

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 31 December 2019

	Note	GROUP		BANK	
		31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
ASSETS					
Cash and short-term funds		1,272,162	1,804,734	1,049,971	1,571,995
Deposits and placements with banks and other financial institutions		-	500	-	-
Amounts due from clients and brokers	A11	57,782	77,008	-	-
Financial assets at fair value through profit or loss	A12	971,095	230,440	906,703	169,656
Financial investments at fair value through other comprehensive income	A13	10,577,578	9,478,462	7,387,016	6,852,866
Financial investments at amortised cost	A14	174,164	235,720	243,693	311,930
Derivative financial assets	B11	122,915	55,442	122,915	55,442
Loans, advances and financing	A15	43,055,050	42,320,301	32,564,328	32,622,976
Other assets	A16	184,762	199,138	189,623	320,794
Tax recoverable		88,405	20,282	52,741	5,501
Statutory deposits		1,398,147	1,521,592	1,029,868	1,142,108
Investments in subsidiaries		-	-	909,102	989,102
Investment in joint venture		886	802	-	-
Right-of-use assets		121,134	-	121,034	-
Property, plant and equipment		70,616	70,497	69,459	69,178
Non-current assets held for sale		781	-	781	-
Deferred tax assets		13,543	72,972	-	50,116
Intangible assets		432,510	432,961	327,453	323,804
TOTAL ASSETS		58,541,530	56,520,851	44,974,687	44,485,468
LIABILITIES AND EQUITY					
Deposits from customers	A17	46,646,469	45,017,632	35,402,528	34,982,862
Deposits and placements of banks and other financial institutions	A18	1,550,775	858,708	798,357	344,835
Financial liabilities designated at fair value through profit or loss	A19	332,692	778,423	332,692	778,423
Amounts due to clients and brokers	A20	34,193	51,164	-	-
Derivative financial liabilities	B11	110,709	57,545	110,709	57,545
Recourse obligations on loans and financing sold to Cagamas		800,690	800,669	300,052	300,076
Lease liabilities		134,689	-	134,575	-
Other liabilities	A21	1,496,383	1,740,797	1,328,605	1,572,308
Provision for taxation		1	-	-	-
Provision for zakat		567	686	-	-
Deferred tax liabilities		16,623	2,163	2,286	-
Subordinated obligations		1,503,132	1,480,222	1,462,116	1,479,580
TOTAL LIABILITIES		52,626,923	50,788,009	39,871,920	39,515,629
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,366,501	4,184,736	3,554,661	3,421,733
TOTAL EQUITY		5,914,607	5,732,842	5,102,767	4,969,839
TOTAL LIABILITIES AND EQUITY		58,541,530	56,520,851	44,974,687	44,485,468
COMMITMENTS AND CONTINGENCIES	A30	31,505,091	24,181,704	28,591,746	21,570,720
Net assets per share attributable to equity holders of the Bank (RM)*		3.82	3.70	3.30	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.

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
198201008390 (88103-W)

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Consolidated Statements of Income
for the Financial Period Ended 31 December 2019**

GROUP	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Interest income	A22	515,303	512,122	1,554,158	1,499,547
Interest expense	A23	(273,156)	(257,222)	(822,158)	(754,798)
Net interest income		242,147	254,900	732,000	744,749
Net income from Islamic banking business	A24	100,877	94,559	285,870	265,418
		343,024	349,459	1,017,870	1,010,167
Fee and commission income	A25	71,326	67,363	209,535	213,602
Fee and commission expense	A25	(21,702)	(22,120)	(64,992)	(64,702)
Investment income	A25	35,324	12,082	82,175	37,760
Other income	A25	(3,650)	11,617	15,949	21,832
Other operating income	A25	81,298	68,942	242,667	208,492
Net income		424,322	418,401	1,260,537	1,218,659
Other operating expenses	A26	(211,183)	(196,770)	(607,233)	(571,482)
Operating profit before allowances		213,139	221,631	653,304	647,177
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(41,860)	(32,632)	(174,845)	(90,929)
Write-back of/(allowance for) expected credit losses on financial investments	A28	10,352	208	(37,404)	775
Allowance for impairment losses on non-financial assets	A29	-	-	(3,686)	-
Operating profit after allowances		181,631	189,207	437,369	557,023
Share of results of joint venture		35	29	84	81
Profit before taxation		181,666	189,236	437,453	557,104
Taxation	B6	(47,669)	(40,304)	(111,247)	(131,283)
Net profit for the financial period		133,997	148,932	326,206	425,821
Net profit for the financial period attributable to:					
Equity holders of the Bank		133,997	148,932	326,206	425,821
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	8.7	9.6	21.1	27.5
- Diluted (sen)	B14(b)	8.7	9.6	21.1	27.5

ALLIANCE BANK MALAYSIA BERHAD**198201008390 (88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 31 December 2019 (Contd.)**

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
GROUP	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	133,997	148,932	326,206	425,821
Other comprehensive (expense)/income:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net (loss)/gain from change in fair value	(698)	1,119	143,379	11,694
- Realised (gain)/loss transferred to statement of income on disposal	(2,824)	25	(16,999)	(1,544)
- Transfer from/(to) deferred tax	845	(275)	(30,331)	(2,436)
- Changes in expected credit losses	(164)	(208)	(9,585)	(775)
Other comprehensive (expense)/income, net of tax	(2,841)	661	86,464	6,939
Total comprehensive income for the financial period	131,156	149,593	412,670	432,760
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	131,156	149,593	412,670	432,760

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**198201008390 (88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statements of Income****for the Financial Period Ended 31 December 2019 (Contd.)**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
<u>BANK</u>					
Interest income	A22	506,583	505,728	1,521,213	1,481,936
Interest expense	A23	(262,503)	(250,193)	(788,502)	(734,202)
Net interest income		244,080	255,535	732,711	747,734
Fee and commission income	A25	63,082	58,529	184,241	183,564
Fee and commission expense	A25	(19,794)	(20,043)	(59,376)	(57,500)
Investment income	A25	55,011	51,054	121,495	112,961
Other income	A25	(3,379)	11,470	16,870	22,061
Other operating income	A25	94,920	101,010	263,230	261,086
Net income		339,000	356,545	995,941	1,008,820
Other operating expenses	A26	(164,153)	(155,836)	(470,982)	(451,475)
Operating profit before allowances		174,847	200,709	524,959	557,345
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(18,185)	(23,771)	(108,864)	(67,384)
Write-back of/(allowance for) expected credit losses on financial investments	A28	456	150	(23,341)	751
Profit before taxation		157,118	177,088	392,754	490,712
Taxation	B6	(36,443)	(28,475)	(87,728)	(98,050)
Net profit for the financial period		120,675	148,613	305,026	392,662
Net profit for the financial period attributable to:					
Equity holders of the Bank		120,675	148,613	305,026	392,662
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	7.8	9.6	19.7	25.4
- Diluted (sen)	B14(b)	7.8	9.6	19.7	25.4

ALLIANCE BANK MALAYSIA BERHAD**198201008390 (88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 31 December 2019 (Contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
<u>BANK</u>				
Net profit for the financial period	120,675	148,613	305,026	392,662
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain from change in fair value	3,710	2,149	89,261	559
- Realised (gain)/loss transferred to statement of income on disposal	(3,285)	25	(13,767)	(986)
- Transfer (to)/from deferred tax	(102)	(522)	(18,119)	102
- Changes in expected credit losses	(114)	(154)	(134)	(619)
Other comprehensive income/(expense), net of tax	209	1,498	57,241	(944)
Total comprehensive income for the financial period	120,884	150,111	362,267	391,718
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	120,884	150,111	362,267	391,718

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ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 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
<u>GROUP</u>						
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	-	-	-	-	(9,521)	(9,521)
As restated	1,548,106	178,397	100,150	78,513	3,818,155	5,723,321
Net profit for the financial period	-	-	-	-	326,206	326,206
Other comprehensive income	-	-	-	86,464	-	86,464
Total comprehensive income for the financial period	-	-	-	86,464	326,206	412,670
Transfer to regulatory reserves	-	56,315	-	-	(56,315)	-
Liquidation of subsidiaries	-	-	-	-	(1,553)	(1,553)
Dividends paid to shareholders	-	-	-	-	(219,831)	(219,831)
At 31 December 2019	1,548,106	234,712	100,150	164,977	3,866,662	5,914,607

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ALLIANCE BANK MALAYSIA BERHAD
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(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 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	-	-	-	-	-	425,821	425,821
Other comprehensive income	-	-	-	6,939	-	-	6,939
Total comprehensive income for the financial period	-	-	-	6,939	-	425,821	432,760
Transfer to regulatory reserves	-	17,201	-	-	-	(17,201)	-
Dividends paid to shareholders	-	-	-	-	-	(236,860)	(236,860)
At 31 December 2018	1,548,106	185,935	100,150	23,862	-	3,708,362	5,566,415

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ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
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Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2019 (Contd.)

	← Non-Distributable reserves →				Distributable reserves	Total equity
	Ordinary shares	Regulatory reserves	Capital reserves	FVOCI reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	(9,508)	(9,508)
As restated	1,548,106	160,798	95,515	36,831	3,119,081	4,960,331
Net profit for the financial period	-	-	-	-	305,026	305,026
Other comprehensive income	-	-	-	57,241	-	57,241
Total comprehensive income for the financial period	-	-	-	57,241	305,026	362,267
Transfer to regulatory reserves	-	43,746	-	-	(43,746)	-
Return of capital from a subsidiary	-	-	(80,000)	-	80,000	-
Dividends paid to shareholders	-	-	-	-	(219,831)	(219,831)
At 31 December 2019	1,548,106	204,544	15,515	94,072	3,240,530	5,102,767

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ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2019 (Contd.)

