

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 30 June 2019

	Note	<u>GROUP</u>		<u>BANK</u>	
		30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
ASSETS					
Cash and short-term funds		2,048,219	1,804,734	1,623,037	1,571,995
Deposits and placements with banks and other financial institutions		-	500	-	-
Amounts due from clients and brokers	A11	77,489	77,008	-	-
Financial assets at fair value through profit or loss	A12	201,336	230,440	130,514	169,656
Financial investments at fair value through other comprehensive income	A13	9,948,111	9,478,462	7,250,009	6,852,866
Financial investments at amortised cost	A14	145,624	235,720	252,663	311,930
Derivative financial assets	B11	92,632	55,442	92,632	55,442
Loans, advances and financing	A15	42,252,505	42,320,301	32,274,555	32,622,976
Other assets	A16	263,687	199,138	251,513	320,794
Tax recoverable		58,306	20,282	37,449	5,501
Statutory deposits		1,573,939	1,521,592	1,179,305	1,142,108
Investments in subsidiaries		-	-	989,102	989,102
Investment in joint venture		833	802	-	-
Right-of-use assets		127,641	-	127,521	-
Property, plant and equipment		71,508	70,497	70,079	69,178
Deferred tax assets		45,023	72,972	24,903	50,116
Intangible assets		436,776	432,961	327,825	323,804
TOTAL ASSETS		57,343,629	56,520,851	44,631,107	44,485,468
LIABILITIES AND EQUITY					
Deposits from customers	A17	45,454,572	45,017,632	34,923,609	34,982,862
Deposits and placements of banks and other financial institutions	A18	1,058,416	858,708	423,431	344,835
Financial liabilities designated at fair value through profit or loss	A19	712,135	778,423	712,135	778,423
Amounts due to clients and brokers	A20	52,302	51,164	-	-
Derivative financial liabilities	B11	63,696	57,545	63,696	57,545
Recourse obligations on loans and financing sold to Cagamas		800,736	800,669	300,120	300,076
Lease liabilities		140,827	-	140,687	-
Other liabilities	A21	1,853,091	1,740,797	1,653,778	1,572,308
Provision for zakat		720	686	-	-
Deferred tax liabilities		1,944	2,163	-	-
Subordinated obligations		1,492,687	1,480,222	1,461,721	1,479,580
TOTAL LIABILITIES		51,631,126	50,788,009	39,679,177	39,515,629
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,164,397	4,184,736	3,403,824	3,421,733
TOTAL EQUITY		5,712,503	5,732,842	4,951,930	4,969,839
TOTAL LIABILITIES AND EQUITY		57,343,629	56,520,851	44,631,107	44,485,468
COMMITMENTS AND CONTINGENCIES	A29	26,461,200	24,181,704	23,694,874	21,570,720
Net assets per share attributable to equity holders of the Bank (RM)*		3.69	3.70	3.20	3.21

* 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.

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ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Consolidated Statements of Income
for the Financial Period Ended 30 June 2019**

GROUP	Note	1st Quarter Ended		Three Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Interest income	A22	520,958	491,152	520,958	491,152
Interest expense	A23	(272,915)	(248,041)	(272,915)	(248,041)
Net interest income		248,043	243,111	248,043	243,111
Net income from Islamic banking business	A24	93,121	82,834	93,121	82,834
		341,164	325,945	341,164	325,945
Fee and commission income	A25	68,675	74,203	68,675	74,203
Fee and commission expense	A25	(24,163)	(21,860)	(24,163)	(21,860)
Investment income	A25	14,565	16,090	14,565	16,090
Other income	A25	6,691	6,694	6,691	6,694
Other operating income	A25	65,768	75,127	65,768	75,127
Net income		406,932	401,072	406,932	401,072
Other operating expenses	A26	(198,051)	(183,180)	(198,051)	(183,180)
Operating profit before allowances		208,881	217,892	208,881	217,892
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(55,751)	(37,273)	(55,751)	(37,273)
(Allowance for)/write-back of expected credit losses on financial investments	A28	(49,405)	421	(49,405)	421
Operating profit after allowances		103,725	181,040	103,725	181,040
Share of results of joint venture		31	20	31	20
Profit before taxation		103,756	181,060	103,756	181,060
Taxation	B6	(27,070)	(44,693)	(27,070)	(44,693)
Net profit for the financial period		76,686	136,367	76,686	136,367
Net profit for the financial period attributable to: Equity holders of the Bank		76,686	136,367	76,686	136,367
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	5.0	8.8	5.0	8.8
- Diluted (sen)	B14(b)	5.0	8.8	5.0	8.8

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 30 June 2019 (Contd.)**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	76,686	136,367	76,686	136,367
Other comprehensive income/(expense):				
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/(loss) from change in fair value	72,867	(26,326)	72,867	(26,326)
- Realised gain transferred to statement of income on disposal	(4,598)	-	(4,598)	-
- Transfer (to)/from deferred tax	(16,385)	6,319	(16,385)	6,319
- Changes in expected credit losses	(9,437)	(421)	(9,437)	(421)
Other comprehensive income/(expense), net of tax	42,447	(20,428)	42,447	(20,428)
Total comprehensive income for the financial period	119,133	115,939	119,133	115,939
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	119,133	115,939	119,133	115,939

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 2019.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Income
for the Financial Period Ended 30 June 2019 (Contd.)

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
BANK					
Interest income	A22	508,652	483,378	508,652	483,378
Interest expense	A23	(261,489)	(240,503)	(261,489)	(240,503)
Net interest income		247,163	242,875	247,163	242,875
Fee and commission income	A25	59,806	64,123	59,806	64,123
Fee and commission expense	A25	(22,635)	(19,308)	(22,635)	(19,308)
Investment income	A25	40,998	53,111	40,998	53,111
Other income	A25	7,002	6,467	7,002	6,467
Other operating income	A25	85,171	104,393	85,171	104,393
Net income		332,334	347,268	332,334	347,268
Other operating expenses	A26	(155,192)	(141,802)	(155,192)	(141,802)
Operating profit before allowances		177,142	205,466	177,142	205,466
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(41,984)	(34,205)	(41,984)	(34,205)
(Allowance for)/write-back of expected credit losses on financial investments	A28	(24,673)	448	(24,673)	448
Profit before taxation		110,485	171,709	110,485	171,709
Taxation	B6	(21,826)	(33,937)	(21,826)	(33,937)
Net profit for the financial period		88,659	137,772	88,659	137,772
Net profit for the financial period attributable to: Equity holders of the Bank		88,659	137,772	88,659	137,772
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	5.7	8.9	5.7	8.9
- Diluted (sen)	B14(b)	5.7	8.9	5.7	8.9

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 30 June 2019 (Contd.)**

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>BANK</u>				
Net profit for the financial period	88,659	137,772	88,659	137,772
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain/(loss) from change in fair value	47,163	(20,497)	47,163	(20,497)
- Realised gain transferred to statement of income on disposal	(3,858)	-	(3,858)	-
- Transfer (to)/from deferred tax	(10,393)	4,920	(10,393)	4,920
- Changes in expected credit losses	(26)	(315)	(26)	(315)
Other comprehensive income/(expense), net of tax	32,886	(15,892)	32,886	(15,892)
Total comprehensive income for the financial period	121,545	121,880	121,545	121,880
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	121,545	121,880	121,545	121,880

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 2019.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2019

	←----- Attributable to Equity holders of the Bank -----→					
	Ordinary <u>shares</u>	Regulatory <u>reserves</u>	Capital <u>reserves</u>	FVOCI <u>reserves</u>	Retained <u>profits</u>	Total <u>equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP						
At 1 April 2019						
As previously stated	1,548,106	178,397	100,150	78,513	3,827,676	5,732,842
Effects of adoption of MFRS 16	-	-	-	-	(12,527)	(12,527)
As restated	1,548,106	178,397	100,150	78,513	3,815,149	5,720,315
Net profit for the financial period	-	-	-	-	76,686	76,686
Other comprehensive income	-	-	-	42,447	-	42,447
Total comprehensive income for the financial period	-	-	-	42,447	76,686	119,133
Transfer to regulatory reserves	-	3,519	-	-	(3,519)	-
Dividends paid to shareholders	-	-	-	-	(126,945)	(126,945)
At 30 June 2019	1,548,106	181,916	100,150	120,960	3,761,371	5,712,503

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ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2019 (Contd.)

	←----- Attributable to Equity holders of the Bank -----→						
	Ordinary shares	Regulatory reserves	Capital reserves	FVOCI reserves	Revaluation reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP							
At 1 April 2018							
As previously stated	1,548,106	186,064	100,150	-	114,987	3,510,283	5,459,590
Effect of adoption of MFRS 9	-	(17,330)	-	16,923	(114,987)	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 period	-	-	-	-	-	136,367	136,367
Other comprehensive expense	-	-	-	(20,428)	-	-	(20,428)
Total comprehensive (expense)/income for the financial period	-	-	-	(20,428)	-	136,367	115,939
Transfer to regulatory reserves	-	11,489	-	-	-	(11,489)	-
Dividends paid to shareholders	-	-	-	-	-	(105,271)	(105,271)
At 30 June 2018	1,548,106	180,223	100,150	(3,505)	-	3,556,209	5,381,183

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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2019 (Contd.)

	← Non-Distributable reserves →			Distributable reserves		Total equity RM'000
	Ordinary shares RM'000	Regulatory reserves RM'000	Capital reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	
<u>BANK</u>						
At 1 April 2019						
As previously stated	1,548,106	160,798	95,515	36,831	3,128,589	4,969,839
Effects of adoption of MFRS 16	-	-	-	-	(12,509)	(12,509)
As restated	1,548,106	160,798	95,515	36,831	3,116,080	4,957,330
Net profit for the financial period	-	-	-	-	88,659	88,659
Other comprehensive income	-	-	-	32,886	-	32,886
Total comprehensive income for the financial period	-	-	-	32,886	88,659	121,545
Transfer to regulatory reserves	-	2,082	-	-	(2,082)	-
Dividends paid to shareholders	-	-	-	-	(126,945)	(126,945)
At 30 June 2019	1,548,106	162,880	95,515	69,717	3,075,712	4,951,930

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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2019 (Contd.)

