>	55,857
- Share options/grants under ESS	-	-	-	189
- Termination benefits	-	-	-	42,365
- Others	<b>11,764</b>	17,077	<b>48,625</b>	51,028
	<b>123,812</b>	124,890	<b>489,634</b>	504,300
Establishment costs				
- Depreciation of property, plant and equipment	<b>5,757</b>	5,132	<b>23,333</b>	20,731
- Amortisation of computer software	<b>8,414</b>	5,639	<b>30,206</b>	24,161
- Rental of premises	<b>7,450</b>	7,418	<b>29,573</b>	29,648
- Water and electricity	<b>1,916</b>	1,978	<b>7,818</b>	7,991
- Repairs and maintenance	<b>2,486</b>	2,784	<b>9,747</b>	9,980
- Information technology expenses	<b>18,106</b>	13,537	<b>58,628</b>	50,010
- Others	<b>3,010</b>	4,925	<b>15,855</b>	13,982
	<b>47,139</b>	41,413	<b>175,160</b>	156,503
Marketing expenses				
- Promotion and advertisement	<b>3,261</b>	9,242	<b>12,518</b>	14,193
- Branding and publicity	<b>6,785</b>	8,160	<b>13,233</b>	13,160
- Others	<b>2,168</b>	1,911	<b>8,270</b>	7,096
	<b>12,214</b>	19,313	<b>34,021</b>	34,449
Administration and general expenses				
- Communication expenses	<b>2,757</b>	3,399	<b>11,601</b>	10,708
- Printing and stationery	<b>579</b>	770	<b>2,676</b>	2,829
- Insurance	<b>2,782</b>	2,828	<b>11,182</b>	11,345
- Professional fees	<b>7,571</b>	8,390	<b>23,485</b>	27,853
- Others	<b>6,611</b>	11,128	<b>27,188</b>	46,034
	<b>20,300</b>	26,515	<b>76,132</b>	98,769
Total other operating expenses	<b>203,465</b>	212,131	<b>774,947</b>	794,021

**A29 Other Operating Expenses (Contd.)**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>70,635</b>	73,494	<b>292,799</b>	272,572
- Contribution to EPF	<b>11,214</b>	11,345	<b>46,439</b>	43,188
- Share options/grants under ESS	-	-	-	191
- Termination benefits	-	-	-	42,225
- Others	<b>8,588</b>	13,665	<b>38,904</b>	42,470
	<b>90,437</b>	98,504	<b>378,142</b>	400,646
Establishment costs				
- Depreciation of property, plant and equipment	<b>5,617</b>	4,941	<b>22,674</b>	19,986
- Amortisation of computer software	<b>8,107</b>	5,379	<b>29,117</b>	23,346
- Rental of premises	<b>5,835</b>	5,805	<b>23,233</b>	23,104
- Water and electricity	<b>1,378</b>	1,545	<b>5,664</b>	5,905
- Repairs and maintenance	<b>1,991</b>	2,334	<b>7,384</b>	7,947
- Information technology expenses	<b>14,803</b>	11,207	<b>47,552</b>	40,538
- Others	<b>215</b>	2,890	<b>6,333</b>	5,480
	<b>37,946</b>	34,101	<b>141,957</b>	126,306
Marketing expenses				
- Promotion and advertisement	<b>2,668</b>	8,960	<b>10,796</b>	13,437
- Branding and publicity	<b>4,433</b>	7,663	<b>9,167</b>	11,633
- Others	<b>1,122</b>	1,249	<b>5,140</b>	4,340
	<b>8,223</b>	17,872	<b>25,103</b>	29,410
Administration and general expenses				
- Communication expenses	<b>1,937</b>	2,977	<b>8,609</b>	8,197
- Printing and stationery	<b>435</b>	623	<b>2,070</b>	2,277
- Insurance	<b>2,452</b>	2,593	<b>10,033</b>	10,384
- Professional fees	<b>6,294</b>	5,446	<b>18,392</b>	20,838
- Others	<b>2,572</b>	10,018	<b>17,465</b>	37,171
	<b>13,690</b>	21,657	<b>56,569</b>	78,867
Total other operating expenses	<b>150,296</b>	172,134	<b>601,771</b>	635,229

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**A30 Allowance for Expected Credit Losses/Impairment Losses on Loans, Advances and Financing and Other Financial Assets**

	4th Quarter Ended		Twelve Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
<b>GROUP</b>				
Allowance for/(write-back of) expected credit losses/ impairment losses on loans, advances and financing:				
(a) Expected credit losses				
- Made during the period/financial year (net)	43,037	-	147,238	-
(b) Individual assessment allowance				
- Made during the period/financial year (net)	-	8,705	-	31,876
(c) Collective assessment allowance				
- Made during the period/financial year (net)	-	36,219	-	73,699
(d) Bad debts on loans and financing				
- Recovered	(9,783)	(13,417)	(44,304)	(37,099)
- Written-off	9,152	4,978	36,437	20,858
(e) Commitments and contingencies	(2,557)	-	(11,377)	-
	<u>39,849</u>	<u>36,485</u>	<u>127,994</u>	<u>89,334</u>
(Write-back of)/allowance for expected credit losses/ impairment losses on:				
- Amounts due from clients and brokers	(10)	-	(1)	5
- Other receivables	86	1,149	3,319	4,047
- Cash and short term funds	25	-	(463)	-
- Deposits and placements with banks and other financial institutions	(30)	-	-	-
	<u>39,920</u>	<u>37,634</u>	<u>130,849</u>	<u>93,386</u>

	4th Quarter Ended		Twelve Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
<b>BANK</b>				
Allowance for/(write-back of) expected credit losses/ impairment losses on loans, advances and financing:				
(a) Expected credit losses				
- Made during the period/financial year (net)	29,493	-	97,909	-
(b) Individual assessment allowance				
- Made during the period/financial year (net)	-	7,786	-	24,085
(c) Collective assessment allowance				
- Made during the period/financial year (net)	-	27,498	-	30,618
(d) Bad debts on loans and financing				
- Recovered	(6,914)	(9,166)	(29,192)	(25,698)
- Written-off	5,432	2,941	22,083	10,933
(e) Commitments and contingencies	(1,670)	-	1,304	-
	<u>26,341</u>	<u>29,059</u>	<u>92,104</u>	<u>39,938</u>
Allowance for/(write-back of) expected credit losses/ impairment losses on:				
- Other receivables	898	857	2,977	3,169
- Cash and short term funds	25	-	(463)	-
- Deposits and placements with banks and other financial institutions	(30)	-	-	-
	<u>27,234</u>	<u>29,916</u>	<u>94,618</u>	<u>43,107</u>

**A31 Allowance for/(Write-back of) Expected Credit Losses on Financial Investments**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
(Write-back of)/allowance for expected credit losses on:				
Financial investments at fair value through other comprehensive income	(8)	-	(783)	-
Financial investments at amortised cost	582	-	582	-
	<b>574</b>	<b>-</b>	<b>(201)</b>	<b>-</b>

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>BANK</b>				
(Write-back of)/allowance for expected credit losses on:				
Financial investments at fair value through other comprehensive income	(5)	-	(624)	-
Financial investments at amortised cost	307	-	175	-
	<b>302</b>	<b>-</b>	<b>(449)</b>	<b>-</b>

**A32 Allowance for/(Write-back of) Impairment Losses on Non-financial Assets**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
(Write-back of)/allowance for expected credit losses on:				
Commitment and contingencies	(148)	-	(148)	-
Intangible assets	8,740	-	8,740	-
Property, plant and equipment	-	62	-	62
	<b>8,592</b>	<b>62</b>	<b>8,592</b>	<b>62</b>

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>BANK</b>				
(Write-back of)/allowance for expected credit losses on:				
Commitment and contingencies	(148)	-	(148)	-
Property, plant and equipment	-	62	-	62
	<b>(148)</b>	<b>62</b>	<b>(148)</b>	<b>62</b>