	← Non-Distributable reserves →					Distributable reserves	
	Ordinary shares RM'000	Regulatory reserves RM'000	Capital reserves RM'000	FVOCI reserves RM'000	Revaluation reserves RM'000	Retained profits RM'000	Total equity 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	-	-	-	-	-	392,662	392,662
Other comprehensive expense	-	-	-	(944)	-	-	(944)
Total comprehensive (expense)/income for the financial period	-	-	-	(944)	-	392,662	391,718
Transfer to regulatory reserves	-	8,063	-	-	-	(8,063)	-
Dividends paid to shareholders	-	-	-	-	-	(236,860)	(236,860)
At 31 December 2018	1,548,106	168,419	95,515	8,870	-	3,027,678	4,848,588

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ALLIANCE BANK MALAYSIA BERHAD**198201008390 (88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2019**

	GROUP		BANK	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	437,453	557,104	392,754	490,712
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(63,448)	(64,798)	(64,600)	(63,952)
Allowance for expected credit losses on loans, advances and financing	185,571	104,201	120,911	68,416
(Write-back of)/allowance for expected credit losses on commitment and contingencies loans, advances and financing	(3,417)	(8,820)	(3,928)	2,974
Allowance for/(write-back of) expected credit losses on financial investments	37,404	(775)	23,341	(751)
Allowance for expected credit losses on amounts due from clients and brokers	-	9	-	-
Allowance for expected credit losses on other receivables	2,927	3,233	2,730	2,079
Write-back of expected credit losses on short term funds	(37)	(488)	(37)	(488)
Allowance for expected credit losses deposits and placements with banks and other financial institutions	-	30	-	30
Allowance for impairment losses on non-financial assets	3,686	-	-	-
Amortisation of computer software	27,319	21,792	26,200	21,010
Depreciation of property, plant and equipment	17,558	17,576	17,127	17,057
Depreciation of right-of-use assets	18,598	-	18,564	-
Dividends from financial assets at fair value through profit or loss	(4,419)	(1,299)	(2,668)	(749)
Dividends from subsidiaries	-	-	(48,031)	(80,154)
Interest expense on recourse obligations on loans and financing sold to Cagamas	10,238	20,216	10,238	20,216
Interest expense on lease liabilities	5,626	-	5,622	-
Interest expense on subordinated obligations	63,489	58,995	63,644	59,142
Interest income from financial investments at fair value through other comprehensive income	(236,419)	(193,282)	(218,515)	(186,442)
Interest income from financial investments at amortised cost	(5,617)	(11,232)	(9,881)	(14,181)
Property, plant and equipment written-off	161	25	94	24
Computer software written-off	4,391	1,820	4,391	1,724
Net gain from sale of financial assets at fair value through profit or loss	(8,511)	(1,533)	(8,391)	(1,532)
Net gain from sale of financial investments at fair value through other comprehensive income	(16,999)	(1,544)	(13,767)	(986)
Net gain from sale of other investments	(5)	-	(5)	-
Unrealised gain arising from financial assets at fair value through profit or loss	(22,923)	(11,647)	(19,315)	(7,803)
Unrealised loss/(gain) arising from derivative instruments	8,999	(22,882)	8,999	(22,882)
Unrealised loss/(gain) arising from financial liabilities designated at fair value through profit or loss	29,588	(5,194)	29,588	(5,194)
Share of results of joint venture	(84)	(81)	-	-
Zakat	39	81	-	-
Cash flow from operating activities before working capital changes carried forward	491,168	461,507	335,065	298,270

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Condensed Interim Financial Statements
Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2019 (Contd.)

	GROUP		BANK	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (contd.)				
Cash flow from operating activities before capital changes brought forward:	491,168	461,507	335,065	298,270
Changes in working capital:				
Deposits from customers	1,628,837	(122,037)	419,666	(160,495)
Deposits and placements of banks and other financial institutions	692,067	281,969	453,522	(18,512)
Other liabilities	(246,486)	132,332	(244,314)	64,991
Deposits and placements with banks and other financial institutions	500	(6,542)	-	(5,540)
Financial liabilities designated at fair value through profit or loss	(480,252)	79,028	(480,252)	79,028
Proceeds from redemption/disposal of financial assets at fair value through profit or loss (net of purchase)	(707,239)	64,677	(707,359)	49,426
Loans, advances and financing	(920,274)	(1,224,769)	(62,263)	(403,941)
Other assets	11,450	(15,975)	128,441	(46,947)
Amounts due from clients and brokers	2,256	3,040	-	-
Statutory deposits	123,445	(61,855)	112,240	(27,231)
Cash generated from/(used in) operations	595,472	(408,625)	(45,254)	(170,951)
Taxation paid	(128,353)	(154,904)	(92,964)	(122,231)
Zakat paid	(158)	(134)	-	-
Net cash generated from/(used in) operating activities	466,961	(563,663)	(138,218)	(293,182)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends from financial assets at fair value through profit or loss	4,419	1,299	2,668	749
Dividends from subsidiaries	-	-	48,031	80,154
Interest received from financial assets at fair value through profit or loss	(1,982)	1,653	(1,982)	1,653
Interest received from financial investments at fair value through other comprehensive income	239,903	197,283	222,816	196,496
Interest received from financial investments at amortised costs	4,396	4,991	8,999	7,701
Net interest expense for derivative instruments	(18,376)	(38,165)	(18,376)	(38,165)
Net cash flow from subsidiaries	(383)	-	80,000	-
Purchase of property, plant and equipment	(18,620)	(21,896)	(18,284)	(21,475)
Purchase of computer software	(34,946)	(40,235)	(34,241)	(39,650)
Proceeds from disposal of computer software				
Proceeds from redemption/disposal of financial investments at amortised cost (net of purchase)	91,183	235,150	111,675	180,150
Proceeds from redemption/disposal financial investments at fair value through other comprehensive income (net of purchase)	(971,426)	(710,270)	(450,880)	(278,242)
Proceeds from disposal of property, plant and equipment	-	59	-	59
Net cash (used in)/generated from investing activities	(705,832)	(370,131)	(49,574)	89,430

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

	GROUP		BANK	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	(219,831)	(236,860)	(219,831)	(236,860)
Interest paid on recourse obligations on loans and financing sold to Cagamas	(10,218)	(20,277)	(10,264)	(20,214)
Interest paid on subordinated obligations	(80,579)	(78,203)	(81,107)	(78,359)
Lease liabilities	(23,073)	-	(23,030)	-
Proceeds from issuance of subordinated notes	40,000	-	-	-
Net cash used in financing activities	(293,701)	(335,340)	(334,232)	(335,433)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(532,572)	(1,269,134)	(522,024)	(539,185)
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	1,272,162	1,499,624	1,049,971	1,176,776
Cash and cash equivalents comprise the following:				
Cash and short-term funds	1,272,162	1,499,624	1,049,971	1,176,776

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 the third financial quarter and nine months ended 31 December 2019 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial investment at fair value through other comprehensive income, derivative financial instruments and financial liabilities designated at fair value through profit or loss that are measured at fair value.

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"), 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 A35.

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.

A3 Seasonality or Cyclicity of Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations during the third financial quarter and nine months ended 31 December 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 third financial quarter and nine months ended 31 December 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 third financial quarter and nine months ended 31 December 2019.

A6 Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the third financial quarter and nine months ended 31 December 2019.

A7 Dividend Paid

The dividend paid by the Bank for the nine months ended 31 December 2019 were as follows:-

- (a) A single tier second interim dividend of 8.2 sen per share, on 1,548,105,929 ordinary shares amounting to RM126,945,000 in respect of the financial year ended 31 March 2019, was paid on 27 June 2019.
- (b) A single tier first interim dividend of 6.0 sen per share, on 1,548,105,929 ordinary shares amounting to RM92,886,000 in respect of the financial year ended 31 March 2020, was paid on 30 December 2019.

A8 Significant Event

- (a) Bancassurance Partnership

The Bank and Alliance Islamic Bank Berhad, subsidiary of the Bank had on 22 April 2019 entered into an exclusive 15-year bancassurance agreement with Zurich General Insurance Malaysia Berhad and Zurich General Takaful Malaysia Berhad respectively. The agreement will see the Bank strengthen its position in providing end-to-end financing solutions for both individuals and small and medium enterprise (SME) community.

- (b) Liquidation of Subsidiaries

The below wholly-owned subsidiaries of Alliance Investment Bank Berhad ("AIBB") and Alliance Financial Group Berhad ("AFG") respectively which in turn are wholly-owned subsidiaries of the Bank have been dissolved by way of members' voluntary winding-up pursuant to Section 459(5) of the Companies Act 2016 on 9 August 2019:

Wholly-owned subsidiaries of AIBB

- (i) KLCS Sdn. Bhd.
- (ii) ARSB Alliance Sdn. Bhd.

Wholly-owned subsidiaries of AFG

- (i) Hijauan Setiu Sdn. Bhd.
- (ii) Setiu Integrated Resort Sdn. Bhd.

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

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

A10 Related Party Transactions

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

A11 Amounts Due From Clients And Brokers

	GROUP	
	31 December 2019 RM'000	31 March 2019 RM'000
Due from clients	57,782	77,182
Due from brokers	-	665
	<u>57,782</u>	<u>77,847</u>
Less:		
Allowance for expected credit losses	-	(839)
	<u>57,782</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 two (2) 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:

	GROUP	
	31 December 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year	839	840
Write-back during the financial period/year (net)	-	(1)
Written-off during the financial period/year	<u>(839)</u>	-
At end of financial period/year	<u>-</u>	<u>839</u>

As at 31 December 2019, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM10,000 (31 March 2019: RM1,186,000) and was collateralised.