	← Non-Distributable reserves →				Distributable reserves		Total equity
	<u>Ordinary shares</u>	<u>Regulatory reserves</u>	<u>Capital reserves</u>	<u>FVOCI reserves</u>	<u>Revaluation reserves</u>	<u>Retained profits</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>							
At 1 April 2018							
As previously stated	1,548,106	160,029	95,515	-	74,907	2,866,142	4,744,699
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 period	-	-	-	-	-	137,772	137,772
Other comprehensive expense	-	-	-	(15,892)	-	-	(15,892)
Total comprehensive (expense)/income for the financial period	-	-	-	(15,892)	-	137,772	121,880
Transfer to regulatory reserves	-	4,784	-	-	-	(4,784)	-
Dividends paid to shareholders	-	-	-	-	-	(105,271)	(105,271)
At 30 June 2018	1,548,106	165,140	95,515	(6,078)	-	2,907,656	4,710,339

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ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2019

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	103,756	181,060	110,485	171,709
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(22,101)	(20,934)	(21,603)	(20,516)
Allowance for expected credit losses on loans, advances and financing	53,899	57,046	41,115	38,614
Allowance for/(write-back of) expected credit losses on commitment and contingencies on loans, advances and financing	903	(12,116)	659	205
Allowance for/(write-back of) expected credit losses on financial investments	49,405	(421)	24,673	(448)
Allowance for expected credit losses on amounts due from clients and brokers	8	7	-	-
Allowance for expected credit losses on other receivables	1,025	954	1,086	747
Write-back of expected credit losses on short term funds	(37)	(501)	(37)	(501)
Amortisation of computer software	8,679	4,331	8,304	4,146
Depreciation of property, plant and equipment	5,782	4,925	5,638	4,747
Depreciation of right-of-use assets	6,031	-	6,017	-
Dividends from financial assets at fair value through profit or loss	(908)	(837)	(477)	(477)
Dividends from subsidiaries	-	-	(27,604)	(37,490)
Interest expense on recourse obligations on loans and financing sold to Cagamas	3,426	6,841	3,426	6,841
Interest expense on lease liabilities	1,924	-	1,922	-
Interest expense on subordinated obligations	20,989	19,499	21,046	19,552
Interest income from financial investments at fair value through other comprehensive income	(75,656)	(64,916)	(71,105)	(63,070)
Interest income from financial investments at amortised cost	(2,029)	(4,258)	(3,444)	(5,044)
Property, plant and equipment written-off	70	383	43	383
Computer software written-off	-	466	-	466
Net (gain)/loss from sale of financial assets at fair value through profit or loss	(2,789)	2	(2,789)	3
Net gain from sale of financial investments at fair value through other comprehensive income	(4,598)	(83)	(3,858)	(84)
Net gain from sale of other investments	(9)	-	(9)	-
Unrealised gain arising from financial assets at fair value through profit or loss	(1,222)	(1,055)	(1,222)	(946)
Unrealised gain arising from derivative instruments	(17,272)	(51,261)	(17,272)	(51,261)
Unrealised loss arising from financial liabilities designated at fair value through profit or loss	18,788	10,205	18,788	10,205
Share of results of joint venture	(31)	(20)	-	-
Zakat	39	81	-	-
Cash flow from operating activities before working capital changes carried forward	148,072	129,398	93,782	77,781

ALLIANCE BANK MALAYSIA BERHAD

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Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2019 (Contd.)

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (contd.)				
Cash flow from operating activities before capital changes brought forward:	148,072	129,398	93,782	77,781
Changes in working capital:				
Deposits from customers	436,940	(745,120)	(59,253)	(970,068)
Deposits and placements of banks and other financial institutions	199,708	290,997	78,596	336,492
Other liabilities	111,386	129,281	80,811	106,358
Deposits and placements with banks and other financial institutions	500	(85,389)	-	(84,389)
Financial liabilities designated at fair value through profit or loss	(85,076)	22,555	(85,076)	22,555
Proceeds from redemption/disposal of financial assets at FVTPL (net of purchase)	31,377	(93,850)	41,378	(52,189)
Loans, advances and financing	13,857	(230,351)	307,280	86,556
Other assets	(65,571)	(15,994)	68,195	12,224
Amounts due from clients and brokers	649	(931)	-	-
Statutory deposits	(52,347)	(19,088)	(37,197)	(10,018)
Cash generated from/(used in) operations	739,495	(618,492)	488,516	(474,698)
Net tax paid	(53,752)	(52,402)	(38,954)	(41,191)
Zakat paid	(5)	-	-	-
Net cash generated from/(used in) operating activities	685,738	(670,894)	449,562	(515,889)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends from financial assets at fair value through profit or loss	908	837	477	477
Dividends from subsidiaries	-	-	27,604	37,490
Interest received from financial assets at fair value through profit or loss	1,738	(262)	1,775	73
Interest received from financial investments at fair value through other comprehensive income	88,150	68,045	81,173	70,721
Interest received from financial investments at amortised costs	3,491	5,243	2,902	4,027
Net interest expense for derivative instruments	(13,768)	(12,542)	(13,768)	(12,542)
Purchase of property, plant and equipment	(6,863)	(9,024)	(6,582)	(9,004)
Purchase of computer software	(12,493)	(11,530)	(12,319)	(11,459)
Proceeds from redemption/disposal of financial investments at amortised cost (net of purchase)	61,605	20,434	57,508	20,434
Proceeds from redemption/disposal financial investments at fair value through other comprehensive income (net of purchase)	(418,899)	(428,086)	(360,777)	(126,911)
Net cash used in investing activities	(296,131)	(366,885)	(222,007)	(26,694)

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2019 (Contd.)**

	GROUP		BANK	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	(126,945)	(105,271)	(126,945)	(105,271)
Interest paid on recourse obligations on loans and financing sold to Cagamas	(3,359)	(6,744)	(3,383)	(6,726)
Interest paid on subordinated obligations	(38,523)	(38,905)	(38,905)	(38,905)
Lease liabilities	(7,295)	-	(7,280)	-
Proceeds from issuance of subordinated notes	30,000	-	-	-
Net cash used in financing activities	(146,122)	(150,920)	(176,513)	(150,902)
NET CHANGE IN CASH AND CASH EQUIVALENTS	243,485	(1,188,699)	51,042	(693,485)
CASH AND CASH EQUIVALENTS AT BEGINNING				
OF FINANCIAL PERIOD	1,804,734	2,768,758	1,571,995	1,715,961
CASH AND CASH EQUIVALENTS AT END				
OF FINANCIAL PERIOD	2,048,219	1,580,059	1,623,037	1,022,476
Cash and cash equivalents comprise the following:				
Cash and short-term funds	2,048,219	1,580,059	1,623,037	1,022,476

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 2019.

Explanatory Notes

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

A1 Basis of Preparation

The unaudited condensed interim financial statements for first financial quarter and three months ended 30 June 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 2019.

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 2019 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2019:

- 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 adoption 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 16 where the impact are shown in Note A34.

The following MFRS have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2020, and have yet to be adopted by the Group and the Bank:

- Amendments to MFRS 3 "Definition of a Business" (effective from 1 January 2020)

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's 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 2019 was not subject to any qualification.

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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 first financial quarter and three months ended 30 June 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 first financial quarter and three months ended 30 June 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 first financial quarter and three months ended 30 June 2019.

A6 Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the first financial quarter and three months ended 30 June 2019.

A7 Dividend Paid

The Bank had on 27 June 2019, paid a second interim dividend of 8.2 sen, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares amounting to approximately RM126,945,000 in respect of the financial year ended 31 March 2019.

A8 Significant Event

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

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

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

A10 Related Party Transactions

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

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A11 Amounts Due From Clients And Brokers

	<u>GROUP</u>	
	30 June 2019 RM'000	30 March 2019 RM'000
Due from clients	41,374	77,182
Due from brokers	36,962	665
	<u>78,336</u>	<u>77,847</u>
Less:		
Allowance for expected credit losses	(847)	(839)
	<u>77,489</u>	<u>77,008</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 are as follows:

	<u>GROUP</u>	
	30 June 2019 RM'000	30 March 2019 RM'000
At beginning of financial period/year		
As previously stated	839	840
Effects of adoption of MFRS 9	-	-
As restated	<u>839</u>	<u>840</u>
Allowance/(write-back) during the financial period/year (net)	8	(1)
At end of financial period/year	<u>847</u>	<u>839</u>

As at 30 June 2019, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM1,184,000 (31 March 2019: RM1,186,000).