**A33 Commitments and Contingencies**

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

	<b><u>GROUP</u></b>		<b><u>BANK</u></b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
<u>Credit-related exposures</u>				
Direct credit substitutes	<b>650,663</b>	719,148	<b>490,085</b>	564,446
Transaction-related contingent items	<b>680,097</b>	739,535	<b>609,843</b>	651,896
Short-term self-liquidating trade-related contingencies	<b>179,994</b>	235,056	<b>133,405</b>	215,445
Forward assets purchase	<b>236,985</b>	-	<b>211,985</b>	-
Obligations under an on-going underwriting agreement	<b>46,154</b>	-	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	<b>1,319,483</b>	1,056,899	<b>904,181</b>	744,972
- maturity not exceeding one year	<b>8,308,840</b>	7,543,400	<b>6,461,733</b>	5,748,870
Unutilised credit card lines	<b>1,600,820</b>	1,750,064	<b>1,600,820</b>	1,750,064
	<b>13,023,036</b>	12,044,102	<b>10,412,052</b>	9,675,693
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	<b>4,561,102</b>	5,057,347	<b>4,561,102</b>	5,057,347
- over one year to three years	<b>159,580</b>	73,015	<b>159,580</b>	73,015
- over three years	<b>10,209</b>	17,385	<b>10,209</b>	17,385
Interest rate related contracts:				
- one year or less	<b>2,034,786</b>	1,206,130	<b>2,034,786</b>	1,206,130
- over one year to three years	<b>1,779,255</b>	1,990,360	<b>1,779,255</b>	1,990,360
- over three years	<b>2,503,968</b>	2,146,310	<b>2,503,968</b>	2,146,310
Equity related contracts				
- one year or less	<b>78,958</b>	38,825	<b>78,958</b>	38,825
- over one year to three years	<b>30,810</b>	67,660	<b>30,810</b>	67,660
	<b>11,158,668</b>	10,597,032	<b>11,158,668</b>	10,597,032
	<b>24,181,704</b>	22,641,134	<b>21,570,720</b>	20,272,725

#### **A34 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's 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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**A34 Segment information (Contd.)**

<b>GROUP</b>	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
<b>4th Quarter ended 31 March 2019</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external income	113,047	87,499	55,110	3,325	78	259,059	(5,725)	253,334
- inter-segment	(29,837)	25,393	6,751	(2,307)	-	-	-	-
	83,210	112,892	61,861	1,018	78	259,059	(5,725)	253,334
Net income from Islamic banking business	36,772	27,649	16,180	-	796	81,397	12,242	93,639
Other operating income	19,747	37,374	(8,347)	6,469	5,517	60,760	(4,291)	56,469
Net income	139,729	177,915	69,694	7,487	6,391	401,216	2,226	403,442
Other operating expenses	(109,596)	(58,412)	(6,917)	(9,966)	(4,626)	(189,517)	223	(189,294)
Depreciation and amortisation	12,842	(17,889)	(8,684)	(327)	(113)	(14,171)	-	(14,171)
Operating profit/(loss)	42,975	101,614	54,093	(2,806)	1,652	197,528	2,449	199,977
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other assets	(37,969)	(2,441)	485	456	(451)	(39,920)	-	(39,920)
(Allowance for)/write-back of expected credit losses on financial investments	-	-	(792)	-	-	(792)	218	(574)
Write-back/(allowance for) of impairment losses on non-financial assets	-	148	-	(27,337)	-	(27,189)	18,597	(8,592)
Segment result	5,006	99,321	53,786	(29,687)	1,201	129,627	21,264	150,891
Share of results of joint venture								28
Taxation								(39,143)
Net profit for the financial period								111,776
Segment assets	22,149,320	20,476,010	15,345,234	349,018	38,299	58,357,881	(2,434,544)	55,923,337
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								802
Property, plant and equipment								70,497
Tax recoverable and deferred tax assets								93,254
Intangible assets								432,961
Total assets								56,520,851



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**A34 Segment information (Contd.)**

<b>GROUP</b>	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
<b>Twelve months ended 31 March 2019</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external income	465,822	335,707	215,349	14,490	399	1,031,767	(33,684)	998,083
- inter-segment	(127,640)	104,394	33,032	(9,786)	-	-	-	-
	338,182	440,101	248,381	4,704	399	1,031,767	(33,684)	998,083
Net income from Islamic banking business	139,378	112,055	59,636	-	1,087	312,156	46,901	359,057
Other operating income	85,400	165,526	(19,017)	28,727	23,525	284,161	(19,200)	264,961
Net income	562,960	717,682	289,000	33,431	25,011	1,628,084	(5,983)	1,622,101
Other operating expenses	(361,087)	(259,262)	(44,116)	(38,060)	(19,374)	(721,899)	491	(721,408)
Depreciation and amortisation	(6,312)	(32,625)	(13,150)	(1,286)	(166)	(53,539)	-	(53,539)
Operating profit/(loss)	195,561	425,795	231,734	(5,915)	5,471	852,646	(5,492)	847,154
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other assets	(115,018)	(16,578)	871	(125)	-	(130,850)	1	(130,849)
Write-back of expected credit losses on financial investments	-	-	115	-	-	115	86	201
Write-back/(allowance for) of impairment losses on non-financial assets	-	148	-	(27,337)	-	(27,189)	18,597	(8,592)
Segment result	80,543	409,365	232,720	(33,377)	5,471	694,722	13,192	707,914
Share of results of joint venture								109
Taxation								(170,426)
Net profit for the financial year								537,597
Segment assets	22,149,320	20,476,010	15,345,234	349,018	38,299	58,357,881	(2,434,544)	55,923,337
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								802
Property, plant and equipment								70,497
Tax recoverable and deferred tax assets								93,254
Intangible assets								432,961
Total assets								56,520,851

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**A34 Segment information (Contd.)**

<b>GROUP</b>	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
<b>4th Quarter ended 31 March 2018</b>								
Net interest income								
- external income	116,393	82,326	42,036	3,525	686	244,966	(10,339)	234,627
- inter-segment	(34,275)	19,038	17,308	(2,071)	-	-	-	-
	82,118	101,364	59,344	1,454	686	244,966	(10,339)	234,627
Net income from Islamic banking business	29,426	26,969	14,233	-	-	70,628	12,771	83,399
Other operating income	19,060	46,137	11,168	9,247	3,000	88,612	(3,108)	85,504
Net income	130,604	174,470	84,745	10,701	3,686	404,206	(676)	403,530
Other operating expenses	(76,697)	(96,167)	(14,866)	(9,021)	(4,980)	(201,731)	371	(201,360)
Depreciation and amortisation	(5,929)	(3,788)	(707)	(345)	(2)	(10,771)	-	(10,771)
Operating profit	47,978	74,515	69,172	1,335	(1,296)	191,704	(305)	191,399
(Allowance for)/write-back of impairment losses on loans, advances and financing and other assets	(14,533)	(22,969)	25	(156)	(1)	(37,634)	-	(37,634)
Allowance for impairment losses on non-financial assets	-	-	(62)	-	-	(62)	-	(62)
Segment result	33,445	51,546	69,135	1,179	(1,297)	154,008	(305)	153,703
Share of results of joint venture								46
Taxation								(40,878)
Net profit for the financial period								112,871
Segment assets	21,439,733	18,433,988	15,724,317	51,675	126,171	55,775,884	(2,341,752)	53,434,132
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								693
Property, plant and equipment								69,373
Tax recoverable and deferred tax assets								24,668
Intangible assets								409,402
Total assets								53,938,268

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**A34 Segment information (Contd.)**