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

	GROUP		BANK	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	297,865	-	297,865	-
Malaysian Government investment issues	450,916	41,002	450,916	41,002
Commercial papers	20,154	-	20,154	-
	<u>768,935</u>	<u>41,002</u>	<u>768,935</u>	<u>41,002</u>
<u>Unquoted securities:</u>				
Shares	202,160	187,517	137,768	126,733
Corporate bonds and sukuk	-	1,921	-	1,921
	<u>202,160</u>	<u>189,438</u>	<u>137,768</u>	<u>128,654</u>
Total financial assets at FVTPL	<u>971,095</u>	<u>230,440</u>	<u>906,703</u>	<u>169,656</u>

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	2,359,828	2,137,524	2,153,347	1,914,515
Malaysian Government investment issues	3,296,650	3,064,770	1,954,379	1,710,316
Negotiable instruments of deposits	-	-	449,679	732,211
Commercial papers	114,516	87,001	74,688	48,318
	<u>5,770,994</u>	<u>5,289,295</u>	<u>4,632,093</u>	<u>4,405,360</u>
<u>Quoted securities:</u>				
Shares	9	8	9	8
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,806,575	4,189,159	2,754,914	2,447,498
Total financial investments at FVOCI	<u>10,577,578</u>	<u>9,478,462</u>	<u>7,387,016</u>	<u>6,852,866</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	50	-	-	50
Changes due to change in credit risk	(15)	(186)	-	(201)
Financial investments derecognised other than write-off	(25)	-	-	(25)
Total charge to/(write-back from) income statement	10	(186)	-	(176)
Write-off	-	-	(9,409)	(9,409)
At 31 December 2019	<u>130</u>	<u>258</u>	<u>-</u>	<u>388</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	34	-	34
Changes due to change in credit risk	(3)	(140)	(143)
Financial investments derecognised other than write-off	(25)	-	(25)
Total charge to/(write-back from) income statement	6	(140)	(134)
At 31 December 2019	61	187	248
At 1 April 2018			
As previously stated	-	-	-
Effects of adoption of MFRS 9	134	872	1,006
As restated	134	872	1,006
New financial investments originated or purchased	8	-	8
Changes due to change in credit risk	(45)	(545)	(590)
Financial investments derecognised other than write-off	(42)	-	(42)
Total write-back from income statement	(79)	(545)	(624)
At 31 March 2019	55	327	382

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:

	31 December 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	9,409	9,409
Write-off during the financial period/year	(9,409)	-
At end of financial period/year	-	9,409

As at 31 December 2019, the Bank's gross exposure of financial investment at FVOCI that are credit impaired is at RM Nil (31 March 2019: RM Nil). There is no movement during the financial period.

A14 Financial Investments at Amortised Cost

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	70,543	121,789	70,543	101,446
Commercial papers	997	38,686	997	34,880
	<u>71,540</u>	<u>160,475</u>	<u>71,540</u>	<u>136,326</u>
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	152,363	90,020	197,522	177,498
Allowance for expected credit losses	(49,739)	(14,775)	(25,369)	(1,894)
	<u>102,624</u>	<u>75,245</u>	<u>172,153</u>	<u>175,604</u>
Total financial investments at amortised cost	<u>174,164</u>	<u>235,720</u>	<u>243,693</u>	<u>311,930</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	42	540	14,193	14,775
Transfer to Stage 3	-	(1,652)	50,000	48,348
New financial investments originated or purchased	108	-	-	108
Changes due to change in credit risk	(24)	1,112	(11,948)	(10,860)
Financial investments derecognised other than write-off	(25)	-	-	(25)
Total charge to/(write-back from) income statement	59	(540)	38,052	37,571
Write-off	-	-	(2,607)	(2,607)
At 31 December 2019	<u>101</u>	<u>-</u>	<u>49,638</u>	<u>49,739</u>
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	<u>42</u>	<u>540</u>	<u>14,193</u>	<u>14,775</u>

A14 Financial Investments at Amortised Cost (Contd.)

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

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<u>BANK</u>				
At 1 April 2019	330	270	1,294	1,894
Transfer to Stage 3	-	(826)	25,000	24,174
New financial investments originated or purchased	23	-	-	23
Changes due to change in credit risk	(9)	556	(1,247)	(700)
Financial investments derecognised other than write-off	(22)	-	-	(22)
Total (write-back from)/charge to income statement	(8)	(270)	23,753	23,475
At 31 December 2019	322	-	25,047	25,369
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	425	-	1,294	1,719
As restated	425	-	1,294	1,719
New financial investments originated or purchased	42	270	-	312
Changes due to change in credit risk	(137)	-	-	(137)
Total (write-back from)/charge to income statement	(95)	270	-	175
At 31 March 2019	330	270	1,294	1,894

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

	31 December 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	-
Write-back during the financial period/year	(16,304)	-
Write-off during the financial period/year	(2,607)	-
At end of financial period/year	49,654	18,565
	31 December 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	-
Write-back during the financial period/year	(1,247)	-
At end of financial period/year	25,047	1,294

A15 Loans, Advances and Financing

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
At amortised cost				
Overdrafts	4,293,866	4,254,342	2,624,195	2,811,642
Term loans/financing				
- Housing loans/financing	14,265,033	14,169,222	10,904,901	11,220,949
- Syndicated term loans/financing	392,957	542,646	349,154	400,597
- Hire purchase receivables	847,603	997,023	613,621	700,548
- Other term loans/financing	16,104,730	15,144,370	12,276,181	11,726,939
Bills receivables	583,715	416,944	533,791	404,862
Trust receipts	244,558	238,682	199,976	199,118
Claims on customers under acceptance credits	3,202,144	3,262,886	2,462,332	2,492,765
Staff loans				
(Loan to Directors:RM Nil [31 March 2019:RM Nil])	21,619	23,217	5,194	6,233
Credit/charge card receivables	642,047	628,329	642,047	628,329
Revolving credits	1,667,253	1,842,108	1,207,698	1,333,991
Share margin financing	1,281,356	1,210,678	1,050,204	957,244
Gross loans, advances and financing	43,546,881	42,730,447	32,869,294	32,883,217
Add: Sales commissions and handling fees	96,975	92,517	111,213	102,848
Less: Allowance for expected credit losses on loans, advances and financing				
- Expected credit losses	(588,806)	(502,663)	(416,179)	(363,089)
Total net loans, advances and financing	43,055,050	42,320,301	32,564,328	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 RM150,000,000 as at 31 December 2019 (31 March 2019: RM179,795,000).

A15a By maturity structure:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Within one year	12,038,873	11,948,217	8,790,733	8,882,437
One year to three years	1,927,289	2,028,957	1,479,097	1,596,836
Three years to five years	2,527,508	2,507,701	1,850,500	1,734,480
Over five years	27,053,211	26,245,572	20,748,964	20,669,464
Gross loans, advances and financing	43,546,881	42,730,447	32,869,294	32,883,217

A15 Loans, Advances and Financing (Contd.)

A15b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Domestic non-bank financial institutions	297,179	454,420	239,673	397,339
Domestic business enterprises				
- Small and medium enterprises	11,679,020	11,134,591	9,035,476	8,715,301
- Others	7,954,673	8,378,248	6,260,224	6,462,979
Government and statutory bodies	61,906	62,011	61,906	62,011
Individuals	22,848,113	21,940,809	16,673,068	16,586,050
Other domestic entities	29,759	18,154	1,964	2,087
Foreign entities	676,231	742,214	596,983	657,450
Gross loans, advances and financing	43,546,881	42,730,447	32,869,294	32,883,217

A15c By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Fixed rate				
- Housing loans/financing	30,655	30,924	5,885	3,819
- Hire purchase receivables	831,266	975,868	597,306	679,421
- Other fixed rate loans/financing	6,549,145	6,680,657	4,459,960	4,632,043
Variable rate				
- Base lending rate plus	24,870,983	26,180,959	20,212,661	20,862,144
- Base rate plus	7,167,392	4,659,660	4,348,402	3,485,583
- Cost plus	4,097,440	4,202,379	3,245,080	3,220,207
Gross loans, advances and financing	43,546,881	42,730,447	32,869,294	32,883,217

A15d By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Purchase of securities	1,274,248	1,204,373	1,043,097	950,940
Purchase of transport vehicles	644,466	777,449	437,640	496,279
Purchase of landed property	22,312,315	22,319,389	17,518,579	18,002,032
of which: - Residential	15,205,915	15,172,297	11,772,861	12,160,606
- Non-residential	7,106,400	7,147,092	5,745,718	5,841,426
Purchase of fixed assets				
excluding land & buildings	313,426	322,933	254,787	283,977
Personal use	5,428,897	4,624,412	2,918,035	2,575,790
Credit card	642,047	628,329	642,047	628,329
Construction	872,940	598,923	793,190	542,695
Working capital	9,634,201	9,673,428	7,397,994	7,455,372
Others	2,424,341	2,581,211	1,863,925	1,947,803
Gross loans, advances and financing	43,546,881	42,730,447	32,869,294	32,883,217

A15 Loans, Advances and Financing (Contd.)