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government investment issues	-	41,002	-	41,002
Commercial papers	10,038	-	-	-
	<u>10,038</u>	<u>41,002</u>	<u>-</u>	<u>41,002</u>
<u>Unquoted securities:</u>				
Shares	187,411	187,517	126,627	126,733
Corporate bonds and sukuk	3,887	1,921	3,887	1,921
	<u>191,298</u>	<u>189,438</u>	<u>130,514</u>	<u>128,654</u>
Total financial assets at FVTPL	<u>201,336</u>	<u>230,440</u>	<u>130,514</u>	<u>169,656</u>

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	2,124,784	2,137,524	1,868,335	1,914,515
Malaysian Government investment issues	3,108,092	3,064,770	1,850,540	1,710,316
Negotiable instruments of deposits	200,195	-	936,542	732,211
Commercial papers	112,900	87,001	73,790	48,318
	<u>5,545,971</u>	<u>5,289,295</u>	<u>4,729,207</u>	<u>4,405,360</u>
<u>Quoted securities:</u>				
Shares	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	<u>4,402,132</u>	<u>4,189,159</u>	<u>2,520,794</u>	<u>2,447,498</u>
Total financial investments at FVOCI	<u><u>9,948,111</u></u>	<u><u>9,478,462</u></u>	<u><u>7,250,009</u></u>	<u><u>6,852,866</u></u>

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
GROUP				
At 1 April 2019	120	444	9,409	9,973
New financial investments originated or purchased	9	-	-	9
Changes due to change in credit risk	-	(12)	-	(12)
Financial investments derecognised other than write-off	(25)	-	-	(25)
Total write-back from income statement	(16)	(12)	-	(28)
Write-off	-	-	(9,409)	(9,409)
At 30 June 2019	<u>104</u>	<u>432</u>	<u>-</u>	<u>536</u>
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
Changes due to change in credit risk	(80)	(662)	-	(742)
Financial investments derecognised other than write-off	(61)	-	-	(61)
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	Total RM'000
<u>BANK</u>			
At 1 April 2019	55	327	382
New financial investments originated or purchased	8	-	8
Changes due to change in credit risk	-	(8)	(8)
Financial investments derecognised other than write-off	(26)	-	(26)
Total write-back from income statement	(18)	(8)	(26)
At 30 June 2019	<u>37</u>	<u>319</u>	<u>356</u>
At 1 April 2018			
As previously stated	-	-	-
Effects of adoption of MFRS 9	134	872	1,006
As restated	<u>134</u>	<u>872</u>	<u>1,006</u>
New financial investments originated or purchased	8	-	8
Changes due to change in credit risk	(45)	(545)	(590)
Financial investments derecognised other than write-off	(42)	-	(42)
Total write-back from income statement	(79)	(545)	(624)
At 31 March 2019	<u>55</u>	<u>327</u>	<u>382</u>

During the financial period/year, there were no expected credit losses under Stage 3.

The Group's and the Bank's gross exposure of financial investments at FVOCI that are credit impaired are as follows:

	30 June 2019 RM'000	31 March 2019 RM'000
<u>GROUP</u>		
At beginning of financial period/year		
As previously stated	9,409	-
Effects of adoption of MFRS 9	-	9,409
As restated	<u>9,409</u>	<u>9,409</u>
Write-off during the financial period/year	(9,409)	-
At end of financial period/year	<u>-</u>	<u>9,409</u>

As at 30 June 2019, the Bank's gross exposure of financial investment at FVOCI that are credit impaired is at RM NIL. There is no movement during the financial period.

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A14 Financial Investments at Amortised Cost

	GROUP		BANK	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	120,651	121,789	100,545	101,446
Commercial papers	-	38,686	-	34,880
	120,651	160,475	100,545	136,326
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	89,176	90,020	178,711	177,498
Allowance for expected credit losses	(64,203)	(14,775)	(26,593)	(1,894)
	24,973	75,245	152,118	175,604
Total financial investments at amortised cost	145,624	235,720	252,663	311,930

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
GROUP				
At 1 April 2019	42	540	14,193	14,775
Transfer to Stage 3	-	(1,652)	50,000	48,348
Changes due to change in credit risk	(7)	1,112	-	1,105
Financial investments derecognised other than write-off	(25)	-	-	(25)
Total (write-back from)/charge to income statement	(32)	(540)	50,000	49,428
At 30 June 2019	10	-	64,193	64,203
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

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A14 Financial Investments at Amortised Cost (Contd.)

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

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
<u>BANK</u>				
At 1 April 2019	330	270	1,294	1,894
Transfer to Stage 3	-	(826)	25,000	24,174
Changes due to change in credit risk	(9)	556	-	547
Financial investments derecognised other than write-off	(22)	-	-	(22)
Total (write-back from)/charge to income statement	(31)	(270)	25,000	24,699
At 30 June 2019	<u>299</u>	<u>-</u>	<u>26,294</u>	<u>26,593</u>
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	<u>330</u>	<u>270</u>	<u>1,294</u>	<u>1,894</u>

The Group's and the Bank's gross exposure of financial investments at amortised cost that are credit impaired are as follows:

	30 June 2019 RM'000	31 March 2019 RM'000
<u>GROUP</u>		
At beginning of financial period/year		
As previously stated	18,565	-
Effects of adoption of MFRS 9	-	18,565
As restated	18,565	18,565
Impaired during the financial period/year	50,000	-
At end of financial period/year	<u>68,565</u>	<u>18,565</u>
	30 June 2019 RM'000	31 March 2019 RM'000
<u>BANK</u>		
At beginning of financial period/year		
As previously stated	1,294	-
Effects of adoption of MFRS 9	-	1,294
As restated	1,294	1,294
Impaired during the financial period/year	25,000	-
At end of financial period/year	<u>26,294</u>	<u>1,294</u>

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A15 Loans, Advances and Financing

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Overdrafts	4,223,824	4,254,342	2,724,651	2,811,642
Term loans/financing				
- Housing loans/financing	14,191,610	14,169,222	11,109,442	11,220,949
- Syndicated term loans/financing	531,925	542,646	391,430	400,597
- Hire purchase receivables	932,469	997,023	664,805	700,548
- Other term loans/financing	15,342,880	15,144,370	11,796,520	11,726,939
Bills receivables	441,442	416,944	417,219	404,862
Trust receipts	234,605	238,682	198,597	199,118
Claims on customers under acceptance credits	3,180,775	3,262,886	2,475,487	2,492,765
Staff loans				
(Loan to Directors:RM Nil [31 March 2019:RM Nil])	22,450	23,217	5,862	6,233
Credit/charge card receivables	624,570	628,329	624,570	628,329
Revolving credits	1,750,228	1,842,108	1,190,342	1,333,991
Share margin financing	1,209,780	1,210,678	959,580	957,244
Gross loans, advances and financing	42,686,558	42,730,447	32,558,505	32,883,217
Add: Sales commissions and handling fees	94,883	92,517	104,403	102,848
Less: Allowance for expected credit losses on loans, advances and financing				
- Expected credit losses	(528,936)	(502,663)	(388,353)	(363,089)
Total net loans, advances and financing	42,252,505	42,320,301	32,274,555	32,622,976

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 RM169,795,000 as at 30 June 2019 (31 March 2019: RM179,795,000).

A15a By maturity structure:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Within one year	11,732,885	11,948,217	8,624,053	8,882,437
One year to three years	2,041,613	2,028,957	1,562,438	1,596,836
Three years to five years	2,496,227	2,507,701	1,774,803	1,734,480
Over five years	26,415,833	26,245,572	20,597,211	20,669,464
Gross loans, advances and financing	42,686,558	42,730,447	32,558,505	32,883,217

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A15 Loans, Advances and Financing (Contd.)

A15b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Domestic non-bank financial institutions	308,269	454,420	231,215	397,339
Domestic business enterprises				
- Small and medium enterprises	11,312,946	11,134,591	8,817,155	8,715,301
- Others	8,083,556	8,378,248	6,265,022	6,462,979
Government and statutory bodies	64,180	62,011	64,180	62,011
Individuals	22,186,435	21,940,809	16,549,980	16,586,050
Other domestic entities	19,711	18,154	2,208	2,087
Foreign entities	711,461	742,214	628,745	657,450
Gross loans, advances and financing	42,686,558	42,730,447	32,558,505	32,883,217

A15c By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Fixed rate				
- Housing loans/financing	31,553	30,924	5,206	3,819
- Hire purchase receivables	913,132	975,868	645,494	679,421
- Other fixed rate loans/financing	6,446,461	6,680,657	4,419,260	4,632,043
Variable rate				
- Base lending rate plus	25,065,847	26,180,959	20,480,500	20,862,144
- Base rate plus	5,462,089	4,659,660	3,290,187	3,485,583
- Cost plus	4,767,476	4,202,379	3,717,858	3,220,207
Gross loans, advances and financing	42,686,558	42,730,447	32,558,505	32,883,217

A15d By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Purchase of securities	1,203,521	1,204,373	953,320	950,940
Purchase of transport vehicles	727,594	777,449	475,983	496,279
Purchase of landed property	22,258,095	22,319,389	17,806,961	18,002,032
of which: - Residential	15,167,792	15,172,297	12,022,440	12,160,606
- Non-residential	7,090,303	7,147,092	5,784,521	5,841,426
Purchase of fixed assets				
excluding land & buildings	309,670	322,933	266,794	283,977
Personal use	4,889,404	4,624,412	2,670,705	2,575,790
Credit card	624,570	628,329	624,570	628,329
Construction	641,684	598,923	572,200	542,695
Working capital	9,537,015	9,673,428	7,276,532	7,455,372
Others	2,495,005	2,581,211	1,911,440	1,947,803
Gross loans, advances and financing	42,686,558	42,730,447	32,558,505	32,883,217

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A15 Loans, Advances and Financing (Contd.)

A15e By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Northern region	3,112,347	3,099,338	2,232,121	2,231,147
Central region	30,422,883	30,518,935	23,482,688	23,759,896
Southern region	5,295,760	5,273,067	4,013,381	3,989,423
Sabah region	2,849,720	2,867,868	2,093,680	2,174,295
Sarawak region	1,005,848	971,239	736,635	728,456
Gross loans, advances and financing	42,686,558	42,730,447	32,558,505	32,883,217

A15f Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year				
As previously stated	476,602	577,519	369,124	470,646
Effects of adoption of MFRS 9	-	(16,386)	-	(15,008)
As restated	476,602	561,133	369,124	455,638
Impaired during the financial period/year	263,984	722,929	211,651	533,179
Recovered during the financial period/year	(28,025)	(100,684)	(25,754)	(75,340)
Reclassified as unimpaired during the financial period/year	(99,650)	(484,529)	(79,519)	(379,515)
Financial assets derecognised other than write-off during the financial period/year	(22,242)	(85,352)	(12,745)	(75,194)
Amount written-off	(36,070)	(136,895)	(20,742)	(89,644)
At end of financial period/year	554,599	476,602	442,015	369,124
Gross impaired loans as % of gross loans, advances and financing	1.3%	1.1%	1.4%	1.1%

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A15 Loans, Advances and Financing (Contd.)