<b>GROUP</b>	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
<b>Twelve months ended 31 March 2018</b>								
Net interest income								
- external income	416,778	329,102	190,748	13,005	2,582	952,215	(27,064)	925,151
- inter-segment	(88,599)	80,102	16,222	(7,725)	-	-	-	-
	328,179	409,204	206,970	5,280	2,582	952,215	(27,064)	925,151
Net income from Islamic banking business	113,858	99,461	56,929	-	-	270,248	47,997	318,245
Other operating income	112,495	166,369	18,602	32,423	22,553	352,442	(23,815)	328,627
Net income	554,532	675,034	282,501	37,703	25,135	1,574,905	(2,882)	1,572,023
Other operating expenses	(305,031)	(290,864)	(51,790)	(37,404)	(68,500)	(753,589)	4,460	(749,129)
Depreciation and amortisation	(25,830)	(15,205)	(2,657)	(1,194)	(6)	(44,892)	-	(44,892)
Operating profit	223,671	368,965	228,054	(895)	(43,371)	776,424	1,578	778,002
(Allowance for)/write-back of impairment losses on loans, advances and financing and other assets	(81,284)	(11,855)	36	58	(341)	(93,386)	-	(93,386)
Allowance for impairment losses on non-financial assets	-	-	(62)	-	-	(62)	-	(62)
Segment result	142,387	357,110	228,028	(837)	(43,712)	682,976	1,578	684,554
Share of results of joint venture								43
Taxation								(191,369)
Net profit for the financial year								493,228
Segment assets	21,439,733	18,433,988	15,724,317	51,675	126,171	55,775,884	(2,341,752)	53,434,132
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								693
Property, plant and equipment								69,373
Tax recoverable and deferred tax assets								24,668
Intangible assets								409,402
Total assets								53,938,268

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**A35 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:

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>13.736%</b>	13.695%	<b>12.061%</b>	11.680%
Tier I capital ratio	<b>14.423%</b>	14.123%	<b>12.940%</b>	12.217%
Total capital ratio	<b>18.856%</b>	18.638%	<b>17.841%</b>	17.122%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>13.388%</b>	13.393%	<b>11.614%</b>	11.302%
Tier I capital ratio	<b>14.074%</b>	13.821%	<b>12.493%</b>	11.839%
Total capital ratio	<b>18.508%</b>	18.337%	<b>17.394%</b>	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:

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
<u><b>CET I Capital/Tier I Capital</b></u>				
Paid-up share capital	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Retained profits	<b>3,827,676</b>	3,510,283	<b>3,128,589</b>	2,866,142
Regulatory reserves	<b>178,397</b>	186,064	<b>160,798</b>	160,029
FVOCI reserve/revaluation reserves	<b>68,540</b>	114,987	<b>36,449</b>	74,907
Capital reserves	<b>100,150</b>	100,150	<b>95,515</b>	95,515
	<b>5,722,869</b>	5,459,590	<b>4,969,457</b>	4,744,699
Less: Regulatory adjustment				
- Goodwill and other intangibles	<b>(432,961)</b>	(409,402)	<b>(323,804)</b>	(292,981)
- Deferred tax assets	<b>(72,972)</b>	(22,664)	<b>(50,116)</b>	(9,223)
- 55% of revaluation reserves	<b>(37,697)</b>	(63,243)	<b>(20,047)</b>	(41,199)
- Regulatory reserves	<b>(178,397)</b>	(186,064)	<b>(160,798)</b>	(160,029)
- Investment in subsidiaries, associate and joint venture	<b>(802)</b>	(693)	<b>(989,102)</b>	(989,102)
Total CET I Capital	<b>5,000,040</b>	4,777,524	<b>3,425,590</b>	3,252,165
Additional Tier 1 Capital Securities	<b>249,792</b>	149,293	<b>249,445</b>	149,316
Total Additional Tier 1 Capital	<b>249,792</b>	149,293	<b>249,445</b>	149,316
Total Tier I Capital	<b>5,249,832</b>	4,926,817	<b>3,675,035</b>	3,401,481

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**A35 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.)

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
<b><u>Tier II Capital</u></b>				
Subordinated obligations	<b>1,199,676</b>	1,199,675	<b>1,199,381</b>	1,199,062
Collective assessment allowance and regulatory reserves	<b>414,258</b>	375,710	<b>322,740</b>	296,765
Less: Regulatory adjustment - Investment in Tier 2 capital instruments	-	-	<b>(130,000)</b>	(130,000)
Total Tier II Capital	<b>1,613,934</b>	1,575,385	<b>1,392,121</b>	1,365,827
<b>Total Capital</b>	<b>6,863,766</b>	6,502,202	<b>5,067,156</b>	4,767,308

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

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2018 RM'000</b>
Credit risk	<b>33,140,642</b>	31,973,585	<b>25,819,184</b>	25,299,261
Market risk	<b>274,942</b>	110,857	<b>274,942</b>	110,389
Operational risk	<b>2,984,529</b>	2,801,473	<b>2,307,070</b>	2,433,159
Total RWA and capital requirements	<b>36,400,113</b>	34,885,915	<b>28,401,196</b>	27,842,809

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

	<b>Alliance Islamic Bank Berhad</b>	<b>Alliance Investment Bank Berhad</b>
<b>31 March 2019</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>11.690%</b>	<b>78.200%</b>
Tier I capital ratio	<b>12.950%</b>	<b>78.200%</b>
Total capital ratio	<b>15.762%</b>	<b>79.196%</b>
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>11.339%</b>	<b>78.200%</b>
Tier I capital ratio	<b>12.599%</b>	<b>78.200%</b>
Total capital ratio	<b>15.411%</b>	<b>79.196%</b>
<b>31 March 2018</b>		
<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%

## **A36 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 and most of the Group's and the Bank's derivatives.

#### **(iii) Financial instruments in Level 3**

The Group and the Bank classify 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.

**A36 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 March 2019	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	41,002	-	41,002
- Unquoted securities	-	1,921	187,517	189,438
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	5,289,295	-	5,289,295
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	4,189,159	-	4,189,159
Derivative financial assets	-	55,442	-	55,442
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss	-	778,423	-	778,423
Derivative financial liabilities	-	57,545	-	57,545
<u>BANK</u>				
31 March 2019	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	41,002	-	41,002
- Unquoted securities	-	1,921	126,733	128,654
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	4,405,360	-	4,405,360
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	2,447,498	-	2,447,498
Derivative financial assets	-	55,442	-	55,442
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss	-	778,423	-	778,423
Derivative financial liabilities	-	57,545	-	57,545

**A36 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>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2018	RM'000	RM'000	RM'000	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>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2018	RM'000	RM'000	RM'000	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



**A36 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:

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of financial year	<b>178,846</b>	170,239	<b>121,634</b>	111,377
Disposal	-	(4,970)	-	-
Partial distribution on liquidating shares	<b>(195)</b>	-	<b>(195)</b>	-
Total gains/(losses) recognised in:				
- Other comprehensive income				
(i) Revaluation reserves	-	13,607	-	10,257
- Statement of income				
(i) Revaluation gain from financial assets at at fair value through profit or loss	<b>8,866</b>	-	<b>5,294</b>	-
(ii) Loss arising from sales of financial investments available-for-sales	-	(30)	-	-
At end of financial year	<b>187,517</b>	178,846	<b>126,733</b>	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.

**A37 Credit Transactions And Exposures With Connected Parties**

	<b>BANK</b>	
	<b>31 March</b>	31 March
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Outstanding credit exposures with connected parties	<u>43,641</u>	<u>44,698</u>
of which:		
Total credit exposure which is impaired or in default	<u>8</u>	<u>-</u>
Total credit exposures	<u>46,311,419</u>	<u>44,389,189</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>0.09%</u>	<u>0.10%</u>
- which is impaired or in default	<u>0.00%</u>	<u>0.00%</u>

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties, which became effective on 1 January 2008.