A15e By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Northern region	3,225,173	3,099,338	2,261,632	2,231,147
Central region	30,946,336	30,518,935	23,632,242	23,759,896
Southern region	5,477,366	5,273,067	4,175,524	3,989,423
Sabah region	2,945,437	2,867,868	2,072,397	2,174,295
Sarawak region	952,569	971,239	727,499	728,456
Gross loans, advances and financing	43,546,881	42,730,447	32,869,294	32,883,217

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 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	894,304	722,929	657,552	533,179
Recovered during the financial period/year	(60,943)	(100,684)	(52,514)	(75,340)
Reclassified as unimpaired during the financial period/year	(298,988)	(484,529)	(227,058)	(379,515)
Financial assets derecognised other than write-off during the financial period/year	(78,737)	(85,352)	(48,044)	(75,194)
Amount written-off	(121,923)	(136,895)	(81,425)	(89,644)
At end of financial period/year	810,315	476,602	617,635	369,124
Gross impaired loans as % of gross loans, advances and financing	1.86%	1.12%	1.88%	1.12%

A15 Loans, Advances and Financing (Contd.)

A15g Credit impaired loans analysed by economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Purchase of transport vehicles	23,479	17,088	18,205	14,777
Purchase of landed property	412,901	234,412	316,337	184,647
of which: - Residential	337,665	153,789	268,484	129,916
- Non-residential	75,236	80,623	47,853	54,731
Purchase of fixed assets excluding land & buildings	22,510	21,220	22,241	20,579
Personal use	177,863	81,293	111,648	47,995
Credit card	10,870	9,045	10,870	9,045
Construction	8,120	8,429	8,120	8,429
Working capital	121,319	79,382	99,671	60,685
Others	33,253	25,733	30,543	22,967
Gross impaired loans	810,315	476,602	617,635	369,124

A15h Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Northern region	85,855	49,667	62,221	39,874
Central region	569,284	326,982	429,602	246,940
Southern region	112,900	63,370	92,875	49,183
Sabah region	28,118	25,316	19,832	22,554
Sarawak region	14,158	11,267	13,105	10,573
Gross impaired loans	810,315	476,602	617,635	369,124

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 <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
GROUP				
At 1 April 2019	72,679	212,519	217,465	502,663
Transfer to Stage 1	16,666	(92,265)	(4,451)	(80,050)
Transfer to Stage 2	(31,140)	196,197	(73,821)	91,236
Transfer to Stage 3	(83)	(104,735)	268,296	163,478
New financial assets originated or purchased	41,771	109,181	15,400	166,352
Changes due to change in credit risk	(13,712)	22,486	(15,573)	(6,799)
Financial assets derecognised other than write-off	(21,067)	(105,990)	(21,589)	(148,646)
Other adjustments	3	(1)	(2)	-
	(7,562)	24,873	168,260	185,571
Unwinding of discount	-	-	(5,916)	(5,916)
Total (write-back from)/charge to income statement	(7,562)	24,873	162,344	179,655
Write-off	(3)	(383)	(93,126)	(93,512)
At 31 December 2019	65,114	237,009	286,683	588,806
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

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	11,387	(66,773)	(3,906)	(59,292)
Transfer to Stage 2	(20,711)	135,366	(52,025)	62,630
Transfer to Stage 3	(75)	(65,091)	193,832	128,666
New financial assets originated or purchased	25,600	90,747	9,294	125,641
Changes due to change in credit risk	(8,776)	6,753	(17,789)	(19,812)
Financial assets derecognised other than write-off	(13,771)	(89,020)	(14,131)	(116,922)
Other adjustments	3	(1)	(2)	-
	(6,343)	11,981	115,273	120,911
Unwinding of discount	-	-	(4,243)	(4,243)
Total (write-back from)/charge to income statement	(6,343)	11,981	111,030	116,668
Write-off	-	(220)	(63,358)	(63,578)
At 31 December 2019	42,792	154,383	219,004	416,179
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	49,135	142,622	171,332	363,089

A16 Other Assets

	GROUP		BANK	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Other receivables	85,336	86,513	69,548	72,185
Collateral pledged for derivative transactions	10,690	23,292	10,452	23,056
Settlement account	81,679	94,606	81,679	94,606
Deposits	8,957	8,775	8,304	8,122
Prepayment	35,057	20,038	31,840	18,573
Amounts due from subsidiaries	-	-	19,779	133,557
Amount due from joint venture	355	299	355	299
	222,074	233,523	221,957	350,398
Less:				
Allowance for expected credit losses on other receivables [Note (a)]	(37,312)	(34,385)	(32,334)	(29,604)
	184,762	199,138	189,623	320,794

Note:

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

GROUP	Lifetime	Lifetime
	<u>ECL</u>	<u>ECL</u>
	31 December	31 March
	2019	2019
	RM'000	RM'000
At beginning of financial period/year	34,385	32,017
New financial assets originated or purchased	219	1,174
Changes due to change in credit risk	2,868	3,527
Financial assets derecognised other than write-off	(160)	(1,382)
Total charge to income statement	2,927	3,319
Write-off	-	(951)
At end of financial period/year	37,312	34,385
	Lifetime	Lifetime
	<u>ECL</u>	<u>ECL</u>
	31 December	31 March
	2019	2019
	RM'000	RM'000
BANK		
At beginning of financial period/year	29,604	27,578
Changes due to change in credit risk	2,730	2,977
Total charge to income statement	2,730	2,977
Write-off	-	(951)
At end of financial period/year	32,334	29,604

As at 31 December 2019, the Group's and the Bank's gross exposure of other receivables that are under lifetime ECL was at RM37,312,000 and RM32,334,000 (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>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Amortised cost				
Demand deposits	15,745,128	14,207,328	12,443,611	11,510,890
Savings deposits	1,736,324	1,753,526	1,418,336	1,432,970
Fixed/investment deposits	26,274,069	25,676,643	19,278,525	19,430,211
Money market deposits	2,698,836	2,917,200	2,080,946	2,206,407
Negotiable instruments of deposits	192,112	462,935	181,110	402,384
	46,646,469	45,017,632	35,402,528	34,982,862

A17b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Domestic financial institutions	148,819	306,199	186,494	390,046
Domestic non-bank financial institutions	1,805,372	2,516,834	1,414,197	1,769,027
Government and statutory bodies	4,800,827	5,450,441	2,734,479	2,975,054
Business enterprises	17,984,753	16,909,336	13,683,770	12,894,883
Individuals	20,499,475	18,637,918	16,159,463	15,917,675
Foreign entities	777,185	630,733	683,656	559,770
Others	630,038	566,171	540,469	476,407
	46,646,469	45,017,632	35,402,528	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>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Due within six months	21,791,510	19,128,642	16,502,550	14,877,446
Six months to one year	6,693,308	8,833,425	4,868,661	6,994,821
One year to three years	517,409	730,686	162,118	157,981
Three years to five years	162,790	364,025	7,252	8,754
	29,165,017	29,056,778	21,540,581	22,039,002

A18 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Licensed banks	873,840	252,558	503,561	12,467
Licensed Investment banks	163,620	30,051	-	-
Bank Negara Malaysia	513,315	576,099	294,796	332,368
	1,550,775	858,708	798,357	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.

	GROUP/BANK	
	31 December	31 March
	2019	2019
	RM'000	RM'000
Structured investments	339,760	815,079
Fair value changes arising from designation at fair value through profit or loss	(7,068)	(36,656)
	332,692	778,423

A20 Amounts Due To Clients And Brokers

	GROUP	
	31 December	31 March
	2019	2019
	RM'000	RM'000
Due to clients	17,940	51,164
Due to brokers	16,253	-
	34,193	51,164

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 two (2) 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 RM49,535,000 (31 March 2019: RM56,655,000) have been excluded accordingly.

A21 Other Liabilities

	GROUP		BANK	
	31 December	31 March	31 December	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
Other payables	504,394	488,686	441,172	406,233
Collateral pledged for derivative transactions	21,778	8,456	21,778	8,456
Bills payable	127,872	175,095	112,617	166,622
Settlement account	26,213	80,059	26,213	80,059
Clearing account	273,049	224,575	221,814	174,407
Sundry deposits	44,340	40,962	39,431	35,705
Provision and accruals	99,527	129,763	91,930	117,929
Remisiers account	20,875	6,122	-	-
Allowance for expected credit losses commitments and contingencies	29,023	32,604	24,474	28,582
Finance lease liabilities	-	688	-	688
Structured investments	349,176	553,627	349,176	553,627
Amount due to joint venture	136	160	-	-
	1,496,383	1,740,797	1,328,605	1,572,308

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	724	(9,119)	(81)	(8,476)
Transfer to Stage 2	(1,040)	11,409	(645)	9,724
Transfer to Stage 3	-	(364)	696	332
New financial assets originated or purchased	1,983	6,908	-	8,891
Changes due to change in credit risk	(2,130)	(1,275)	(164)	(3,569)
Financial assets derecognised other than write-off	(1,220)	(6,177)	(2,910)	(10,307)
Other adjustments	1	(4)	-	(3)
	(1,682)	1,378	(3,104)	(3,408)
Unwinding of discount	-	-	(173)	(173)
Total (write-back from)/charge to income statement	(1,682)	1,378	(3,277)	(3,581)
At 31 December 2019	5,151	18,042	5,830	29,023
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	6,833	16,664	9,107	32,604

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	601	(7,694)	(80)	(7,173)
Transfer to Stage 2	(897)	9,933	(645)	8,391
Transfer to Stage 3	-	(364)	694	330
New financial assets originated or purchased	1,709	5,174	-	6,883
Changes due to change in credit risk	(1,887)	(905)	(155)	(2,947)
Financial assets derecognised other than write-off	(1,054)	(5,548)	(2,807)	(9,409)
Other adjustments	1	(4)	-	(3)
	(1,527)	592	(2,993)	(3,928)
Unwinding of discount	-	-	(180)	(180)
Total (write-back from)/charge to income statement	(1,527)	592	(3,173)	(4,108)
At 31 December 2019	4,570	14,075	5,829	24,474
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 31 December 2019, the Group's and the Bank's gross exposure of commitment and contingencies that are credit impaired was at RM22,188,000 and RM20,902,000 (31 March 2019: RM16,460,000 and RM14,481,000).