A15g Credit impaired loans analysed by economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Purchase of transport vehicles	20,578	17,088	19,040	14,777
Purchase of landed property	264,762	234,412	208,322	184,647
of which: - Residential	185,443	153,789	155,759	129,916
- Non-residential	79,319	80,623	52,563	54,731
Purchase of fixed assets excluding land & buildings	24,969	21,220	24,826	20,579
Personal use	91,848	81,293	56,861	47,995
Credit card	9,166	9,045	9,166	9,045
Construction	8,431	8,429	8,431	8,429
Working capital	101,564	79,382	84,737	60,685
Others	33,281	25,733	30,632	22,967
Gross impaired loans	554,599	476,602	442,015	369,124

A15h Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Northern region	60,314	49,667	50,336	39,874
Central region	383,124	326,982	296,849	246,940
Southern region	77,404	63,370	64,726	49,183
Sabah region	23,085	25,316	20,087	22,554
Sarawak region	10,672	11,267	10,017	10,573
Gross impaired loans	554,599	476,602	442,015	369,124

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A15 Loans, Advances and Financing (Contd.)

A15i Movements in the allowance for expected credit losses on loans, advances and financing 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
GROUP				
At 1 April 2019	72,679	212,519	217,465	502,663
Transfer to Stage 1	5,453	(31,453)	(3,225)	(29,225)
Transfer to Stage 2	(11,014)	66,769	(23,659)	32,096
Transfer to Stage 3	(40)	(36,063)	94,815	58,712
New financial assets originated or purchased	16,017	32,059	3,065	51,141
Changes due to change in credit risk	(7,416)	4,525	(7,823)	(10,714)
Financial assets derecognised other than write-off	(8,667)	(33,421)	(6,031)	(48,119)
Other adjustments	7	1	-	8
	(5,660)	2,417	57,142	53,899
Unwinding of discount	-	-	(1,269)	(1,269)
Total (write-back from)/charge to income statement	(5,660)	2,417	55,873	52,630
Write-off	(2)	(15)	(26,340)	(26,357)
At 30 June 2019	67,017	214,921	246,998	528,936
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
Changes due to change in credit risk	(9,934)	20,361	(7,814)	2,613
Financial assets derecognised other than write-off	(39,199)	(152,890)	(19,415)	(211,504)
Other adjustments	30	150	-	180
	5,738	8,963	132,537	147,238
Unwinding of discount	-	-	(6,941)	(6,941)
Total charge to income statement	5,738	8,963	125,596	140,297
Write-off	-	(135)	(100,827)	(100,962)
At 31 March 2019	72,679	212,519	217,465	502,663

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A15 Loans, Advances and Financing (Contd.)

A15i Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (contd.)

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
<u>BANK</u>				
At 1 April 2019	49,135	142,622	171,332	363,089
Transfer to Stage 1	3,668	(22,435)	(3,222)	(21,989)
Transfer to Stage 2	(7,299)	45,409	(16,347)	21,763
Transfer to Stage 3	(38)	(22,856)	77,338	54,444
New financial assets originated or purchased	9,737	28,147	2,027	39,911
Changes due to change in credit risk	(5,239)	(870)	(8,324)	(14,433)
Financial assets derecognised other than write-off	(5,812)	(28,476)	(4,301)	(38,589)
Other adjustments	7	1	-	8
	(4,976)	(1,080)	47,171	41,115
Unwinding of discount	-	-	(607)	(607)
Total (write-back from)/charge to income statement	(4,976)	(1,080)	46,564	40,508
Write-off	-	(4)	(15,240)	(15,244)
At 30 June 2019	<u>44,159</u>	<u>141,538</u>	<u>202,656</u>	<u>388,353</u>
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
Changes due to change in credit risk	(5,213)	5,001	(4,699)	(4,911)
Financial assets derecognised other than write-off	(26,381)	(118,951)	(16,490)	(161,822)
Other adjustments	30	150	-	180
	5,241	4,979	87,689	97,909
Unwinding of discount	-	-	(5,408)	(5,408)
Total charge to income statement	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>

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A16 Other Assets

	GROUP		BANK	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Other receivables	128,892	86,513	113,383	72,185
Collateral pledged for derivative transactions	15,725	23,292	15,489	23,056
Settlement account	117,018	94,606	117,018	94,606
Deposits	8,805	8,775	8,151	8,122
Prepayment	27,110	20,038	25,260	18,573
Amounts due from subsidiaries	-	-	1,355	133,557
Amount due from joint venture	1,547	299	1,547	299
	299,097	233,523	282,203	350,398
Less:				
Allowance for expected credit losses on other receivables [Note (a)]	(35,410)	(34,385)	(30,690)	(29,604)
	263,687	199,138	251,513	320,794

Note:

(a) Movements for allowance for expected credit losses on other receivables are as follows:

GROUP	12 months ECL (Stage 1) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
	At 1 April 2019	-	34,385
New financial assets originated or purchased	5	-	5
Changes due to change in credit risk	3	1,118	1,121
Financial assets derecognised other than write-off	(1)	(100)	(101)
Total charge to income statement	7	1,018	1,025
At 30 June 2019	7	35,403	35,410
At 1 April 2018			
As previously stated	-	32,017	32,017
Effects of adoption of MFRS 9	-	-	-
As restated	-	32,017	32,017
New financial assets originated or purchased	-	1,174	1,174
Changes due to change in credit risk	-	3,527	3,527
Financial assets derecognised other than write-off	-	(1,382)	(1,382)
Total charge to income statement	-	3,319	3,319
Write-off	-	(951)	(951)
At 31 March 2019	-	34,385	34,385

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A16 Other Assets (Contd.)

Note: (Contd.)

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

	Lifetime ECL Credit Impaired (Stage 3) 30 June 2019 RM'000	Lifetime ECL Credit Impaired (Stage 3) 31 March 2019 RM'000
<u>BANK</u>		
At beginning of financial period/year		
As previously stated	29,604	27,578
Effect of adoption of MFRS 9	-	-
As restated	29,604	27,578
Changes due to change in credit risk	1,086	2,977
Total charge to income statement	1,086	2,977
Write-off	-	(951)
At end of financial period/year	30,690	29,604

During the financial period/year, there were no expected credit losses under Stage 2.

As at 30 June 2019, the Group's and the Bank's gross exposure of other receivables that are credit impaired was at RM35,403,000 and RM30,690,000 (31 March 2019: RM34,385,000 and RM29,604,000).

A17 Deposits from Customers**A17a** By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Amortised cost				
Demand deposits	14,158,836	14,207,328	11,356,768	11,510,890
Savings deposits	1,778,952	1,753,526	1,451,007	1,432,970
Fixed/investment deposits	26,972,521	25,676,643	20,205,991	19,430,211
Money market deposits	2,396,558	2,917,200	1,772,925	2,206,407
Negotiable instruments of deposits	147,705	462,935	136,918	402,384
	45,454,572	45,017,632	34,923,609	34,982,862

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A17 Deposits from Customers (Contd.)

A17b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Domestic financial institutions	51,003	306,199	66,541	390,046
Domestic non-bank financial institutions	1,955,163	2,516,834	1,395,203	1,769,027
Government and statutory bodies	5,397,752	5,450,441	2,514,895	2,975,054
Business enterprises	16,962,206	16,909,336	12,755,717	12,894,883
Individuals	19,841,611	18,637,918	17,104,683	15,917,675
Foreign entities	675,574	630,733	602,650	559,770
Others	571,263	566,171	483,920	476,407
	45,454,572	45,017,632	34,923,609	34,982,862

A17c The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Due within six months	20,061,536	19,128,642	15,958,612	14,877,446
Six months to one year	8,161,072	8,833,425	6,018,953	6,994,821
One year to three years	933,018	730,686	132,422	157,981
Three years to five years	361,158	364,025	5,847	8,754
	29,516,784	29,056,778	22,115,834	22,039,002

A18 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Licensed banks	300,440	252,558	100,173	12,467
Licensed Investment banks	150,046	30,051	-	-
Bank Negara Malaysia	557,840	576,099	323,258	332,368
Others	50,090	-	-	-
	1,058,416	858,708	423,431	344,835

A19 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.

	<u>GROUP/BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000
Structured investments	730,003	815,079
Fair value changes arising from designation at fair value through profit or loss	<u>(17,868)</u>	<u>(36,656)</u>
	<u><u>712,135</u></u>	<u><u>778,423</u></u>

A20 Amounts Due To Clients And Brokers

	<u>GROUP</u>	
	30 June 2019 RM'000	31 March 2019 RM'000
Due to clients	<u><u>52,302</u></u>	<u><u>51,164</u></u>

These mainly relate to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

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

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM48,997,000 (31 March 2019: RM56,655,000) have been excluded accordingly.

A21 Other Liabilities

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Other payables	515,357	488,686	440,864	406,233
Collateral pledged for derivative transactions	5,995	8,456	5,995	8,456
Bills payable	279,875	175,095	201,275	166,622
Settlement account	148,033	80,059	148,033	80,059
Clearing account	202,900	224,575	164,402	174,407
Sundry deposits	40,745	40,962	35,390	35,705
Provision and accruals	70,606	129,763	64,805	117,929
Remisiers account	5,684	6,122	-	-
Allowance for expected credit losses commitments and contingencies	33,445	32,604	29,176	28,582
Finance lease liabilities	-	688	-	688
Structured investments	550,320	553,627	550,320	553,627
Amount due to subsidiaries	-	-	13,518	-
Amount due to joint venture	131	160	-	-
	<u><u>1,853,091</u></u>	<u><u>1,740,797</u></u>	<u><u>1,653,778</u></u>	<u><u>1,572,308</u></u>

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A21 Other Liabilities (Contd.)