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder and his close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

### **A38 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 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	Cash collateral received RM'000	Net Amount RM'000
<b>GROUP</b>						
March 2019						
Derivative financial assets	55,442	-	55,442	(14,492)	(8,105)	32,845
Amounts due from clients and brokers	144,882	(67,874)	77,008	-	-	77,008
	<u>200,324</u>	<u>(67,874)</u>	<u>132,450</u>	<u>(14,492)</u>	<u>(8,105)</u>	<u>109,853</u>
<b>BANK</b>						
March 2019						
Derivative financial assets	<u>55,442</u>	<u>-</u>	<u>55,442</u>	<u>(14,492)</u>	<u>(8,105)</u>	<u>32,845</u>
<b>GROUP</b>						
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>
<b>BANK</b>						
March 2018						
Derivative financial assets	<u>84,455</u>	<u>-</u>	<u>84,455</u>	<u>(6,271)</u>	<u>(32,751)</u>	<u>45,433</u>

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(Incorporated in Malaysia)

**A38 Offsetting Financial Assets And Financial Liabilities (Contd.)**
**(b) Financial liabilities**

	Gross amounts of recognised financial assets set off in the statement of financial position RM'000	Gross amounts of recognised financial liabilities presented in the statement of financial position RM'000	Net amounts of financial liabilities 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 pledged RM'000	
<b>GROUP</b>						
March 2019						
Derivative financial liabilities	57,545	-	57,545	(14,492)	(22,541)	20,512
Amounts due to clients and brokers	119,038	(67,874)	51,164	-	-	51,164
Total	176,583	(67,874)	108,709	(14,492)	(22,541)	71,676
<b>BANK</b>						
March 2019						
Derivative financial liabilities	57,545	-	57,545	(14,492)	(22,541)	20,512
<b>GROUP</b>						
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
<b>BANK</b>						
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.

### **A39 Changes in Accounting Policy**

#### **(a) Adoption of MFRS 9 "Financial Instruments"**

The Group and the Bank have adopted MFRS 9 retrospectively with the date of initial application of 1 April 2018.

In accordance with the transition provision provided in MFRS 9, comparative for 2018 was not restated and continue to be reported under the previous accounting policies governed under MFRS 139. The cumulative effect initially applying MFRS 9 will be registered as an adjustment to the opening balances of the retained profits as at 1 April 2018.

#### **(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 profits.

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 are at FVTPL, will remain as amortised cost as there has not been significant change in the requirements for financial liabilities under MFRS 9.

**A39 Changes in Accounting Policy (Contd.)**

**(a) Adoption of MFRS 9 "Financial Instruments" (contd.)**

**(ii) Impairment of Financial Assets**

MFRS 9 introduces an 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 level of allowances for expected credit losses is explained under the significant accounting policies.

As a result of the adoption of the MFRS 9 ECL model in determining the allowances for ECL, the total ECL allowances computed under MFRS 9 is higher by RM86,475,000 and RM62,658,000 for the Group and the Bank respectively, than the total allowances of impairment losses on financial assets under MFRS 139.

**(b) Adoption of MFRS 15 "Revenue from Contracts with Customers"**

Effective from the financial year beginning on 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.

The Group and the Bank have applied MFRS15 with the date of initial application of 1 April 2018 by using the modified retrospective transition method. Under this method, the Group and the Bank apply the new policy retrospectively only to contracts that are not completed contracts at the date of initial application. Accordingly the comparative information was not restated and the cumulative effects of initial application of MFRS15 were recognised as an adjustment to the opening retained profits as at 1 April 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS118 and MFRS111.

The adoption of the MFRS 15 has resulted in a decrease of RM15,500,000 in the Group's and the Bank's retained profits as at 1 April 2018.

**A39 Changes in Accounting Policy (Contd.)**

**(c) Impact on Adoption of MFRS 9 and MFRS 15**

A reconciliation of the statement of financial position of the Group and the Bank upon adoption of MFRS 9 and MFRS 15 as at 1 April 2018 are as follows:

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

<u>GROUP</u>	MFRS 139 measurement <u>category</u>	MFRS 9 measurement <u>category</u>	MFRS 139 carrying amount <u>31 March 2018</u> RM'000	<u>Reclassification</u> RM'000	<u>Remeasurement</u> RM'000	Expected credit losses RM'000	MFRS 9 carrying amount <u>1 April 2018</u> RM'000	MFRS 15 adjustments RM'000	Restated <u>1 April 2018</u> RM'000
<b>ASSETS</b>									
Cash and short-term funds	Loans and receivables	Amortised Cost	2,768,758	-	-	(501)	2,768,257	-	2,768,257
Deposits and placements with banks and other financial institutions	Loans and receivables	Amortised Cost	77,283	-	-	-	77,283	-	77,283
Amounts due from clients and brokers	Loans and receivables	Amortised Cost	101,305	-	-	-	101,305	-	101,305
Financial investments at FVTPL	NA	FVTPL	-	242,596	-	-	242,596	-	242,596
Financial investments at FVOCI	NA	FVOCI	-	8,326,343	-	-	8,326,343	-	8,326,343
Financial investments at amortised cost	NA	Amortised Cost	-	514,106	-	-	514,106	-	514,106
Financial assets held-for-trading ("HFT")	HFT	NA	63,750	(63,750)	-	-	-	-	-
Financial investments available-for-sale ("AFS")	AFS	NA	8,505,189	(8,505,189)	-	-	-	-	-
- <i>Debt instrument</i>	AFS	NA	8,326,333	(8,326,333)	-	-	-	-	-
- <i>Quoted equity instrument</i>	AFS	NA	10	(10)	-	-	-	-	-
- <i>Unquoted equity instrument</i>	AFS	NA	178,846	(178,846)	-	-	-	-	-
Financial investments held-to-maturity ("HTM")	HTM	NA	293,612	(293,612)	-	-	-	-	-
Derivative financial assets	FVTPL	FVTPL	84,455	-	-	-	84,455	-	84,455
Loans, advances and financing	Loans and receivables	Amortised Cost	39,989,515	(220,494)	(19,592)	(90,879)	39,658,550	-	39,658,550
Other assets	Loans and receivables	Amortised Cost	141,949	-	-	-	141,949	-	141,949
Tax recoverable			2,004	-	-	14,963	16,967	-	16,967
Statutory deposits	Loans and receivables	Amortised Cost	1,408,316	-	-	-	1,408,316	-	1,408,316
Investment in joint venture			693	-	-	-	693	-	693
Property, plant and equipment			69,373	-	-	-	69,373	-	69,373
Deferred tax assets			22,664	22,457	-	-	45,121	-	45,121
Intangible assets			409,402	-	-	-	409,402	-	409,402
<b>TOTAL ASSETS</b>			<b>53,938,268</b>	<b>22,457</b>	<b>(19,592)</b>	<b>(76,417)</b>	<b>53,864,716</b>	<b>-</b>	<b>53,864,716</b>

**A39 Changes in Accounting Policy (Contd.)**

**(c) Impact on Adoption of MFRS 9 and MFRS 15 (contd.)**

A reconciliation of the statement of financial position of the Group and the Bank upon adoption of MFRS 9 and MFRS 15 as at 1 April 2018 are as follows: (contd.)

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

<u>GROUP</u>	<u>MFRS 139</u> <u>measurement</u> <u>category</u>	<u>MFRS 9</u> <u>measurement</u> <u>category</u>	<u>MFRS 139</u> <u>carrying</u> <u>amount</u> <u>31 March 2018</u> <u>RM'000</u>	<u>Reclassification</u> <u>RM'000</u>	<u>Remeasurement</u> <u>RM'000</u>	<u>Expected credit</u> <u>losses</u> <u>RM'000</u>	<u>MFRS 9</u> <u>carrying</u> <u>amount</u> <u>1 April 2018</u> <u>RM'000</u>	<u>MFRS 15</u> <u>adjustments</u> <u>RM'000</u>	<u>Restated</u> <u>1 April 2018</u> <u>RM'000</u>
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	Amortised Cost	Amortised Cost	42,740,460	-	-	-	42,740,460	-	42,740,460
Deposits and placements of banks and other financial institutions	Amortised Cost	Amortised Cost	873,871	-	-	-	873,871	-	873,871
Financial liabilities designated at fair value through profit or loss	FVTPL	FVTPL	682,238	-	-	-	682,238	-	682,238
Amounts due to clients and brokers	Amortised Cost	Amortised Cost	75,103	-	-	-	75,103	-	75,103
Derivative financial liabilities			154,686	-	-	-	154,686	-	154,686
Recourse obligations on loans and financing sold to Cagamas	Amortised Cost	Amortised Cost	1,102,363	-	-	-	1,102,363	-	1,102,363
Other liabilities			1,435,523	-	-	44,000	1,479,523	15,500	1,495,023
Provision for taxation			22,661	-	(4,702)	(17,959)	-	-	-
Provision for zakat			252	-	-	-	252	-	252
Deferred tax liabilities			11,907	(11,907)	-	-	-	-	-
Subordinated obligations	Amortised Cost	Amortised Cost	1,379,614	-	-	-	1,379,614	-	1,379,614
<b>TOTAL LIABILITIES</b>			<b>48,478,678</b>	<b>(11,907)</b>	<b>(4,702)</b>	<b>26,041</b>	<b>48,488,110</b>	<b>15,500</b>	<b>48,503,610</b>
Share capital			1,548,106	-	-	-	1,548,106	-	1,548,106
Reserves			3,911,484	43,773	(14,890)	(102,458)	3,837,909	(15,500)	3,822,409
- Regulatory reserve			186,064	-	-	(17,330)	168,734	-	168,734
- FVOCI reserve			-	15,576	-	1,347	16,923	-	16,923
- Revaluation reserve			114,987	(114,987)	-	-	-	-	-
- Retained profits			3,510,283	143,184	(14,890)	(86,475)	3,552,102	(15,500)	3,536,602
- Capital reserve			100,150	-	-	-	100,150	-	100,150
<b>TOTAL EQUITY</b>			<b>5,459,590</b>	<b>43,773</b>	<b>(14,890)</b>	<b>(102,458)</b>	<b>5,386,015</b>	<b>(15,500)</b>	<b>5,370,515</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>53,938,268</b>	<b>31,866</b>	<b>(19,592)</b>	<b>(76,417)</b>	<b>53,874,125</b>	<b>-</b>	<b>53,874,125</b>