A22 Interest Income

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
GROUP				
Loans, advances and financing	410,616	418,238	1,237,622	1,219,392
Money at call and deposit placements with financial institutions	2,755	3,602	10,747	10,290
Financial investments at fair value through other comprehensive income	80,602	65,540	236,419	193,282
Financial investments at amortised cost	1,344	3,138	5,617	11,232
Others	78	212	305	553
	495,395	490,730	1,490,710	1,434,749
Accretion of discount less amortisation of premium	19,908	21,392	63,448	64,798
	515,303	512,122	1,554,158	1,499,547
BANK				
Loans, advances and financing	405,488	411,077	1,215,635	1,200,057
Money at call and deposit placements with financial institutions	3,061	6,398	12,277	16,753
Financial investments at fair value through other comprehensive income	73,570	62,399	218,515	186,442
Financial investments at amortised cost	3,005	4,321	9,881	14,181
Others	78	211	305	551
	485,202	484,406	1,456,613	1,417,984
Accretion of discount less amortisation of premium	21,381	21,322	64,600	63,952
	506,583	505,728	1,521,213	1,481,936

Included in the interest income on loans, advances and financing for the current financial period is interest/profit accrued on impaired loans/financing of the Group and the Bank of RM4,619,000 (31 December 2018: RM4,820,000) respectively.

A23 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
GROUP				
Deposits and placements of banks and other financial institutions	9,245	3,577	24,839	13,877
Deposits from customers	237,892	226,135	719,842	658,310
Recourse obligations on loans and financing sold to Cagamas	3,388	6,724	10,238	20,216
Subordinated obligations	21,223	19,719	63,489	58,995
Others	1,408	1,067	3,750	3,400
	273,156	257,222	822,158	754,798

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
BANK				
Deposits and placements of banks and other financial institutions	4,062	1,958	11,135	7,914
Deposits from customers	232,363	220,667	699,735	643,530
Recourse obligations on loans and financing sold to Cagamas	3,388	6,724	10,238	20,216
Subordinated obligations	21,282	19,777	63,644	59,142
Others	1,408	1,067	3,750	3,400
	262,503	250,193	788,502	734,202

A24 Net Income from Islamic Banking Business

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
GROUP				
Income derived from investment of depositors' funds and others	169,578	150,273	486,062	442,517
Income derived from investment of Islamic Banking funds	16,439	15,535	49,382	44,652
Income attributable to the depositors and financial institutions	(85,140)	(71,249)	(249,574)	(221,751)
	100,877	94,559	285,870	265,418

A25 Other Operating Income

GROUP	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee and commission income:</u>				
Commissions	21,855	17,020	64,731	62,109
Service charges and fees	9,412	7,950	23,873	23,545
Corporate advisory fees	1,324	1,189	2,484	2,705
Underwriting commissions	404	-	1,760	148
Brokerage fees	6,135	6,579	18,645	22,931
Guarantee fees	3,647	4,005	10,688	11,641
Processing fees	2,368	2,998	7,708	9,452
Commitment fees	4,220	4,441	13,086	13,052
Cards related income	20,460	21,475	62,057	63,518
Other fee income	1,501	1,706	4,503	4,501
	71,326	67,363	209,535	213,602
(b) <u>Fee and commission expense:</u>				
Commissions expense	(517)	(327)	(4,542)	(814)
Service charges and fees	(286)	-	(761)	-
Brokerage fees expense	(1,918)	(2,078)	(6,044)	(7,208)
Guarantee fees expense	(1,387)	(43)	(2,368)	(223)
Cards related expense	(17,594)	(19,672)	(51,277)	(56,457)
	(21,702)	(22,120)	(64,992)	(64,702)
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	2,433	65	8,511	1,533
- Financial investments at fair value through other comprehensive income	2,824	(25)	16,999	1,544
- Derivative instruments	52,116	12,676	67,905	(6,339)
- Other investments	(4)	-	5	-
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	6,243	9,394	22,923	11,647
- Derivative instruments	(33,066)	(17,206)	(8,999)	22,882
- Financial liabilities designated at fair value through profit or loss	1,658	6,899	(29,588)	5,194
Gross dividend income from:				
- Financial assets at fair value through profit or loss	3,120	279	4,419	1,299
	35,324	12,082	82,175	37,760
(d) <u>Other income :</u>				
Foreign exchange (loss)/gain	(8,075)	5,299	1,817	1,697
Rental income	52	-	168	-
Others	4,373	6,318	13,964	20,135
	(3,650)	11,617	15,949	21,832
Total other operating income	81,298	68,942	242,667	208,492

A25 Other Operating Income (Contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	21,855	17,020	64,731	62,109
Service charges and fees	9,270	7,834	23,460	23,181
Guarantee fees	3,640	3,575	10,668	11,211
Processing fees	2,149	2,694	5,778	6,231
Commitment fees	4,208	4,429	13,047	13,018
Cards related income	20,460	21,475	62,057	63,518
Other fee income	1,500	1,502	4,500	4,296
	63,082	58,529	184,241	183,564
(b) <u>Fee and commission expense:</u>				
Commissions expense	(517)	(327)	(4,953)	(814)
Service charges and fees	(286)	-	(761)	-
Brokerage fees expense	(10)	(1)	(17)	(6)
Guarantee fees expense	(1,387)	(43)	(2,368)	(223)
Cards related expense	(17,594)	(19,672)	(51,277)	(56,457)
	(19,794)	(20,043)	(59,376)	(57,500)
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	2,433	65	8,391	1,532
- Financial investments at fair value through other comprehensive income	3,285	(25)	13,767	986
- Derivative instruments	52,116	12,676	67,905	(6,339)
- Other investments	(4)	-	5	-
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	6,243	5,821	19,315	7,803
- Derivative instruments	(33,066)	(17,206)	(8,999)	22,882
- Financial liabilities designated at fair value through profit or loss	1,658	6,899	(29,588)	5,194
Gross dividend income from:				
- Financial assets at fair value through profit or loss	1,919	160	2,668	749
- Subsidiaries	20,427	42,664	48,031	80,154
	55,011	51,054	121,495	112,961
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(8,137)	5,219	1,558	1,353
Rental income	558	160	1,837	498
Others	4,200	6,091	13,475	20,210
	(3,379)	11,470	16,870	22,061
Total other operating income	94,920	101,010	263,230	261,086

A26 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	99,977	95,000	300,220	284,128
- Contribution to EPF	16,254	15,055	48,492	44,833
- Others	14,219	11,499	41,570	36,861
	130,450	121,554	390,282	365,822
Establishment costs				
- Depreciation of property, plant and equipment	5,842	6,118	17,558	17,576
- Depreciation of right-of-use assets	6,466	-	18,598	-
- Amortisation of computer software	9,498	8,917	27,319	21,792
- Rental of premises	180	7,395	1,702	22,123
- Water and electricity	1,866	2,182	5,941	5,902
- Repairs and maintenance	2,790	1,994	7,271	7,261
- Information technology expenses	19,245	15,327	51,420	40,522
- Others	4,703	7,066	13,663	13,096
	50,590	48,999	143,472	128,272
Marketing expenses				
- Promotion and advertisement	2,970	3,612	5,031	9,257
- Branding and publicity	4,365	3,025	7,713	6,448
- Others	1,974	2,299	5,891	6,102
	9,309	8,936	18,635	21,807
Administration and general expenses				
- Communication expenses	2,381	1,916	7,402	8,844
- Printing and stationery	540	688	1,709	2,097
- Insurance	2,822	2,755	8,650	8,400
- Professional fees	9,081	4,839	20,800	15,663
- Others	6,010	7,083	16,283	20,577
	20,834	17,281	54,844	55,581
Total other operating expenses	211,183	196,770	607,233	571,482

A26 Other Operating Expenses (Contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	75,561	74,524	228,129	222,164
- Contribution to EPF	12,331	11,819	36,980	35,225
- Others	11,077	9,186	32,807	30,316
	98,969	95,529	297,916	287,705
Establishment costs				
- Depreciation of property, plant and equipment	5,707	5,973	17,127	17,057
- Depreciation of right-of-use assets	6,461	-	18,564	-
- Amortisation of computer software	9,121	8,654	26,200	21,010
- Rental of premises	137	5,825	950	17,398
- Water and electricity	1,382	1,472	4,448	4,286
- Repairs and maintenance	2,420	1,415	5,797	5,393
- Information technology expenses	15,425	12,558	39,133	32,749
- Others	1,037	4,186	5,161	6,369
	41,690	40,083	117,380	104,262
Marketing expenses				
- Promotion and advertisement	2,305	3,128	4,080	8,128
- Branding and publicity	3,563	2,252	5,197	4,734
- Others	1,287	1,563	3,914	4,018
	7,155	6,943	13,191	16,880
Administration and general expenses				
- Communication expenses	1,864	1,263	5,579	6,672
- Printing and stationery	411	551	1,311	1,635
- Insurance	2,452	2,492	7,503	7,581
- Professional fees	7,084	3,415	16,000	11,847
- Others	4,528	5,560	12,102	14,893
	16,339	13,281	42,495	42,628
Total other operating expenses	164,153	155,836	470,982	451,475