Movements 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
GROUP				
At 1 April 2019	6,833	16,664	9,107	32,604
Transfer to Stage 1	196	(2,326)	(80)	(2,210)
Transfer to Stage 2	(443)	4,446	(267)	3,736
Transfer to Stage 3	-	(63)	343	280
New financial assets originated or purchased	861	3,362	-	4,223
Changes due to change in credit risk	(1,492)	(718)	119	(2,091)
Financial assets derecognised other than write-off	(489)	(2,384)	(160)	(3,033)
Other adjustments	1	2	-	3
	(1,366)	2,319	(45)	908
Unwinding of discount	-	-	(67)	(67)
Total (write-back from)/charge to income statement	(1,366)	2,319	(112)	841
At 30 June 2019	<u>5,467</u>	<u>18,983</u>	<u>8,995</u>	<u>33,445</u>
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
Changes due to change in credit risk	(3,330)	(2,786)	161	(5,955)
Financial assets derecognised other than write-off	(3,728)	(8,063)	(12,148)	(23,939)
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	<u>6,833</u>	<u>16,664</u>	<u>9,107</u>	<u>32,604</u>

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A21 Other Liabilities (Contd.)

Movements for allowance for expected credit losses on commitments and contingencies 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
<u>BANK</u>				
At 1 April 2019	6,097	13,483	9,002	28,582
Transfer to Stage 1	156	(1,982)	(80)	(1,906)
Transfer to Stage 2	(395)	3,908	(267)	3,246
Transfer to Stage 3	-	(62)	343	281
New financial assets originated or purchased	744	2,560	-	3,304
Changes due to change in credit risk	(1,306)	(341)	121	(1,526)
Financial assets derecognised other than write-off	(422)	(2,160)	(160)	(2,742)
Other adjustments	1	1	-	2
	(1,222)	1,924	(43)	659
Unwinding of discount	-	-	(65)	(65)
Total (write-back from)/charge to income statement	(1,222)	1,924	(108)	594
At 30 June 2019	4,875	15,407	8,894	29,176
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
Changes due to change in credit risk	(3,011)	(987)	538	(3,460)
Financial assets derecognised other than write-off	(3,148)	(6,291)	(2,454)	(11,893)
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

As at 30 June 2019, the Group's and the Bank's gross exposure of commitment and contingencies that are credit impaired was at RM23,300,000 and RM21,006,000 (31 March 2019: RM16,460,000 and RM14,481,000).

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A22 Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
GROUP				
Loans, advances and financing	416,610	396,575	416,610	396,575
Money at call and deposit placements with financial institutions	4,436	4,307	4,436	4,307
Financial investments at fair value through other comprehensive income	75,656	64,916	75,656	64,916
Financial investments at amortised cost	2,029	4,258	2,029	4,258
Others	126	162	126	162
	498,857	470,218	498,857	470,218
Accretion of discount less amortisation of premium	22,101	20,934	22,101	20,934
	520,958	491,152	520,958	491,152
BANK				
Loans, advances and financing	406,865	388,877	406,865	388,877
Money at call and deposit placements with financial institutions	5,509	5,709	5,509	5,709
Financial investments at fair value through other comprehensive income	71,105	63,070	71,105	63,070
Financial investments at amortised cost	3,444	5,044	3,444	5,044
Others	126	162	126	162
	487,049	462,862	487,049	462,862
Accretion of discount less amortisation of premium	21,603	20,516	21,603	20,516
	508,652	483,378	508,652	483,378

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 RM683,000 (30 June 2018: RM2,180,000) respectively.

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A23 Interest Expense

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
GROUP				
Deposits and placements of banks and other financial institutions	5,858	6,045	5,858	6,045
Deposits from customers	241,100	214,383	241,100	214,383
Recourse obligations on loans and financing sold to Cagamas	3,426	6,841	3,426	6,841
Subordinated obligations	20,989	19,499	20,989	19,499
Others	1,542	1,273	1,542	1,273
	272,915	248,041	272,915	248,041

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
BANK				
Deposits and placements of banks and other financial institutions	3,073	3,239	3,073	3,239
Deposits from customers	232,402	209,598	232,402	209,598
Recourse obligations on loans and financing sold to Cagamas	3,426	6,841	3,426	6,841
Subordinated obligations	21,046	19,552	21,046	19,552
Others	1,542	1,273	1,542	1,273
	261,489	240,503	261,489	240,503

A24 Net Income from Islamic Banking Business

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
GROUP				
Income derived from investment of depositors' funds and others	156,054	142,331	156,054	142,331
Income derived from investment of Islamic Banking funds	16,653	14,443	16,653	14,443
Income attributable to the depositors and financial institutions	(79,586)	(73,940)	(79,586)	(73,940)
	93,121	82,834	93,121	82,834

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A25 Other Operating Income

	1st Quarter Ended		Three Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
GROUP	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee and commission income:</u>				
Commissions	20,827	24,153	20,827	24,153
Service charges and fees	7,561	8,753	7,561	8,753
Corporate advisory fees	635	787	635	787
Underwriting commissions	1,344	-	1,344	-
Brokerage fees	6,258	8,285	6,258	8,285
Guarantee fees	3,611	4,293	3,611	4,293
Processing fees	1,489	1,545	1,489	1,545
Commitment fees	4,423	4,268	4,423	4,268
Cards related income	21,026	21,369	21,026	21,369
Other fee income	1,501	750	1,501	750
	68,675	74,203	68,675	74,203
(b) <u>Fee and commission expense:</u>				
Commissions expense	(3,626)	(250)	(3,626)	(250)
Brokerage fees expense	(1,940)	(2,554)	(1,940)	(2,554)
Guarantee fees expense	(235)	(108)	(235)	(108)
Cards related expense	(18,362)	(18,948)	(18,362)	(18,948)
	(24,163)	(21,860)	(24,163)	(21,860)
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	2,789	(2)	2,789	(2)
- Financial investments at fair value through other comprehensive income	4,598	83	4,598	83
- Derivative instruments	6,555	(26,938)	6,555	(26,938)
- Other investments	9	-	9	-
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	1,222	1,055	1,222	1,055
- Derivative instruments	17,272	51,261	17,272	51,261
- Financial liabilities designated at fair value through profit or loss	(18,788)	(10,206)	(18,788)	(10,206)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	908	837	908	837
	14,565	16,090	14,565	16,090
(d) <u>Other income :</u>				
Foreign exchange gain/(loss)	974	(2,912)	974	(2,912)
Rental income	62	-	62	-
Others	5,655	9,606	5,655	9,606
	6,691	6,694	6,691	6,694
Total other operating income	65,768	75,127	65,768	75,127

A25 Other Operating Income (Contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	20,827	24,153	20,827	24,153
Service charges and fees	7,427	8,630	7,427	8,630
Guarantee fees	3,604	4,293	3,604	4,293
Processing fees	1,013	668	1,013	668
Commitment fees	4,408	4,260	4,408	4,260
Cards related income	21,026	21,369	21,026	21,369
Other fee income	1,501	750	1,501	750
	59,806	64,123	59,806	64,123
(b) <u>Fee and commission expense:</u>				
Commissions expense	(4,037)	(250)	(4,037)	(250)
Brokerage fees expense	(1)	(2)	(1)	(2)
Guarantee fees expense	(235)	(108)	(235)	(108)
Cards related expense	(18,362)	(18,948)	(18,362)	(18,948)
	(22,635)	(19,308)	(22,635)	(19,308)
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	2,789	(3)	2,789	(3)
- Financial investments at fair value through other comprehensive income	3,858	84	3,858	84
- Derivative instruments	6,555	(26,938)	6,555	(26,938)
- Other investments	9	-	9	-
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	1,222	946	1,222	946
- Derivative instruments	17,272	51,261	17,272	51,261
- Financial liabilities designated at fair value through profit or loss	(18,788)	(10,206)	(18,788)	(10,206)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	477	477	477	477
- Subsidiaries	27,604	37,490	27,604	37,490
	40,998	53,111	40,998	53,111
(d) <u>Other income:</u>				
Foreign exchange gain/(loss)	872	(3,063)	872	(3,063)
Rental income	694	177	694	177
Others	5,436	9,353	5,436	9,353
	7,002	6,467	7,002	6,467
Total other operating income	85,171	104,393	85,171	104,393

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A26 Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	100,168	94,926	100,168	94,926
- Contribution to EPF	15,916	14,832	15,916	14,832
- Others	12,985	12,368	12,985	12,368
	129,069	122,126	129,069	122,126
Establishment costs				
- Depreciation of property, plant and equipment	5,782	4,925	5,782	4,925
- Depreciation of right-of-use assets	6,031	-	6,031	-
- Amortisation of computer software	8,679	4,331	8,679	4,331
- Rental of premises	846	7,390	846	7,390
- Water and electricity	2,042	1,761	2,042	1,761
- Repairs and maintenance	2,066	2,578	2,066	2,578
- Information technology expenses	15,176	12,739	15,176	12,739
- Others	5,640	3,149	5,640	3,149
	46,262	36,873	46,262	36,873
Marketing expenses				
- Promotion and advertisement	1,312	2,095	1,312	2,095
- Branding and publicity	1,648	261	1,648	261
- Others	1,985	1,819	1,985	1,819
	4,945	4,175	4,945	4,175
Administration and general expenses				
- Communication expenses	3,017	3,422	3,017	3,422
- Printing and stationery	567	745	567	745
- Insurance	2,843	2,747	2,843	2,747
- Professional fees	5,541	5,593	5,541	5,593
- Others	5,807	7,499	5,807	7,499
	17,775	20,006	17,775	20,006
Total other operating expenses	198,051	183,180	198,051	183,180