**A39 Changes in Accounting Policy (Contd.)**

**(c) Impact on Adoption of MFRS 9 and MFRS 15 (contd.)**

A reconciliation of the statement of financial position of the Group and the Bank upon adoption of MFRS 9 and MFRS 15 as at 1 April 2018 are as follows: (contd.)

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

<u>BANK</u>	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount 31 March 2018 RM'000	Reclassification RM'000	Remeasurement RM'000	Expected credit losses RM'000	MFRS 9 carrying amount 1 April 2018 RM'000	MFRS 15 adjustments RM'000	Restated 1 April 2018 RM'000
<b>ASSETS</b>									
Cash and short-term funds	Loans and receivables	Amortised Cost	1,715,961	-	-	(501)	1,715,460	-	1,715,460
Deposits and placements with banks and other financial institutions	Loans and receivables	Amortised Cost	77,283	-	-	-	77,283	-	77,283
Financial investments at FVTPL	NA	FVTPL	-	170,405	-	-	170,405	-	170,405
Financial investments at FVOCI	NA	FVOCI	-	6,284,814	-	-	6,284,814	-	6,284,814
Financial investments at amortised cost	NA	Amortised Cost	-	525,035	-	(425)	524,610	-	524,610
Financial assets held-for-trading	HFT	NA	48,771	(48,771)	-	-	-	-	-
Financial investments available-for-sale	AFS	NA	6,406,448	(6,406,448)	-	-	-	-	-
- <i>Debt instrument</i>	AFS	NA	6,284,804	(6,284,804)	-	-	-	-	-
- <i>Quoted equity instrument</i>	AFS	NA	10	(10)	-	-	-	-	-
- <i>Unquoted equity instrument</i>	AFS	NA	121,634	(121,634)	-	-	-	-	-
Financial investments held-to-maturity	HTM	NA	344,703	(344,703)	-	-	-	-	-
Derivative financial assets	FVTPL	FVTPL	84,455	-	-	-	84,455	-	84,455
Loans, advances and financing	Loans and receivables	Amortised Cost	31,546,564	(180,332)	6,557	(52,797)	31,319,992	-	31,319,992
Other assets	Loans and receivables	Amortised Cost	176,948	-	-	-	176,948	-	176,948
Statutory deposits	Loans and receivables	Amortised Cost	1,092,566	-	-	-	1,092,566	-	1,092,566
Investment in joint venture			989,102	-	-	-	989,102	-	989,102
Property, plant and equipment			67,834	-	-	-	67,834	-	67,834
Deferred tax assets			9,223	20,873	-	-	30,096	-	30,096
Intangible assets			292,981	-	-	-	292,981	-	292,981
<b>TOTAL ASSETS</b>			<b>42,852,839</b>	<b>20,873</b>	<b>6,557</b>	<b>(53,723)</b>	<b>42,826,546</b>	<b>-</b>	<b>42,826,546</b>

**A39 Changes in Accounting Policy (Contd.)**

**(c) Impact on Adoption of MFRS 9 and MFRS 15 (contd.)**

A reconciliation of the statement of financial position of the Group and the Bank upon adoption of MFRS 9 and MFRS 15 as at 1 April 2018 are as follows: (contd.)

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

<u>BANK</u>	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount 31 March 2018 RM'000	Reclassification RM'000	Remeasurement RM'000	Expected credit losses RM'000	MFRS 9 carrying amount 1 April 2018 RM'000	MFRS 15 adjustments RM'000	Restated 1 April 2018 RM'000
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	Amortised Cost	Amortised Cost	33,508,370	-	-	-	33,508,370	-	33,508,370
Deposits and placements of banks and other financial institutions	Amortised Cost	Amortised Cost	439,238	-	-	-	439,238	-	439,238
Financial liabilities designated at fair value through profit or loss	FVTPL	FVTPL	682,238	-	-	-	682,238	-	682,238
Derivative financial liabilities			154,686	-	-	-	154,686	-	154,686
Recourse obligations on loans and financing sold to Cagamas	Amortised Cost	Amortised Cost	601,696	-	-	-	601,696	-	601,696
Other liabilities			1,319,698	-	-	27,290	1,346,988	15,500	1,362,488
Provision for taxation			23,190	-	1,574	(19,688)	5,076	-	5,076
Subordinated obligations	Amortised Cost	Amortised Cost	1,379,024	-	-	-	1,379,024	-	1,379,024
<b>TOTAL LIABILITIES</b>			<b>38,108,140</b>	<b>-</b>	<b>1,574</b>	<b>7,602</b>	<b>38,117,316</b>	<b>15,500</b>	<b>38,132,816</b>
Share capital			1,548,106	-	-	-	1,548,106	-	1,548,106
Reserves			3,196,593	20,873	4,983	(61,325)	3,161,124	(15,500)	3,145,624
- Regulatory reserve			160,029	-	-	327	160,356	-	160,356
- FVOCI reserve			-	8,808	-	1,006	9,814	-	9,814
- Revaluation reserve			74,907	(74,907)	-	-	-	-	-
- Retained profits			2,866,142	86,972	4,983	(62,658)	2,895,439	(15,500)	2,879,939
- Capital reserve			95,515	-	-	-	95,515	-	95,515
<b>TOTAL EQUITY</b>			<b>4,744,699</b>	<b>20,873</b>	<b>4,983</b>	<b>(61,325)</b>	<b>4,709,230</b>	<b>(15,500)</b>	<b>4,693,730</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>42,852,839</b>	<b>20,873</b>	<b>6,557</b>	<b>(53,723)</b>	<b>42,826,546</b>	<b>-</b>	<b>42,826,546</b>

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

(Incorporated in Malaysia)

**A39 Changes in Accounting Policy (Contd.)**
**(d) Financial effect**

The following table reconciles the prior year's allowance for impairment losses measured in accordance with MFRS 139 incurred loss model to the new expected credit losses measured in accordance with MFRS 9 ECL as at 1 April 2018:

	MFRS 139 carrying amount 31 March 2018 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 April 2018 RM'000
<b>GROUP</b>				
Cash and short-term funds	-	-	501	501
Amounts due from clients and brokers	840	-	-	840
Financial investments at amortised cost	-	14,193	-	14,193
Financial investments available-for-sale	9,409	(9,409)	-	-
Financial investments held-to-maturity	14,193	(14,193)	-	-
Loans, advances and financing	372,449	-	90,879	463,328
Other assets	32,017	-	-	32,017
Other liabilities	-	-	44,000	44,000
FVOCI reserve	-	9,409	1,347	10,756
	<u>428,908</u>	<u>-</u>	<u>136,727</u>	<u>565,635</u>

	MFRS 139 carrying amount 31 March 2018 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 April 2018 RM'000
<b>BANK</b>				
Cash and short-term funds	-	-	501	501
Financial investments at amortised cost	-	1,294	425	1,719
Financial investments held-to-maturity	1,294	(1,294)	-	-
Loans, advances and financing	285,402	-	52,797	338,199
Other assets	27,578	-	-	27,578
Other liabilities	-	-	27,290	27,290
FVOCI reserve	-	-	1,006	1,006
	<u>314,274</u>	<u>-</u>	<u>82,019</u>	<u>396,293</u>

**A40 Comparatives**

- a) Interest income and interest expense on financial statements are measured at fair value through profit and loss are reclassified to investment income in accordance to amendment to MFRS 101, where interest income on items that are not measured at amortised cost or fair value through other comprehensive income will no longer be able to be included in interest revenue.