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
GROUP				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	55,350	26,871	185,571	104,201
(b) Credit impaired loans, advances and financing				
- Recovered	(19,651)	(8,558)	(38,312)	(34,521)
- Written-off	9,487	10,568	28,113	27,285
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial period	(4,201)	2,699	(3,417)	(8,820)
	40,985	31,580	171,955	88,145
Allowance for/(write-back of) expected credit losses on:				
- Amounts due from clients and brokers	-	(3)	-	9
- Other receivables	885	1,013	2,927	3,233
- Cash and short term funds	(10)	12	(37)	(488)
- Deposits and placements with banks and other financial institutions	-	30	-	30
	41,860	32,632	174,845	90,929
3rd Quarter Ended				
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
BANK				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	32,182	18,367	120,911	68,416
(b) Credit impaired loans, advance and financing				
- Recovered	(16,140)	(5,543)	(27,877)	(22,278)
- Written-off	6,137	6,651	17,065	16,651
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back of)/allowance made during the financial period	(4,755)	3,621	(3,928)	2,974
	17,424	23,096	106,171	65,763
Allowance for/(write-back of) expected credit losses on:				
- Other receivables	771	633	2,730	2,079
- Cash and short term funds	(10)	12	(37)	(488)
- Deposits and placements with banks and other financial institutions	-	30	-	30
	18,185	23,771	108,864	67,384

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
GROUP				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period	(164)	(208)	(176)	(775)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	(10,189)	-	37,571	-
- Commitment and contingencies	1	-	9	-
	(10,352)	(208)	37,404	(775)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
BANK				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period	(114)	(154)	(134)	(619)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	(342)	4	23,475	(132)
	(456)	(150)	23,341	(751)

A29 Allowance for Impairment Losses on Non Financial Assets

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
GROUP				
Intangible assets - goodwill	-	-	3,686	-

During the financial period, an impairment loss of RM3,686,000 for the Group and the Bank have been recognised in respect of the stockbroking business. The impairment loss is driven by lower projected cash flows resulting from the reassessment of expected future business performance in the light of current trading and economic conditions.

A30 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>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
<u>Commitments and contingencies</u>				
Direct credit substitutes	885,217	650,663	695,773	490,085
Transaction-related contingent items	692,446	680,097	632,434	609,843
Short-term self-liquidating trade-related contingencies	133,262	179,994	116,925	133,405
Forward assets purchase	-	236,985	-	211,985
Obligations under an on-going underwriting agreement	79,000	46,154	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,178,161	1,319,483	778,553	904,181
- maturity not exceeding one year	8,836,597	8,308,840	6,667,653	6,461,733
Unutilised credit card lines	1,359,080	1,600,820	1,359,080	1,600,820
	13,163,763	13,023,036	10,250,418	10,412,052
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,620,424	4,561,102	7,620,424	4,561,102
- over one year to three years	565,857	159,580	565,857	159,580
- over three years	207,720	10,209	207,720	10,209
Interest rate related contracts:				
- one year or less	4,336,121	2,034,786	4,336,121	2,034,786
- over one year to three years	2,721,487	1,779,255	2,721,487	1,779,255
- over three years	2,043,860	2,503,968	2,043,860	2,503,968
Equity related contracts				
- one year or less	292,859	78,958	292,859	78,958
- over one year to three years	419,150	30,810	419,150	30,810
- over three years	133,850	-	133,850	-
	18,341,328	11,158,668	18,341,328	11,158,668
	31,505,091	24,181,704	28,591,746	21,570,720

A31 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.

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

A31 Segment information (Contd.)

GROUP	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
3rd Quarter ended 31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	104,199	91,916	53,595	3,327	85	253,122	(10,975)	242,147
- inter-segment	(17,093)	21,788	(2,707)	(1,988)	-	-	-	-
	87,106	113,704	50,888	1,339	85	253,122	(10,975)	242,147
Net income from Islamic banking business	42,412	30,239	18,080	-	31	90,762	10,115	100,877
Other operating income	28,014	41,371	5,773	6,537	4,100	85,795	(4,497)	81,298
Net income	157,532	185,314	74,741	7,876	4,216	429,679	(5,357)	424,322
Other operating expenses	(88,669)	(72,127)	(14,612)	(9,795)	(4,307)	(189,510)	133	(189,377)
Depreciation and amortisation	(10,362)	(9,124)	(1,963)	(666)	(126)	(22,241)	435	(21,806)
Operating profit/(loss)	58,501	104,063	58,166	(2,585)	(217)	217,928	(4,789)	213,139
(Allowance for)/write-back of expected credit losses on loans, advances and other financial assets	(45,150)	3,433	11	(154)	-	(41,860)	-	(41,860)
Write-back of expected credit losses on financial investments	-	10,189	81	-	-	10,270	82	10,352
Segment result	13,351	117,685	58,258	(2,739)	(217)	186,338	(4,707)	181,631
Share of results of joint venture								35
Taxation								(47,669)
Net profit for the financial period								133,997
Segment assets	23,272,316	22,860,832	13,073,019	317,065	139,358	59,662,590	(1,727,020)	57,935,570
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								886
Property, plant and equipment								70,616
Tax recoverable and deferred tax assets								101,948
Intangible assets								432,510
Total assets								58,541,530

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

A31 Segment information (Contd.)

GROUP	Consumer <u>Banking</u>	Business <u>Banking</u>	Financial <u>Markets</u>	Stockbroking and <u>Corporate Advisory</u>	<u>Others</u>	Total <u>Operations</u>	Inter-segment <u>Elimination</u>	Total
Nine months ended 31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	301,683	276,978	171,369	10,332	239	760,601	(28,601)	732,000
- inter-segment	(43,737)	63,668	(13,661)	(6,270)	-	-	-	-
	257,946	340,646	157,708	4,062	239	760,601	(28,601)	732,000
Net income from Islamic banking business	118,849	87,835	47,732	-	132	254,548	31,322	285,870
Other operating income	77,173	120,855	24,236	19,921	13,356	255,541	(12,874)	242,667
Net income	453,968	549,336	229,676	23,983	13,727	1,270,690	(10,153)	1,260,537
Other operating expenses	(256,481)	(207,983)	(37,583)	(28,349)	(13,708)	(544,104)	346	(543,758)
Depreciation and amortisation	(30,172)	(26,481)	(5,761)	(2,000)	(387)	(64,801)	1,326	(63,475)
Operating profit/(loss)	167,315	314,872	186,332	(6,366)	(368)	661,785	(8,481)	653,304
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(139,034)	(35,791)	128	(148)	-	(174,845)	-	(174,845)
(Allowance for)/write-back of expected credit losses on financial investments	-	(37,579)	187	-	-	(37,392)	(12)	(37,404)
Allowance for impairment losses on non-financial assets	-	-	-	(5,302)	-	(5,302)	1,616	(3,686)
Segment result	28,281	241,502	186,647	(11,816)	(368)	444,246	(6,877)	437,369
Share of results of joint venture								84
Taxation								(111,247)
Net profit for the financial period								326,206
Segment assets	23,272,316	22,860,832	13,073,019	317,065	139,358	59,662,590	(1,727,020)	57,935,570
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								886
Property, plant and equipment								70,616
Tax recoverable and deferred tax assets								101,948
Intangible assets								432,510
Total assets								58,541,530

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

A31 Segment information (Contd.)

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

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

A31 Segment information (Contd.)

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

A32 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:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
<u>Before deducting proposed dividends</u>				
CET I capital ratio	13.231%	13.736%	12.048%	12.061%
Tier I capital ratio	13.996%	14.423%	12.910%	12.940%
Total capital ratio	18.289%	18.856%	17.718%	17.841%
<u>After deducting proposed dividends</u>				
CET I capital ratio	13.231%	13.388%	12.048%	11.614%
Tier I capital ratio	13.996%	14.074%	12.910%	12.493%
Total capital ratio	18.289%	18.508%	17.718%	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:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 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	3,732,665	3,827,676	3,119,855	3,128,589
Regulatory reserves	234,712	178,397	204,544	160,798
FVOCI reserves	164,589	68,540	93,824	36,449
Capital reserves	100,150	100,150	15,515	95,515
	<u>5,780,222</u>	<u>5,722,869</u>	<u>4,981,844</u>	<u>4,969,457</u>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(432,510)	(432,961)	(327,453)	(323,804)
- Deferred tax assets	(13,543)	(72,972)	-	(50,116)
- 55% of FVOCI reserves	(90,524)	(37,697)	(51,603)	(20,047)
- Regulatory reserves	(234,712)	(178,397)	(204,544)	(160,798)
- Investment in subsidiaries, associate and joint venture	(886)	(802)	(909,102)	(989,102)
Total CET I Capital	<u>5,008,047</u>	<u>5,000,040</u>	<u>3,489,142</u>	<u>3,425,590</u>
Additional Tier 1 Capital Securities	289,829	249,792	249,546	249,445
Total Additional Tier 1 Capital	<u>289,829</u>	<u>249,792</u>	<u>249,546</u>	<u>249,445</u>
Total Tier I Capital	<u>5,297,876</u>	<u>5,249,832</u>	<u>3,738,688</u>	<u>3,675,035</u>

A32 Capital Adequacy (Contd.)