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A26 Other Operating Expenses (Contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	77,939	73,533	77,939	73,533
- Contribution to EPF	12,377	11,597	12,377	11,597
- Others	9,786	10,420	9,786	10,420
	100,102	95,550	100,102	95,550
Establishment costs				
- Depreciation of property, plant and equipment	5,638	4,747	5,638	4,747
- Depreciation of right-of-use assets	6,017	-	6,017	-
- Amortisation of computer software	8,304	4,146	8,304	4,146
- Rental of premises	855	5,806	855	5,806
- Water and electricity	1,533	1,295	1,533	1,295
- Repairs and maintenance	1,475	1,815	1,475	1,815
- Information technology expenses	12,112	10,051	12,112	10,051
- Others	1,742	1,200	1,742	1,200
	37,676	29,060	37,676	29,060
Marketing expenses				
- Promotion and advertisement	1,240	1,677	1,240	1,677
- Branding and publicity	723	255	723	255
- Others	1,349	416	1,349	416
	3,312	2,348	3,312	2,348
Administration and general expenses				
- Communication expenses	2,307	2,548	2,307	2,548
- Printing and stationery	429	569	429	569
- Insurance	2,435	2,454	2,435	2,454
- Professional fees	4,196	4,294	4,196	4,294
- Others	4,735	4,979	4,735	4,979
	14,102	14,844	14,102	14,844
Total other operating expenses	155,192	141,802	155,192	141,802

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A27 Allowance for Expected Credit Losses on Loans, Advances and Financing and Other Financial Assets

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
GROUP				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	53,899	57,046	53,899	57,046
(b) Credit impaired loans, advances and financing				
- Recovered	(9,691)	(16,469)	(9,691)	(16,469)
- Written-off	9,644	8,352	9,644	8,352
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made/(write-back) during the financial period	903	(12,116)	903	(12,116)
	54,755	36,813	54,755	36,813
Allowance for/(write-back of) expected credit losses on:				
- Amounts due from clients and brokers	8	7	8	7
- Other receivables	1,025	954	1,025	954
- Cash and short term funds	(37)	(501)	(37)	(501)
	55,751	37,273	55,751	37,273
	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
BANK				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	41,115	38,614	41,115	38,614
(b) Credit impaired loans, advance and financing				
- Recovered	(6,116)	(9,994)	(6,116)	(9,994)
- Written-off	5,277	5,134	5,277	5,134
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made during the financial period	659	205	659	205
	40,935	33,959	40,935	33,959
Allowance for/(write-back of) expected credit losses on:				
- Other receivables	1,086	747	1,086	747
- Cash and short term funds	(37)	(501)	(37)	(501)
	41,984	34,205	41,984	34,205

A28 Allowance for/(Write-back of) Expected Credit Losses on Financial Investments

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period	(28)	(421)	(28)	(421)
(b) Financial investments at amortised cost				
- Allowance made during the financial period	49,428	-	49,428	-
- Commitment and contingencies	5	-	5	-
	49,405	(421)	49,405	(421)

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period	(26)	(315)	(26)	(315)
(b) Financial investments at amortised cost				
- Allowance made/(Write-back) during the financial period	24,699	(133)	24,699	(133)
	24,673	(448)	24,673	(448)

A29 Commitments and Contingencies

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
<u>Commitments and contingencies</u>				
Direct credit substitutes	669,136	650,663	506,503	490,085
Transaction-related contingent items	694,845	680,097	627,428	609,843
Short-term self-liquidating trade-related contingencies	173,771	179,994	138,831	133,405
Forward assets purchase	-	236,985	2,671	211,985
Obligations under an on-going underwriting agreement	50,000	46,154	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,296,366	1,319,483	858,663	904,181
- maturity not exceeding one year	8,528,529	8,308,840	6,512,225	6,461,733
Unutilised credit card lines	1,565,308	1,600,820	1,565,308	1,600,820
	12,977,955	13,023,036	10,211,629	10,412,052
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	4,150,629	4,561,102	4,150,629	4,561,102
- over one year to three years	425,827	159,580	425,827	159,580
- over three years	220,256	10,209	220,256	10,209
Interest rate related contracts:				
- one year or less	2,873,690	2,034,786	2,873,690	2,034,786
- over one year to three years	2,907,499	1,779,255	2,907,499	1,779,255
- over three years	2,528,374	2,503,968	2,528,374	2,503,968
Equity related contracts				
- one year or less	50,750	78,958	50,750	78,958
- over one year to three years	326,220	30,810	326,220	30,810
	13,483,245	11,158,668	13,483,245	11,158,668
	26,461,200	24,181,704	23,694,874	21,570,720

A30 Segment Information

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

Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between Group'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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A30 Segment information (Contd.)

GROUP	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1st Quarter and three months ended 30 June 2019								
Net interest income								
- external income	104,223	90,209	58,371	3,579	85	256,467	(8,424)	248,043
- inter-segment	(19,465)	22,617	(955)	(2,197)	-	-	-	-
	84,758	112,826	57,416	1,382	85	256,467	(8,424)	248,043
Net income from Islamic banking business	39,786	27,363	16,400	-	23	83,572	9,549	93,121
Other operating income	23,639	37,871	(4,156)	7,646	4,344	69,344	(3,576)	65,768
Net income	148,183	178,060	69,660	9,028	4,452	409,383	(2,451)	406,932
Other operating expenses	(85,155)	(68,223)	(11,793)	(8,910)	(3,592)	(177,673)	114	(177,559)
Depreciation and amortisation	(9,734)	(8,529)	(1,883)	(667)	(125)	(20,938)	446	(20,492)
Operating profit/(loss)	53,294	101,308	55,984	(549)	735	210,772	(1,891)	208,881
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(43,330)	(12,676)	133	123	-	(55,750)	(1)	(55,751)
(Allowance for)/write-back of expected credit losses on financial investments	-	(49,433)	94	-	-	(49,339)	(66)	(49,405)
Segment results	9,964	39,199	56,211	(426)	735	105,683	(1,958)	103,725
Share of results of joint venture								31
Taxation								(27,070)
Net profit for the financial year								76,686
Segment assets	21,928,167	20,543,835	15,742,745	351,093	465,190	59,031,030	(2,299,847)	56,731,183
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								833
Property, plant and equipment								71,508
Tax recoverable and deferred tax assets								103,329
Intangible assets								436,776
Total assets								57,343,629

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A30 Segment information (Contd.)

GROUP	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
1st Quarter and three months ended 30 June 2018								
Net interest income								
- external income	114,444	81,306	51,595	3,773	228	251,346	(8,235)	243,111
- inter-segment	(32,652)	22,955	12,171	(2,474)	-	-	-	-
	81,792	104,261	63,766	1,299	228	251,346	(8,235)	243,111
Net income from Islamic banking business	29,106	27,770	13,274	-	-	70,150	12,684	82,834
Other operating income	25,623	42,490	(5,017)	7,953	9,380	80,429	(5,302)	75,127
Net income	136,521	174,521	72,023	9,252	9,608	401,925	(853)	401,072
Other operating expenses	(84,182)	(64,212)	(11,382)	(9,779)	(4,188)	(173,743)	(181)	(173,924)
Depreciation and amortisation	(4,810)	(3,414)	(747)	(279)	(6)	(9,256)	-	(9,256)
Operating profit/(loss)	47,529	106,895	59,894	(806)	5,414	218,926	(1,034)	217,892
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(40,013)	1,866	373	7	494	(37,273)	-	(37,273)
Write-back of/(allowance for) expected credit losses on financial investments	-	495	2	86	(30)	553	(132)	421
Segment results	7,516	109,256	60,269	(713)	5,878	182,206	(1,166)	181,040
Share of results of joint venture								20
Taxation								(44,693)
Net profit for the financial period								136,367
Segment assets	21,466,323	18,239,755	15,552,303	47,875	405,086	55,711,342	(2,468,569)	53,242,773
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								713
Property, plant and equipment								73,087
Tax recoverable and deferred tax assets								78,451
Intangible assets								416,135
Total assets								53,811,159

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A31 Capital Adequacy

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

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

	GROUP		BANK	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
<u>Before deducting proposed dividends</u>				
CET I capital ratio	13.463%	13.736%	11.756%	12.061%
Tier I capital ratio	14.231%	14.423%	12.639%	12.940%
Total capital ratio	18.663%	18.856%	17.563%	17.841%
<u>After deducting proposed dividends</u>				
CET I capital ratio	13.463%	13.388%	11.756%	11.614%
Tier I capital ratio	14.231%	14.074%	12.639%	12.493%
Total capital ratio	18.663%	18.508%	17.563%	17.394%

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

	GROUP		BANK	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	3,684,685	3,827,676	2,987,053	3,128,589
Regulatory reserves	181,916	178,397	162,880	160,798
FVOCI reserve	120,424	68,540	69,361	36,449
Capital reserves	100,150	100,150	95,515	95,515
	5,635,281	5,722,869	4,862,915	4,969,457
Less: Regulatory adjustment				
- Goodwill and other intangibles	(436,776)	(432,961)	(327,825)	(323,804)
- Deferred tax assets	(45,023)	(72,972)	(24,903)	(50,116)
- 55% of revaluation reserves	(66,233)	(37,697)	(38,149)	(20,047)
- Regulatory reserves	(181,916)	(178,397)	(162,880)	(160,798)
- Investment in subsidiaries, associate and joint venture	(833)	(802)	(989,102)	(989,102)
Total CET I Capital	4,904,500	5,000,040	3,320,056	3,425,590
Additional Tier 1 Capital Securities	279,803	249,792	249,475	249,445
Total Additional Tier 1 Capital	279,803	249,792	249,475	249,445
Total Tier I Capital	5,184,303	5,249,832	3,569,531	3,675,035

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A31 Capital Adequacy (Contd.)

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
<u>Tier II Capital</u>				
Subordinated obligations	1,199,626	1,199,676	1,199,448	1,199,381
Expected credit losses and regulatory reserves	414,993	414,258	321,301	322,740
Less: Regulatory adjustment				
- Investment in Tier 2 capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	1,614,619	1,613,934	1,390,749	1,392,121
Total Capital	6,798,922	6,863,766	4,960,280	5,067,156

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Credit risk	33,199,416	33,140,642	25,704,132	25,819,184
Market risk	217,093	274,942	217,590	274,942
Operational risk	3,012,663	2,984,529	2,320,435	2,307,070
Total RWA and capital requirements	36,429,172	36,400,113	28,242,157	28,401,196

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 June 2019		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.215%	82.212%
Tier I capital ratio	12.448%	82.212%
Total capital ratio	15.225%	83.201%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.215%	82.212%
Tier I capital ratio	12.448%	82.212%
Total capital ratio	15.225%	83.201%
31 March 2019		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.690%	78.200%
Tier I capital ratio	12.950%	78.200%
Total capital ratio	15.762%	79.196%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.339%	78.200%
Tier I capital ratio	12.599%	78.200%
Total capital ratio	15.411%	79.196%

A32 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

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

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

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

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

The 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 balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group 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.