The financial effects to the statements of Income for the financial year ended 31 March 2018 are as follows:

	<u>As previously stated</u> RM'000	<u>Reclassification</u> RM'000	<u>As restated</u> RM'000
<b><u>GROUP</u></b>			
Interest income	1,921,697	(23,819)	1,897,878
Interest expense	(1,029,186)	56,459	(972,727)
Other operating income:	361,267	(32,640)	328,627
- <i>Investment income</i>	126,757	(32,640)	94,117
<b><u>BANK</u></b>			
Interest income	1,898,299	(23,262)	1,875,037
Interest expense	(998,364)	56,459	(941,905)
Other operating income:	361,707	(33,197)	328,510
- <i>Investment income</i>	159,630	(33,197)	126,433

- b) The following figures have been reclassified to conform with the presentation of the current financial year:

	<u>As previously stated</u> RM'000	<u>Reclassification</u> RM'000	<u>As restated</u> RM'000
<b><u>GROUP</u></b>			
Other assets	105,728	36,221	141,949
- <i>Other receivables</i>	32,173	36,221	68,394
Other liabilities	(1,399,302)	(36,221)	(1,435,523)
- <i>Other payables</i>	(254,276)	(37,950)	(292,226)
- <i>Clearing account</i>	(201,208)	1,739	(199,469)
- <i>Provision and accrual</i>	(131,272)	(10)	(131,282)
<b><u>BANK</u></b>			
Other assets	140,727	36,221	176,948
- <i>Other receivables</i>	18,281	36,221	54,502
Other liabilities	(1,283,477)	(36,221)	(1,319,698)
- <i>Other payables</i>	(205,527)	(37,950)	(243,477)
- <i>Clearing account</i>	(161,741)	1,739	(160,002)
- <i>Provision and accrual</i>	(131,524)	(10)	(131,534)

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

**B1 Financial Review for Financial Quarter and Financial Year to Date**

**GROUP**

	<b>4th Quarter Ended 31 March 2019 RM'000</b>	<b>4th Quarter Ended 31 March 2018 RM'000</b>	<b>Changes %</b>
Net income/revenue	403,442	403,530	(0.0)
Operating profit before allowance	199,977	191,399	4.5
Operating profit after allowance	150,891	153,703	(1.8)
Profit before taxation	150,919	153,749	(1.8)
Profit after taxation	111,776	112,871	(1.0)
Profit attributable to ordinary equity holders of the Bank	111,776	112,871	(1.0)

	<b>Twelve Months Ended 31 March 2019 RM'000</b>	<b>Twelve Months Ended 31 March 2018 RM'000</b>	<b>Changes %</b>
Net income/revenue	1,622,101	1,572,023	3.2
Operating profit before allowance	847,154	778,002	8.9
Operating profit after allowance	707,914	684,554	3.4
Profit before taxation	708,023	684,597	3.4
Profit after taxation	537,597	493,228	9.0
Profit attributable to ordinary equity holders of the Bank	537,597	493,228	9.0

	<b>4th Quarter Ended 31 March 2019 RM'000</b>	<b>3rd Quarter Ended 31 December 2018 RM'000</b>	<b>Changes %</b>
Net income/revenue	403,442	418,401	(3.6)
Operating profit before allowance	199,977	221,631	(9.8)
Operating profit after allowance	150,891	189,207	(20.3)
Profit before taxation	150,919	189,236	(20.2)
Profit after taxation	111,776	148,932	(24.9)
Profit attributable to ordinary equity holders of the Bank	111,776	148,932	(24.9)

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

**BANK**

	<b>4th Quarter Ended 31 March 2019 RM'000</b>	<b>4th Quarter Ended 31 March 2018 RM'000</b>	<b>Changes %</b>
Net income/revenue	300,984	312,218	(3.6)
Operating profit before allowance	150,688	140,084	7.6
Operating profit after allowance	123,300	110,106	12.0
Profit before taxation	123,300	110,106	12.0
Profit after taxation	93,290	80,233	16.3
Profit attributable to ordinary equity holders of the Bank	93,290	80,233	16.3
	<b>Twelve Months Ended 31 March 2019 RM'000</b>	<b>Twelve Months Ended 31 March 2018 RM'000</b>	<b>Changes %</b>
Net income/revenue	1,309,804	1,261,642	3.8
Operating profit before allowance	708,033	626,413	13.0
Operating profit after allowance	614,012	583,244	5.3
Profit before taxation	614,012	583,244	5.3
Profit after taxation	485,952	426,910	13.8
Profit attributable to ordinary equity holders of the Bank	485,952	426,910	13.8
	<b>4th Quarter Ended 31 March 2019 RM'000</b>	<b>3rd Quarter Ended 31 December 2018 RM'000</b>	<b>Changes %</b>
Net income/revenue	300,984	356,545	(15.6)
Operating profit before allowance	150,688	200,709	(24.9)
Operating profit after allowance	123,300	177,088	(30.4)
Profit before taxation	123,300	177,088	(30.4)
Profit after taxation	93,290	148,613	(37.2)
Profit attributable to ordinary equity holders of the Bank	93,290	148,613	(37.2)

## **B2 Review Of Performance**

### **Review of Performance for the Fourth Quarter Ended 31 March 2019**

#### **Improved Profitability:**

For the FYE 31 March 2019 ("FYE2019"), the Group recorded strong financial performance as a result of the successful execution of its Transformation initiatives to scale up its core businesses in the SME and consumer segments. Net profit after taxation increased by RM44.4 million or 9.0% to RM537.6 million. Return on equity ("ROE") improved to 9.9% from 9.5% in the previous year.

Net income grew by RM50.1 million or 3.2% to an all-time record high of RM1.62 billion. This was driven by net interest income growth of 8.9% year on year ("YOY") from the expansion of total loans and the improved loan mix from better risk adjusted return loans. Net interest margin ("NIM") improved by 10 bps YOY to 2.50%.

#### **Better Loans Growth:**

Gross loans and advances grew 6.0% YOY to RM42.7 billion outpacing the industry loan growth of 4.9% YOY. The Group's loan origination efforts continued to focus on better risk adjusted return loans from SME, commercial, consumer unsecured lending and Alliance ONE Account ("AOA") segments. SME and commercial loans expanded 12.9% YOY, while consumer unsecured loans grew 21.4% YOY. AOA loan balances tripled to RM3.2 billion from RM1.0 billion the previous year. The loan mix continued to improve with better risk adjusted return loans making up 43% of the portfolio as compared to 36% in the previous year.

#### **Other Operating Income:**

The Group recorded other operating income of RM265.0 million amid the challenging external environment. Wealth management fee income for FYE2019 was lower by RM15.2 million due to lower structured investment fee income and lower brokerage/share trading fee income. Lower credit card fee income by RM8.3 million was mainly due to lower regulatory interchange fees and higher redemption from the improved rewards programme proposition. The Group continues to expand its initiatives to increase the fee income business through its new exclusive general insurance partnership with Zurich Insurance, enhancing relationship managers' capabilities through the Wealth Academy and expanding cross-selling efforts for wealth management products.