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
<u>Tier II Capital</u>				
Subordinated obligations	1,199,744	1,199,676	1,199,617	1,199,381
Expected credit losses and regulatory reserves	425,066	414,258	322,922	322,740
Less: Regulatory adjustment - Investment in Tier 2 capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	<u>1,624,810</u>	<u>1,613,934</u>	<u>1,392,539</u>	<u>1,392,121</u>
Total Capital	<u>6,922,686</u>	<u>6,863,766</u>	<u>5,131,227</u>	<u>5,067,156</u>

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
Credit risk	34,005,258	33,140,642	25,833,763	25,819,184
Market risk	759,064	274,942	759,064	274,942
Operational risk	3,087,755	2,984,529	2,367,512	2,307,070
Total RWA and capital requirements	<u>37,852,077</u>	<u>36,400,113</u>	<u>28,960,339</u>	<u>28,401,196</u>

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
31 December 2019		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.715%	90.859%
Tier I capital ratio	11.869%	90.859%
Total capital ratio	14.542%	91.823%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.715%	90.859%
Tier I capital ratio	11.869%	90.859%
Total capital ratio	14.542%	91.823%
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%

A33 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.

A33 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> 31 December 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	-	768,935	-	768,935
- Unquoted securities	-	-	202,160	202,160
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	5,770,994	-	5,770,994
- Quoted securities in Malaysia	9	-	-	9
- Unquoted securities	-	4,806,575	-	4,806,575
Derivative financial assets	-	122,915	-	122,915
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
	-	332,692	-	332,692
Derivative financial liabilities	-	110,709	-	110,709
<u>BANK</u>				
31 December 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	-	768,935	-	768,935
- Unquoted securities	-	-	137,768	137,768
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	4,632,093	-	4,632,093
- Quoted securities in Malaysia	9	-	-	9
- Unquoted securities	-	2,754,914	-	2,754,914
Derivative financial assets	-	122,915	-	122,915
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
	-	332,692	-	332,692
Derivative financial liabilities	-	110,709	-	110,709

A33 Fair Value Measurements (Contd.)

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

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

<u>GROUP</u> 31 March 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	-	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	<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	-	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

A33 Fair Value Measurements (Contd.)

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

Reconciliation of movements in Level 3 financial instruments:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year	187,517	178,846	126,733	121,634
Purchase of Unit Trust Funds		-		-
Partial distribution on liquidating shares	(106)	(195)	(106)	(195)
Total gain recognised in:				
- Statement of income				
(i) Revaluation gain from financial assets at fair value through profit or loss	14,749	8,866	11,141	5,294
At end of financial period/year	202,160	187,517	137,768	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.

A34 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 liabilities set off in the statement of financial position RM'000	Gross amounts of recognised financial assets presented in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
<u>GROUP</u>						
31 December 2019						
Derivative financial assets	122,915	-	122,915	(36,256)	(21,498)	65,161
Amounts due from clients and brokers	86,469	(28,687)	57,782	-	-	57,782
	<u>209,384</u>	<u>(28,687)</u>	<u>180,697</u>	<u>(36,256)</u>	<u>(21,498)</u>	<u>122,943</u>
<u>BANK</u>						
31 December 2019						
Derivative financial assets	<u>122,915</u>	<u>-</u>	<u>122,915</u>	<u>(36,256)</u>	<u>(21,498)</u>	<u>65,161</u>
<u>GROUP</u>						
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>
<u>BANK</u>						
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>

A34 Offsetting Financial Assets And Financial Liabilities (Contd.)

(b) Financial liabilities

	Gross amounts of recognised financial assets set off in the statement of financial position	Gross amounts of recognised financial liabilities presented in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Amount
	RM'000	RM'000	RM'000	Financial Instruments	Cash collateral pledged	RM'000
GROUP						
31 December 2019						
Derivative financial liabilities	110,709	-	110,709	(36,256)	(10,110)	64,343
Amounts due to clients and brokers	62,880	(28,687)	34,193	-	-	34,193
Total	<u>173,589</u>	<u>(28,687)</u>	<u>144,902</u>	<u>(36,256)</u>	<u>(10,110)</u>	<u>98,536</u>
BANK						
31 December 2019						
Derivative financial liabilities	<u>110,709</u>	<u>-</u>	<u>110,709</u>	<u>(36,256)</u>	<u>(10,110)</u>	<u>64,343</u>
GROUP						
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	<u>176,583</u>	<u>(67,874)</u>	<u>108,709</u>	<u>(14,492)</u>	<u>(22,541)</u>	<u>71,676</u>
BANK						
31 March 2019						
Derivative financial liabilities	<u>57,545</u>	<u>-</u>	<u>57,545</u>	<u>(14,492)</u>	<u>(22,541)</u>	<u>20,512</u>

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.

A35 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 "Leases" 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 the year prior to first adoption.

Under MFRS 117 “Leases”, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

The Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as operating 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. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

Right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

The Group and the Bank lease various office premises, equipment and cars. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are considered. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Payments associated with leases where does not have the right to control the use of an identified asset, short-term leases and leases of low-value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The adoption of MFRS 16 has resulted in a decrease of RM9,521,000 and RM9,508,000 for 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 1 April 2019

	As previously <u>stated</u> RM'000	Adoption of <u>MFRS 16</u> RM'000	<u>As restated</u> RM'000
GROUP			
Assets			
Right-of-use assets	-	133,672	133,672
Deferred tax assets	72,972	3,005	75,977
Liabilities			
Lease liabilities	-	146,198	146,198
Equity			
Retained profits	3,827,676	(9,521)	3,818,155
BANK			
Assets			
Right-of-use assets	-	133,538	133,538
Deferred tax assets	50,116	3,000	53,116
Liabilities			
Lease liabilities	-	146,046	146,046
Equity			
Retained profits	3,128,589	(9,508)	3,119,081

PART B - Explanatory Notes Pursuant To Appendix 9B Of Bursa Securities' Listing Requirements

B1 Financial Review for Financial Quarter and Financial Period to Date

GROUP

	3rd Quarter Ended 31 December 2019 RM'000	3rd Quarter Ended 31 December 2018 RM'000	Changes %
Net income/revenue	424,322	418,401	1.4
Operating profit before allowance	213,139	221,631	(3.8)
Operating profit after allowance	181,631	189,207	(4.0)
Profit before taxation	181,666	189,236	(4.0)
Profit after taxation	133,997	148,932	(10.0)
Profit attributable to ordinary equity holders of the Bank	133,997	148,932	(10.0)
	Nine Months Ended 31 December 2019 RM'000	Nine Months Ended 31 December 2018 RM'000	Changes %
Net income/revenue	1,260,537	1,218,659	3.4
Operating profit before allowance	653,304	647,177	0.9
Operating profit after allowance	437,369	557,023	(21.5)
Profit before taxation	437,453	557,104	(21.5)
Profit after taxation	326,206	425,821	(23.4)
Profit attributable to ordinary equity holders of the Bank	326,206	425,821	(23.4)
	3rd Quarter Ended 31 December 2019 RM'000	2nd Quarter Ended 30 September 2019 RM'000	Changes %
Net income/revenue	424,322	429,283	(1.2)
Operating profit before allowance	213,139	231,284	(7.8)
Operating profit after allowance	181,631	152,013	19.5
Profit before taxation	181,666	152,031	19.5
Profit after taxation	133,997	115,523	16.0
Profit attributable to ordinary equity holders of the Bank	133,997	115,523	16.0

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

BANK

	3rd Quarter Ended 31 December 2019 RM'000	3rd Quarter Ended 31 December 2018 RM'000	Changes %
Net income/revenue	339,000	356,545	(4.9)
Operating profit before allowance	174,847	200,709	(12.9)
Operating profit after allowance	157,118	177,088	(11.3)
Profit before taxation	157,118	177,088	(11.3)
Profit after taxation	120,675	148,613	(18.8)
Profit attributable to ordinary equity holders of the Bank	120,675	148,613	(18.8)
	Nine Months Ended 31 December 2019 RM'000	Nine Months Ended 31 December 2018 RM'000	Changes %
Net income/revenue	995,941	1,008,820	(1.3)
Operating profit before allowance	524,959	557,345	(5.8)
Operating profit after allowance	392,754	490,712	(20.0)
Profit before taxation	392,754	490,712	(20.0)
Profit after taxation	305,026	392,662	(22.3)
Profit attributable to ordinary equity holders of the Bank	305,026	392,662	(22.3)
	3rd Quarter Ended 31 December 2019 RM'000	2nd Quarter Ended 30 September 2019 RM'000	Changes %
Net income/revenue	339,000	324,607	4.4
Operating profit before allowance	174,847	172,970	1.1
Operating profit after allowance	157,118	125,151	25.5
Profit before taxation	157,118	125,151	25.5
Profit after taxation	120,675	95,692	26.1
Profit attributable to ordinary equity holders of the Bank	120,675	95,692	26.1

B2 Review Of Performance

Current Year-to-Date vs Previous-to-Date

Profitability

The Group net profit after taxation was recorded at RM326.2 million for the nine months ended 31st December 2019("9MFY20"). The decline of RM99.6 million or 23.4% year-on-year ("YOY") was mainly due to credit losses stemming from the impairment of a few large accounts during 1QFY20 and increased credit costs in the Mortgage portfolio. Nevertheless, operating profit before allowance reported a growth of RM6.1 million, or 0.9% YOY. Net income grew by RM41.9 million or 3.4% to RM1.3 billion contributed by other operating income which grew by RM43.3 million or 18.9% YOY stemming from treasury gains and growth in wealth management fees of RM12.7 million or 26.5% YOY. Net interest margin ("NIM") is recorded at 2.38%.