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A32 Fair Value Measurements (Contd.)

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

The following tables show the Group's 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> 30 June 2019	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Money market instruments	-	10,038	-	10,038
- Unquoted securities	-	3,887	187,411	191,298
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	5,545,971	-	5,545,971
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	4,402,132	-	4,402,132
Derivative financial assets	-	92,632	-	92,632
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
Derivative financial liabilities	-	712,135	-	712,135
Derivative financial liabilities	-	63,696	-	63,696
<u>BANK</u> 30 June 2019				
	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Unquoted securities	-	3,887	126,627	130,514
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	4,729,207	-	4,729,207
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	2,520,794	-	2,520,794
Derivative financial assets	-	92,632	-	92,632
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
Derivative financial liabilities	-	712,135	-	712,135
Derivative financial liabilities	-	63,696	-	63,696

A32 Fair Value Measurements (Contd.)

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

The following tables show the Group's 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 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

A32 Fair Value Measurements (Contd.)

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

Reconciliation of movements in Level 3 financial instruments:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year	187,517	178,846	126,733	121,634
Partial distribution on liquidating shares	-	(195)	-	(195)
Total (loss)/gain recognised in:				
- Statement of income				
(i) Revaluation (loss)/gain from financial assets at fair value through profit or loss	(106)	8,866	(106)	5,294
At end of financial period/year	187,411	187,517	126,627	126,733

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 level 3 financial instruments.

A33 Offsetting Financial Assets And Financial Liabilities

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

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

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
GROUP						
30 June 2019						
Derivative financial assets	92,632	-	92,632	(20,460)	(5,995)	66,177
Amounts due from clients and brokers	103,408	(25,919)	77,489	-	-	77,489
	<u>196,040</u>	<u>(25,919)</u>	<u>170,121</u>	<u>(20,460)</u>	<u>(5,995)</u>	<u>143,666</u>
BANK						
30 June 2019						
Derivative financial assets	<u>92,632</u>	<u>-</u>	<u>92,632</u>	<u>(20,460)</u>	<u>(5,995)</u>	<u>66,177</u>
GROUP						
31 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
Total	<u>200,324</u>	<u>(67,874)</u>	<u>132,450</u>	<u>(14,492)</u>	<u>(8,105)</u>	<u>109,853</u>
BANK						
31 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>

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A33 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 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	
<u>GROUP</u>						
30 June 2019						
Derivative financial liabilities	63,696	-	63,696	(20,460)	(15,489)	27,747
Amounts due to clients and brokers	78,221	(25,919)	52,302	-	-	52,302
Total	141,917	(25,919)	115,998	(20,460)	(15,489)	80,049
<u>BANK</u>						
30 June 2019						
Derivative financial liabilities	63,696	-	63,696	(20,460)	(15,489)	27,747
<u>GROUP</u>						
31 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
<u>BANK</u>						
31 March 2019						
Derivative financial liabilities	57,545	-	57,545	(14,492)	(22,541)	20,512

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.

A34 Changes in Accounting Policy

Effects of adoption of MFRS 16 Leases

The Group and the Bank have adopted MFRS16 “Leases” issued by MASB with its mandatory adoption date of 1 April 2019.

MFRS 16 supersedes MFRS 117 “Leases” and the related interpretations. As permitted by MFRS 16, the Group and the Bank have adopted the simplified retrospective approach and will not restate comparative amounts for the year prior to first adoption.

The Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as operating leases under MFRS 117 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted by the Group’s and the Bank’s borrowing rate (5.34% - 5.55%) as at 1 April 2019.

Right-of-use assets will be measured on transition as if the new rules had always been applied.

The adoption of MFRS 16 has resulted in a decrease of RM12,527,000 and RM12,509,000 in the Group’s and the Bank’s retained profits as at 1 April 2019.

The financial impacts are as follows:

Statements of Financial Position as at 31 March 2019

	As previously <u>stated</u> RM'000	Adoption of <u>MFRS 16</u> RM'000	<u>As restated</u> RM'000
<u>GROUP</u>			
Assets			
Right-of-use assets	-	133,672	133,672
Liabilities			
Lease liabilities	-	(146,198)	(146,198)
Equity			
Retained profits	3,827,676	(12,527)	3,815,149
<u>BANK</u>			
Assets			
Right-of-use assets	-	133,538	133,538
Liabilities			
Lease liabilities	-	(146,046)	(146,046)
Equity			
Retained profits	3,128,589	(12,509)	3,116,080

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

B1 Financial Review for Financial Quarter and Financial Period to Date

GROUP

	1st Quarter and Three Months Ended 30 June 2019 RM'000	1st Quarter and Three Months Ended 30 June 2018 RM'000	Changes %
Net income/revenue	406,932	401,072	1.5
Operating profit before allowance	208,881	217,892	(4.1)
Operating profit after allowance	103,725	181,040	(42.7)
Profit before taxation	103,756	181,060	(42.7)
Profit after taxation	76,686	136,367	(43.8)
Profit attributable to ordinary equity holders of the Bank	76,686	136,367	(43.8)
	1st Quarter Ended 30 June 2019 RM'000	4th Quarter Ended 31 March 2019 RM'000	Changes %
Net income/revenue	406,932	403,442	0.9
Operating profit before allowance	208,881	199,977	4.5
Operating profit after allowance	103,725	150,891	(31.3)
Profit before taxation	103,756	150,919	(31.3)
Profit after taxation	76,686	111,776	(31.4)
Profit attributable to ordinary equity holders of the Bank	76,686	111,776	(31.4)

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

BANK

	1st Quarter and Three Months Ended 30 June 2019 RM'000	1st Quarter and Three Months Ended 30 June 2018 RM'000	Changes %
Net income/revenue	332,334	347,268	(4.3)
Operating profit before allowance	177,142	205,466	(13.8)
Operating profit after allowance	110,485	171,709	(35.7)
Profit before taxation	110,485	171,709	(35.7)
Profit after taxation	88,659	137,772	(35.6)
Profit attributable to ordinary equity holders of the Bank	88,659	137,772	(35.6)
	1st Quarter Ended 30 June 2019 RM'000	4th Quarter Ended 31 March 2019 RM'000	Changes %
Net income/revenue	332,334	300,984	10.4
Operating profit before allowance	177,142	150,688	17.6
Operating profit after allowance	110,485	123,300	(10.4)
Profit before taxation	110,485	123,300	(10.4)
Profit after taxation	88,659	93,290	(5.0)
Profit attributable to ordinary equity holders of the Bank	88,659	93,290	(5.0)

B2 Review Of Performance

Review of Performance for the First Quarter Ended 30 June 2019

Profitability

For the first quarter ended 30 June 2019 (“1QFY20”), the Group reported Net Profit After Taxation of RM76.7 million. The decline of RM59.7 million or 43.8% year-on-year (“YOY”) was mainly due to expected credit losses stemming from the impairment of a few large accounts, and the continued investment in IT infrastructure to support the Group’s Transformation initiatives.

Despite the Overnight Policy Rate (“OPR”) cut in May 2019, net income grew RM5.9 million or 1.5% to RM406.9 million. This was driven by net interest income growth of RM4.9 million or 2.0% YOY from the loan expansion and the improved loan mix from better risk adjusted return loans. Net interest margin (“NIM”) decreased by 3 bps YOY to 2.4%.

Better Loans Growth

The Group continued to focus on better risk adjusted return loans from SME, commercial, consumer unsecured lending, and Alliance ONE Account (“AOA”) segments. Gross loans and advances grew 6.0% YOY to RM42.7 billion (industry: 4.6%). SME and commercial loans expanded 10.4% and 6.6% YOY respectively, while consumer unsecured loans grew RM391 million or 22.9% YOY. AOA loan balances grew more than two times to RM3.7 billion from RM1.5 billion in the previous year. The loan mix continued to improve with better risk adjusted return loans making up 44.1% of the portfolio, as compared to 37.2% in the previous year. However, NIM compression arising from OPR cut and deposit competition moderated the progression of net interest income.

Other Operating Income Rebounded from Previous Quarter

The Group recorded other operating income of RM65.0 million amid the challenging external environment. Client-based fee income declined by RM6.4 million YOY mainly due to market sentiment and lower wealth management business particularly in unit trust/insurance and lower brokerage/share trading. However, client-based fee income rebounded by 10.1% or RM6.9 million quarter-on-quarter (“QOQ”) as the Group continued to expand its initiatives to increase the fee income business. This is done via an exclusive general insurance partnership with Zurich Insurance, by enhancing relationship managers’ capabilities through the Wealth Academy, and expanding cross-selling efforts for wealth management products.

Operating Expenses from Strategic Project Initiatives

Cost to income ratio (“CIR”) was within expectation at 48.7%. The Group continues to invest in IT infrastructure to support its Transformation initiatives. This has resulted in reasonably good revenue in 1QFY20, and led to increased profitability in our core businesses of consumer and SME segments.

Asset Quality

For the first quarter of FY2020, the Group’s net credit cost was at 13.1 bps, an increase by 2.1 bps QOQ stemming from the expected credit loss of a few large accounts.

Gross impaired loans (“GIL”) ratio increased by 18 bps QOQ to 1.30%, versus industry’s 1.52%. The increase was mainly from the residential properties and personal financing portfolios, as well as a few large accounts. This was partly mitigated by the ongoing effort to regularise the residential properties portfolio through proactive collection efforts and repayments in the non-residential properties portfolio from several major business accounts. Loan loss coverage (including Regulatory Reserve) remained healthy at 128.2%.