#### **Operating Expenses:**

Operating expenses improved by RM19.1 million or 2.4% YOY. Excluding restructuring costs, operating expenses grew 3.1% YOY mainly due to transformation sales force investment and IT infrastructure costs. The investment of RM32.4 million in transformation sales force has generated revenue of RM58.7 million in FYE2019. Cost to income ratio ("CIR") was at 47.8%.

#### **Better Asset Quality:**

FYE 2019 net credit cost was at 31.5 bps excluding a one-off write back from credit rating scale alignment for corporates in 3QFYE18 and a one-off debt-sale in 1QFYE2019, normalised FYE2019 net credit cost increased marginally by 0.8 bps YOY to 33.2 bps from 32.4 bps in FYE2018. The marginal increase in credit cost was mainly due to the growth of the personal financing portfolio offset by write backs from repayment of several major business accounts.

The gross impaired loans ratio improved 31 bps to 1.12% from 1.43% in FYE2018. The ongoing regularisation of the residential properties portfolio through proactive collection efforts and the repayments in the non-residential properties portfolio from several major business accounts, have contributed to the lower GIL in FYE 2019. Loan loss coverage (including Regulatory Reserve) improved to 142.9% from 96.7% in FYE 2018.

## **B2 Review Of Performance (Contd.)**

### **Review of Performance for the Fourth Quarter Ended 31 March 2019 (Contd.)**

#### Healthy Funding and Liquidity Position:

Our funding position continues to be healthy despite the intense competition for deposits. Customer based funding grew 5.3% YOY to RM45.9 billion from RM43.6 billion a year ago, mainly driven by consumer deposits. The Group was able to maintain high Current Account / Savings Account ("CASA") ratio of 35.5% mainly due to the expansion of Alliance SavePlus and contribution from the Alliance@Work channel. Fixed deposits growth of RM1.5 billion YOY was utilised to fund the growth in better risk adjusted return loans portfolio such as AOA and personal financing. The Bank continues to focus on growing company payroll deposits and employee CASA under Alliance@Work. Our liquidity coverage ratio and loan to fund ratio remained healthy at 154.3% and 86.6% respectively.

#### Proactive Capital Management:

As part of our continuous proactive capital management to support the future business expansion in all our entities, Alliance Bank Malaysia Berhad completed an Additional Tier-1 Capital Securities issuance of RM100 million in March 2019. This strengthened our Tier-1 Capital ratio to 14.1%. With Common Equity Tier-1 ("CET 1") ratio at 13.4% and total capital ratio at 18.5%, we continue to maintain our capital levels among the strongest in the sector. Our Islamic Banking entity, Alliance Islamic Bank Berhad ("AIS") also successfully completed its maiden Additional Tier-1 Sukuk Wakalah of RM100 million issuance out of the newly-established RM 500 million Additional Tier-1 Sukuk Wakalah programme. This strengthened AIS' Tier-1 Capital ratio to 12.6%.

#### Sustainability:

The Group continues to prioritise Economic, Environmental and Social ("EES") sustainability matters as important components of long-term business sustainability. We continue to maintain our inclusion in the FTSE4Good Bursa Malaysia Index with improvement in our Environment, Social, Governance ("ESG") rating. Our ranking in Minority Shareholders Watch Group ("MSWG") Corporate Governance & Performance improved to 28th position in November 2017, as compared to 58th position a year ago.

#### Helping SMEs:

As part of our sustainability efforts, we continue to help businesses especially SMEs, thanks to our SME Banking expansion initiatives. These initiatives include our collaboration with Credit Guarantee Corporation Malaysia Berhad ("CGC") to offer a Portfolio Guarantee scheme of RM50 million in November 2018 to assist viable SMEs that may lack the necessary collateral to secure credit facilities. In February 2019, we extended the scheme with an additional portfolio limit of RM100 million. In addition, the SME Unsecured Express Loan is extended to businesses to finance their general working capital with a financing limit of up to RM500,000. These initiatives contributed to our SME loans expansion.

The Group's flagship programme for young businesses, the BizSmart Challenge 2018, has awarded RM1 million in cash and media prizes to its winners. We have also extended up to RM5 million in unsecured loans to the BizSmart Top 20 finalists to help expand their business. Since the programme's inception in 2013, we have received more than 1,300 submissions from SMEs nationwide, signifying its popularity and relevance to the SME business community. More than 110 young SMEs have been discovered and groomed to achieve greater heights in their businesses, both in Malaysia as well as abroad.

Alliance@Work addresses business owners' business needs with its paperless employee onboarding, as well as the mobile banking needs of their employees and business partners with Cash2Home and mobile banking. Alliance@Work has acquired more than 25,000 local employee CASA accounts and 1,392 company payroll accounts in FYE2019.



## **B2 Review Of Performance (Contd.)**

### **Performance by business segment:**

The Group's businesses segments comprise Consumer Banking, Business Banking, Financial Markets and Stock broking and Corporate Advisory Services. Please refer to Note A34 on Segment Information for the composition of each business segment.

Profit before tax within the Consumer Banking segment stood at RM80.5 million, with net income increasing by RM8.4 million or 1.5%, mainly due to higher net interest income from the success of the AOA segment. Operating expenses grew by RM36.5 million or 11.0% compared to the previous year. Allowance for expected credit losses for loans, advances and financing increased by RM33.7 million. Segment asset increased by RM0.7 billion or 3.3%.

The Business Banking segment's profit before tax recorded growth of 14.6% or RM52.3 million to RM409.4 million in FYE2019. Net income improved by RM42.6 million or 6.3% mainly due to higher net interest income from the successful SME banking expansion and other operating income. Operating expenses improved by RM14.2 million or 4.6% compared to the previous year. Allowance for expected credit losses for loans, advances and financing increased by RM4.7 million. Segment asset registered a growth of RM2.0 billion or 11.1%.

Profit before tax in the Financial Markets segment increased by 2.1% or RM4.7 million to RM232.7 million. Net income was higher by RM6.5 million or 2.3%. Operating expenses grew by RM2.8 million or 5.2%. Segment asset was at RM15.3 billion, a reduction of 2.4% compared to the previous year.

The Stockbroking and Corporate Advisory Services segment recorded higher loss before tax by RM32.5 million compared to FYE2018 due to lower brokerage income and goodwill impairment arising from lower projected cash flows from the reassessment of expected future business performance in the light of current trading and economic conditions.

## **B3 Review Of Performance**

### **Current Quarter vs Previous Year Corresponding Quarter**

For quarter ended 31 March 2019, the Group recorded profit after taxation of RM111.8 million, 1% lower than the corresponding quarter in the previous year.

Key year-on-year quarterly performance highlights are as follows:

- Revenue remained flat at RM403.4 million, contributed by the net interest income growth of RM26.9 million or 8.6% YOY and offset by lower other operating income by RM27.1 million YOY. The higher net interest income was driven by the expansion of loans and improved loan mix from better adjusted return loans;
- NIM improved by 7 bps to 257bps;
- Other operating income was lower at RM56.5 million due to lower treasury income, and wealth management and credit card fee income;
- Operating expense was lower by RM8.7 million or 4.1% mainly due to lower marketing expense and administration expense;
- Net credit cost and impairment losses was higher by RM11.4 million due to the growth of the personal financing portfolio offset by write-back from repayment of several major business accounts.

### **B3 Review Of Performance (Contd.)**

#### **Comparison with Immediate Preceding Quarter**

As compared to the immediate preceding quarter, the Group's profit after tax was lower by RM37.2 million or 24.9% mainly due to lower revenue and higher net credit cost.

Key quarter-on-quarter performance highlights are as follows:

- Revenue was lower by RM15.0 million or 3.6% mainly due to lower net interest income and other operating income. The lower net interest income is attributed to the shorter quarter (90 days vs 92 days in the immediate preceding quarter);
- NIM improved by 1 bp to 257bps;
- Other operating income was lower at RM56.5 million mainly due to lower gain from financial investments and lower banking services fee income;
- Operating expense increased by RM6.7 million or 3.4% mainly from marketing and administration expenses;
- Net credit cost and impairment losses was higher by RM16.7 million due to the growth of personal financing portfolio partly offset by write-back from repayment of several major business accounts.