Better Loans Growth

The Group continues to focus on loans from Small Medium Enterprise ("SME"), commercial, consumer unsecured lending, and Alliance ONE Account ("AOA") segments. Gross loans and advances grew by 5.5% YOY to RM43.5 billion (industry: 3.7%). SME and commercial loans expanded by 10.6% and 2.0% YOY respectively, while consumer unsecured loans grew by RM258.3 million or 13.8% YOY. AOA loan balances grew to RM4.7 billion from RM2.8 billion in the previous year.

Other Operating Income continues to improve

The Group recorded other operating income of RM271.8 million, up 18.9% YOY amid the challenging external environment. The Group continues 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 and expanding cross-selling efforts for wealth management products.

Operating Expenses from Strategic Project Initiatives

Cost to income ratio ("CIR") was within expectations at 48.2%. The Group continues to invest in human capital and IT infrastructure to support the bank's initiatives and comply with regulatory requirements.

Asset Quality

For the third quarter of FY2020, the Group's net credit costs moderated to 7.7 bps, from 17.5 bps in the previous quarter.

Impairment in the residential properties portfolio resulted in an increase of 20 bps QOQ to 1.86% of the gross impaired loan ratio ("GIL"). The Group continues to intensify proactive credit management including refinement of credit policy, tightening of credit underwriting and increased collection efforts to control credit costs.

Loan loss coverage (including Regulatory Reserve) was maintained at a stable ratio of 101.6%.

B2 Review Of Performance (Contd.)

Current Year-to-Date vs Previous-to-Date (Contd.)

Healthy Funding and Liquidity Position

The Group's funding position remains healthy despite the intense market competition for deposits. Customer based funding rose by 8.9% YOY to RM47.1 billion, mostly from consumer deposits. The Bank was able to maintain a high Current Account/Savings Account ("CASA") ratio of 37.5% due to pro-active efforts in Alliance SavePlus Account and Alliance@Work. Fixed deposits grew by RM2.2billion or 9.3%.

The funding was used to grow our loans portfolios such as SME, AOA and personal financing. The Bank will continue to grow its CASA through Alliance SavePlus and Alliance@Work.

The Group's liquidity coverage and loans to funds ratios remain healthy at 162.5% and 86.6% respectively.

Proactive Capital Management:

As part of our continuous proactive capital management to support future business expansion, we continue to maintain our capital levels to be among the strongest in the sector, with Common Equity Tier-1 ("CET 1") ratio at 13.2%, Tier-1 Capital ratio at 14.0% and total capital ratio at 18.3%.

Performance by business segment:

The Group's business segments comprise Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note A31 on Segment Information for the composition of each business segment.

Consumer Banking segment's profit before tax stood at RM28.3 million, or 62.6% lower than last corresponding period. Net income increased by RM30.7 million or 7.3% YOY mainly due to higher net interest income contributed by loans growth, net income from Islamic Banking Business and wealth management. Operating expenses increased RM16.0 or 5.9% YOY. Allowance for credit losses increased by RM62.0 million or 80.4%. The segment's assets grew by RM1.2 billion or 5.5%.

The Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM241.5 million, or 22.1% lower than the last corresponding period. Net income improved by RM9.6 million or 1.8% YOY stemming from higher net interest income as a result of loans growth especially in the SME and Commercial Banking segments. Operating expenses increased by RM18.9 million or 8.8% YOY. Allowance for credit losses expanded by RM 59.2 million YOY, as a result of a few business accounts which have turned impaired. Segment assets registered a growth of RM3.8 billion or 20.0%.

Profit before tax in the Financial Markets segment increased by 4.3% or RM7.7 million YOY to RM186.6 million. Net income was higher by RM10.4 million or 4.7% YOY. Operating expenses increased RM1.7 million or 4.0% YOY. Segment assets were recorded at RM13.1 billion.

The Investment Banking segment recorded a loss before tax of RM11.8 million YOY due to lower brokerage income and a goodwill impairment.

B2 Review Of Performance (Contd.)

Current Quarter vs Previous Year Corresponding Quarter

The Group's profit after taxation of RM134.0 million for the quarter ended 31st December 2019, was 10.0% or RM14.9 million lower from the corresponding quarter in FY19 mainly due to higher operating expenses.

Key Quarter-on-Quarter Performance Highlights

- Net income grew by RM5.9 million or 1.4% mainly due to higher other operating income offset by lower net interest income as a result of the Overnight Policy Rate (OPR) cut.
- NIM declined by 17 bps to 2.39%.
- Other operating income was higher by RM16.8 million mainly as a result of improvement in wealth management and investment income.
- Operating expenses were higher by RM14.4 million or 7.3%.
- Net credit cost reduced by 0.3 bps.

B3 Comparison with Immediate Preceding Quarter

As compared to the immediate preceding quarter, the Group's net profit after tax was higher by RM18.5 million or 16.0% mainly due to lower net credit cost.

Key Quarter-on-Quarter Performance Highlights

- Net interest income increased by 5.6 million and NIM improved by 5 bps to 2.39%.
- Other operating income was lower by RM10.5 million mainly due to lower investment income.
- Operating expenses were higher by RM13.2 million or 6.7%.
- Net credit cost moderated to 7.7 bps from 17.5 bps.

B4 Prospect for the Current Financial Period

The Group will continue to focus on accelerating the momentum of its 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 the 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 fullest 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 channels, 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's promise to deliver Fast, Simple, Responsive, and Innovative products and services that are Aligned to Customers' Needs.

In view of the slower expected economic growth rate and challenging credit environment, we remain vigilant in managing our credit portfolios and conservative in our provisioning practices.

B5 Profit Forecast

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

B6 Taxation

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Taxation				
- Income tax	56,837	48,789	112,147	133,122
- Over provision in prior financial period	(45,328)	(4,172)	(47,464)	(4,884)
- Deferred tax	36,160	(4,313)	46,564	3,045
	47,669	40,304	111,247	131,283
<u>BANK</u>				
Taxation				
- Income tax	41,967	38,537	82,934	98,653
- Over provision in prior financial period	(30,846)	(4,388)	(32,491)	(4,388)
- Deferred tax	25,322	(5,674)	37,285	3,785
	36,443	28,475	87,728	98,050

The Group's effective tax rate the third financial quarter and nine months ended 31 December 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 third financial quarter and nine months ended 31 December 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 third financial quarter and nine months ended 31 December 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 was no corporate proposal announced but not completed as at financial report date.

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2019 RM'000	31 March 2019 RM'000	31 December 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)	28,484,818	27,962,067	21,371,211	21,872,267
- More than one year (medium/long term)	680,199	1,094,711	169,370	166,735
	29,165,017	29,056,778	21,540,581	22,039,002
Others	17,481,452	15,960,854	13,861,947	12,943,860
	46,646,469	45,017,632	35,402,528	34,982,862
(b) Deposits and placements of banks and other financial institutions				
- One year or less (short term)	1,139,657	385,498	575,076	74,763
- More than one year (medium/long term)	411,118	473,210	223,281	270,072
	1,550,775	858,708	798,357	344,835
(c) Subordinated obligations				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	1,209,468	1,226,340	1,209,341	1,226,045
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	293,664	253,882	252,775	253,535
	1,503,132	1,480,222	1,462,116	1,479,580

B11 Derivative Financial Assets/(Liabilities)

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

GROUP/BANK	As at 31 December 2019			As at 31 March 2019		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,721,447	1,886	(33,650)	1,309,322	8,999	(9,247)
- over one year to three years	307,998	462	(2,538)	126,912	239	(3,924)
- over three years	84,930	-	(3,322)	10,209	-	(960)
Currency swaps						
- one year or less	5,624,409	44,446	(29,689)	2,928,152	10,003	(10,155)
- over one year to three years	257,859	3,714	(188)	32,668	-	(171)
- over three years	122,790	1,911	-	-	-	-
Currency spots						
- one year or less	179,327	187	(289)	190,594	246	(200)
Currency options						
- one year or less	95,241	231	(88)	133,034	420	(106)
	8,394,001	52,837	(69,764)	4,730,891	19,907	(24,763)
Interest rate derivatives						
Interest rate swap						
- one year or less	9,101,468	42,494	(8,174)	6,318,009	34,489	(13,258)
- over one year to three years	4,336,121	4,676	(972)	2,034,786	1,825	(2,189)
- over three years	2,721,487	13,590	(4,768)	1,779,255	7,412	(1,031)
	2,043,860	24,228	(2,434)	2,503,968	25,252	(10,038)
Equity related derivatives						
- one year or less	292,859	7,835	(6,953)	78,958	122	(18,877)
- over one year to three years	419,150	16,879	(16,937)	30,810	924	(647)
- over three years	133,850	2,870	(8,881)	-	-	-
Total derivatives assets/(liabilities)	18,341,328	122,915	(110,709)	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 31 December 2019, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM122,915,000 (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 31 December 2019, the Group and the Bank had posted cash collateral of RM10,110,000 (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 third financial quarter and nine months ended 31 December 2019.

B13 Dividend Declared

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

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	133,997	148,932	326,206	425,821
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)	8.7	9.6	21.1	27.5
<u>BANK</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	120,675	148,613	305,026	392,662
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)	7.8	9.6	19.7	25.4

ALLIANCE BANK MALAYSIA BERHAD

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(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 31 December 2019 and 31 December 2018 respectively. As a result, the dilutive earnings per share equal to basic earnings per share for financial period ended 31 December 2019 and 31 December 2018.

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

28 February 2020