B2 Review Of Performance (Contd.)

Review of Performance for the First Quarter Ended 30 June 2019 (Contd.)

Healthy Funding and Liquidity Position

The Group's funding position remains healthy despite the intense market competition for deposits. Customer based funding grew 8.8% YOY to RM46.6 billion, mostly from consumer deposits. The Group was able to maintain high Current Account/Savings Account ("CASA") ratio of 35.1% due to pro-active efforts in Alliance SavePlus Account and Alliance@Work. Fixed deposits grew RM2.8 billion or 11.8%, mainly contributed by RM1.2 billion from the Step-Up Fixed Deposit Campaign in June 2019.

The funding was used to grow our better risk adjusted return loans portfolio such as AOA and personal financing. The Group will continue to grow its CASA through Alliance SavePlus and Alliance@Work.

The Group's liquidity coverage ratio and loan to fund ratio remained healthy at 171.3% and 85.9% respectively.

Proactive Capital Management:

As part of our continuous proactive capital management to support future business expansion, 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 14.2%. With Common Equity Tier-1 ("CET 1") ratio at 13.5% and total capital ratio at 18.7%, we continue to maintain our capital levels to be among the strongest in the sector.

Performance by business segment:

The Group's business segments comprise Consumer Banking, Business Banking, Financial Markets and Stock broking and Corporate Advisory Services. Please refer to Note A30 on Segment Information for the composition of each business segment.

Consumer Banking segment's profit before tax stood at RM10.0 million, an improvement of 32.6% or RM2.4 million YOY. Net income increased by RM11.7 million or 8.5% YOY, mainly due to higher net interest income contributed by improved loan mix from better risk adjusted return loans, particularly in unsecured lending and AOA. Operating expenses increased by RM5.9 million or 6.6% YOY. Allowance for expected credit losses for loans, advances and financing increased by RM3.3 million. The segment's assets grew RM0.5 billion or 2.2%.

The Business Banking segment, comprising corporate, commercial and SME banking segments, recorded profit before tax of RM70.1 million, or 64.1% lower than the last corresponding period. Net income improved RM3.5 million or 2.0% YOY stemming from higher net interest income as a result of disciplined focus on better risk adjusted return loans especially in the SME and Commercial Banking segments. Operating expenses increased RM9.1 million or 13.5% YOY. Allowance for expected credit losses for loans, advances and financing expanded RM49.9 million YOY, as a result of expected credit losses of a few accounts which has turned impaired. Segment assets registered a growth of RM2.3 billion or 12.6%.

Profit before tax in the Financial Markets segment declined 6.7% or RM4.1 million YOY to RM56.2 million. Net income was lower by RM2.4 million or 3.3% YOY. Operating expenses increased by RM1.5 million or 12.8%. Segment assets were at RM15.7 billion, an increase of 1.2%.

The Stockbroking and Corporate Advisory Services segment recorded a loss before tax of RM0.4 million YOY due to lower brokerage income.

B3 Comparison with Immediate Preceding Quarter

Current Quarter vs Last Quarter

As compared to the immediate preceding quarter, the Group's net profit after tax was lower by RM35.1 million or 31.4% mainly due to higher net credit cost.

Key Quarter-on-Quarter Performance Highlights

- Revenue grew RM3.5 million or 0.9% mainly due to higher other operating income offset by lower net interest income as a result of the OPR cut.
- NIM declined by 18 bps to 2.4%.
- Other operating income was higher at RM65.0 million as a result of improvement in client-based fee income in the areas of wealth management and banking services.
- Operating expense declined RM5.4 million or 2.7% because of lower marketing and administration expenses.
- Net credit cost and impairment grew from the expected credit loss of a few large accounts, as well as growth of personal financing portfolio and AOA.

B4 Prospect for the Current Financial Period

The Group will continue to focus on accelerating momentum in our core businesses of AOA and SME despite the uncertain economic 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 digitisation 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 loan applications 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 grow 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.

In 2019, Bank Negara Malaysia projected that the Malaysian Gross Domestic Product (GDP) growth will expand at a steady pace between 4.3% and 4.8% year-on-year, from 4.7% in 2018, as the slowdown in global growth persists, while declining global trade activity provides negative spillover effect on Malaysia's domestic activity.

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B4 Prospect for the Current Financial Period (Contd.)

Private sector spending will remain the key driver of growth, underpinned by steady private consumption which will likely be supported by steady labour market conditions, while private investment is expected to be supported by ongoing and new capital spending in the manufacturing and services sectors, as well as the repayment of corporate tax refunds.

Meanwhile, Bank Negara Malaysia expects inflation to trend lower between 0.7% and 1.7% in 2019, due to the impact of cost pass-through from domestic cost factors amid a muted Sales and Services Tax (SST) impact, but this is likely to be offset by lower global oil prices that would help bring down domestic pump prices.

On the external sector, gross exports growth is forecasted to expand slower at 3.4% compared to a 6.8% growth in 2018, due to weaker demand from trade partners and the impact of on-going trade tensions.

Overall, external risks from global headwinds such as potential no-deal on trade war negotiations between the US and China; delay in Brexit; and a potential slowdown in the Chinese economy could provide stress points that may dampen external demand for Malaysia's electrical and electronics manufacturing and oil and gas sectors.

The banking industry's lackluster outlook prompts us to be even more vigilant in managing our credit portfolios and conservative in our provisioning practice. We anticipate these headwinds while we continue to enhance value with new products and services.

We remain confident that our continued focus on our strategic transformation initiatives will generate progress in our performance in the year ahead.

B5 Profit Forecast

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

B6 Taxation

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
GROUP				
Taxation				
- Income tax	16,189	31,983	16,189	31,983
- Over provision in prior financial period	(449)	(712)	(449)	(712)
- Deferred tax	11,330	13,422	11,330	13,422
	27,070	44,693	27,070	44,693

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000

BANK

Taxation				
- Income tax	7,006	20,799	7,006	20,799
- Deferred tax	14,820	13,138	14,820	13,138
	21,826	33,937	21,826	33,937

The Group's effective tax rate for the first financial quarter and the financial period ended 30 June 2019 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

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

There was no material profit/(loss) on sale of unquoted investments or properties for the first financial quarter and the financial period ended 30 June 2019 other than in the ordinary course of business.

B8 Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the first financial quarter and the financial period ended 30 June 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").

B9 Status of Corporate Proposals

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

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

	GROUP		BANK	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
(a) Deposits from customers				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	28,222,608	27,962,067	21,977,565	21,872,267
- More than one year (medium/long term)	1,294,176	1,094,711	138,269	166,735
	29,516,784	29,056,778	22,115,834	22,039,002
Others	15,937,788	15,960,854	12,807,775	12,943,860
	45,454,572	45,017,632	34,923,609	34,982,862
(b) Deposits and placements of banks and other financial institutions				
- One year or less (short term)	616,111	385,498	173,791	74,763
- More than one year (medium/long term)	442,305	473,210	249,640	270,072
	1,058,416	858,708	423,431	344,835
(c) Subordinated obligations				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	1,209,162	1,226,340	1,208,984	1,226,045
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	283,525	253,882	252,737	253,535
	1,492,687	1,480,222	1,461,721	1,479,580

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B11 Derivative Financial Assets/(Liabilities)

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

GROUP/BANK	As at 30 June 2019			As at 31 March 2019		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,504,823	10,122	(5,931)	1,309,322	8,999	(9,247)
- over one year to three years	247,968	4,007	(2,087)	126,912	239	(3,924)
- over three years	96,168	1,473	(643)	10,209	-	(960)
Currency swaps						
- one year or less	2,239,739	8,213	(6,381)	2,928,152	10,003	(10,155)
- over one year to three years	177,859	266	(1,445)	32,668	-	(171)
- over three years	124,088	475	-	-	-	-
Currency spots						
- one year or less	283,557	187	(233)	190,594	246	(200)
Currency options						
- one year or less	122,510	332	(94)	133,034	420	(106)
	4,796,712	25,075	(16,814)	4,730,891	19,907	(24,763)
Interest rate derivatives						
Interest rate swap	8,309,563	51,101	(20,874)	6,318,009	34,489	(13,258)
- one year or less	2,873,690	3,034	(1,837)	2,034,786	1,825	(2,189)
- over one year to three years	2,907,499	21,627	(14,627)	1,779,255	7,412	(1,031)
- over three years	2,528,374	26,440	(4,410)	2,503,968	25,252	(10,038)
Equity related derivatives						
- one year or less	50,750	230	(10,784)	78,958	122	(18,877)
- over one year to three years	326,220	16,226	(15,224)	30,810	924	(647)
Total derivatives assets/(liabilities)	13,483,245	92,632	(63,696)	11,158,668	55,442	(57,545)

(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 30 June 2019, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM92,632,000 (31 March 2019: RM55,442,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

Market Risk

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

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

Liquidity Risk

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

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

- (ii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Group's and the Bank's credit ratings. As at 30 June 2019, the Group and the Bank had posted cash collateral of RM15,489,000 (31 March 2019: RM22,541,000) 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 2019.

B12 Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank for the first financial quarter and the financial period ended 30 June 2019.

B13 Dividend Declared

No dividend has been declared during the first financial quarter and three months ended 30 June 2019.

B14 Earnings Per Share

(a) Basic

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

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	76,686	136,367	76,686	136,367
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	5.0	8.8	5.0	8.8
	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
<u>BANK</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	88,659	137,772	88,659	137,772
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	5.7	8.9	5.7	8.9

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

B14 Earnings Per Share (Contd.)

(b) Diluted

For the purpose of calculating diluted earnings 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 have been adjusted for the dilutive effects of all potential ordinary shares, (non-cumulative).

There were no dilutive potential ordinary shares outstanding as at 30 June 2019 and 30 June 2018 respectively. As a result, the dilutive earnings per share equal to basic earnings per share for financial period ended 30 June 2019 and 30 June 2018.

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

27 August 2019