#### **Business Outlook for FYE 31 March 2020**

For the financial year ending 31 March 2020 ("FYE2020"), the Group will continue to focus on accelerating momentum in our core businesses of AOA and SME despite the uncertain outlook.

Leveraging on our strong collaborative culture across the Group, we will focus on cross-selling higher value propositions using a targeted and segmented approach which responds to our customers' financial needs. In particular, Alliance@Work will continue to contribute to new consumer CASA and work closely with Group SME, Group Corporate and Commercial, and Branches for acquisition of new company payroll accounts.

Continuing on our digitalisation journey, we will modernise and streamline the processes and workflows to bring simple, fast and responsive solutions to our customers. In Consumer Banking, we will be digitising personal loans application to enable faster loan disbursement. We will continue to accelerate client acquisition through our innovative proposition such as Alliance ONE Account, Alliance SavePlus, Alliance Cash2Home as well as digital marketing, multiple referral channels and Alliance@Work.

In SME Banking, we will be piloting a digital onboarding for Alliance BizSmart accounts which will enable same day account opening as well as introducing the Mobile BizSmart app to enable SMEs to make faster decisions on time sensitive payments. Our goal is to provide a comprehensive financial advisory and funding support to help SMEs and the community grows to their full potential.

We will also focus on broadening our franchise through strategic ecosystem partnerships. In addition, we will continue to amplify the brand through various media channel, and increase the weight of digital channels to support our sales and marketing activities throughout the Bank.

Our focus will remain on business owners as our key area of growth, and extending our financial products and services to their stakeholder base of families, employees, business partners, and retail clients. Underscoring all our efforts is our brand promise to deliver Fast, Simple, Responsive, and Innovative products and services that are Aligned to Customers' Needs.

We remain confident that our continued focus on our strategic transformation initiatives will generate positive financial returns in the year ahead, and expect profitability to improve further.

#### **B4 Profit Forecast**

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

#### **B5 Taxation**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>GROUP</u></b>				
Taxation				
- Income tax	<b>89,771</b>	45,488	<b>222,893</b>	191,044
- (Over)/under provision in prior financial year	<b>(2,198)</b>	11,882	<b>(7,082)</b>	11,267
- Deferred tax	<b>(48,430)</b>	(16,492)	<b>(45,385)</b>	(10,942)
	<b>39,143</b>	40,878	<b>170,426</b>	191,369
	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
Taxation				
- Income tax	<b>64,701</b>	32,847	<b>163,354</b>	153,605
- (Over)/under provision in prior financial year	<b>(2,157)</b>	10,086	<b>(6,545)</b>	11,020
- Deferred tax	<b>(32,534)</b>	(13,060)	<b>(28,749)</b>	(8,291)
	<b>30,010</b>	29,873	<b>128,060</b>	156,334

The Bank's effective tax rate for the fourth financial quarter and the financial year ended 31 March 2019 was lower than the current statutory tax rate of 24% due to certain income are not subjected to tax and overprovision in prior year.

#### **B6 Profit/(Loss) on Sale of Unquoted Investments or Properties**

There was no material profit/(loss) on sale of unquoted investments or properties for the fourth financial quarter and the financial year ended 31 March 2019 other than in the ordinary course of business.

#### **B7 Purchase and Disposal of Quoted Securities**

There was no purchase or disposal of quoted securities for the fourth financial quarter and the financial year ended 31 March 2019 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").

#### **B8 Status of Corporate Proposals**

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

**B9 Deposits from Customers, Deposits and Placements of Banks and Other Financial Institutions and Debts Securities**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Deposits from customers</b>				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	<b>27,962,067</b>	25,606,068	<b>21,872,267</b>	19,405,345
- More than one year (medium/long term)	<b>1,094,711</b>	1,180,642	<b>166,735</b>	881,620
	<b>29,056,778</b>	26,786,710	<b>22,039,002</b>	20,286,965
Others	<b>15,960,854</b>	15,953,750	<b>12,943,860</b>	13,221,405
	<b>45,017,632</b>	42,740,460	<b>34,982,862</b>	33,508,370
<b>(b) Deposits and placements of banks and other financial institutions</b>				
- One year or less (short term)	<b>385,498</b>	302,397	<b>74,763</b>	105,366
- More than one year (medium/long term)	<b>473,210</b>	571,474	<b>270,072</b>	333,872
	<b>858,708</b>	873,871	<b>344,835</b>	439,238
<b>(c) Subordinated obligations</b>				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	<b>1,226,340</b>	1,226,622	<b>1,226,045</b>	1,226,009
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	<b>253,882</b>	152,992	<b>253,535</b>	153,015
	<b>1,480,222</b>	1,379,614	<b>1,479,580</b>	1,379,024

**B10 Derivative Financial Assets/(Liabilities)**

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

<b>GROUP/BANK</b>	<b>As at 31 March 2019</b>			<b>As at 31 March 2018</b>		
	<b>Principal RM'000</b>	<b>Fair value Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>Principal RM'000</b>	<b>Fair value Assets RM'000</b>	<b>Liabilities RM'000</b>
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,309,322	8,999	(9,247)	1,450,035	8,365	(84,502)
- over one year to three years	126,912	239	(3,924)	73,015	-	(8,573)
- over three years	10,209	-	(960)	17,385	-	(2,987)
Currency swaps						
- one year or less	2,928,152	10,003	(10,155)	3,240,897	47,110	(13,774)
	32,668	-	(171)	-	-	-
Currency spots						
- one year or less	190,594	246	(200)	167,965	245	(185)
Currency options						
- one year or less	133,034	420	(106)	198,450	1,449	(1,616)
	4,730,891	19,907	(24,763)	5,147,747	57,169	(111,637)
Interest rate derivatives						
Interest rate swap	6,318,009	34,489	(13,258)	5,342,800	26,882	(26,667)
- one year or less	2,034,786	1,825	(2,189)	1,206,130	1,057	(1,421)
- over one year to three years	1,779,255	7,412	(1,031)	1,990,360	7,504	(5,729)
- over three years	2,503,968	25,252	(10,038)	2,146,310	18,321	(19,517)
Equity related derivatives						
- one year or less	78,958	122	(18,877)	38,825	404	(4,745)
- over one year to three years	30,810	924	(647)	67,660	-	(11,637)
Total derivatives assets/(liabilities)	11,158,668	55,442	(57,545)	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 March 2019, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM55,442,000 (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.

**B10 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 March 2019, the Group and the Bank had posted cash collateral of RM22,541,000 (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.

## **B11 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 fourth financial quarter and the financial year ended 31 March 2019.

## **B12 Dividend Declared**

On 29 May 2019, the Board of Directors have declared a second interim dividend of approximately 8.2 sen per share amounting to RM126,945,000 under single tier tax system, in respect of the financial year ending 31 March 2019 to be paid on 27 June 2019. The entitlement date for the second interim dividend payment is on 18 June 2019. The Directors do not proposed any final dividend in respect of the financial year ended 31 March 2019.

The total dividend declared for the financial year ended 31 March 2019 is 16.7 sen (2018: 15.3 sen) per share.

## **B13 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.

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
<b><u>GROUP</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<b>111,776</b>	112,871	<b>537,597</b>	493,228
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Basic earnings per share (sen)	<b>7.2</b>	7.3	<b>34.7</b>	31.9
<b><u>BANK</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<b>93,290</b>	80,233	<b>485,952</b>	426,910
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,506,439
Basic earnings per share (sen)	<b>6.0</b>	5.2	<b>31.4</b>	28.3

**B13 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).

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
<b><u>GROUP</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<b>111,776</b>	112,871	<b>537,597</b>	493,228
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Diluted earnings per share (sen)	<b>7.2</b>	7.3	<b>34.7</b>	31.9
	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
<b><u>BANK</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<b>93,290</b>	80,233	<b>485,952</b>	426,910
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,506,439
Diluted earnings per share (sen)	<b>6.0</b>	5.2	<b>31.4</b>	28.3

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**  
Group Company Secretary  
Kuala Lumpur  
29 May 2019