

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Financial Position as at 31 March 2020**

		GROUP		BANK	
		31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
	Note				
<b>ASSETS</b>					
Cash and short-term funds		3,119,214	1,804,734	2,488,527	1,571,995
Deposits and placements with banks and other financial institutions		-	500	-	-
Amounts due from clients and brokers	A11	51,165	77,008	-	-
Financial assets at fair value through profit or loss	A12	650,114	230,440	585,722	169,656
Financial investments at fair value through other comprehensive income	A13	11,544,507	9,478,462	8,426,778	6,852,866
Financial investments at amortised cost	A14	121,299	235,720	170,405	311,930
Derivative financial assets	B11	436,910	55,442	436,910	55,442
Loans, advances and financing	A15	43,110,007	42,320,301	32,207,545	32,622,976
Other assets	A16	262,622	199,138	266,770	320,794
Tax recoverable		70,834	20,282	38,789	5,501
Statutory deposits		949,049	1,521,592	700,355	1,142,108
Investments in subsidiaries		-	-	909,102	989,102
Investment in joint venture		903	802	-	-
Right-of-use assets		129,139	-	129,077	-
Property, plant and equipment		64,486	70,497	63,448	69,178
Deferred tax assets		28,125	72,972	14,074	50,116
Intangible assets		437,086	432,961	332,680	323,804
<b>TOTAL ASSETS</b>		<b>60,975,460</b>	<b>56,520,851</b>	<b>46,770,182</b>	<b>44,485,468</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A17	48,425,852	45,017,632	36,702,989	34,982,862
Deposits and placements of banks and other financial institutions	A18	1,543,646	858,708	733,564	344,835
Financial liabilities designated at fair value through profit or loss	A19	427,085	778,423	427,085	778,423
Amounts due to clients and brokers	A20	22,292	51,164	-	-
Obligations on securities sold under repurchase agreements		369,469	-	221,387	-
Derivative financial liabilities	B11	348,877	57,545	348,877	57,545
Recourse obligations on loans and financing sold to Cagamas		800,695	800,669	300,053	300,076
Lease liabilities		130,223	-	130,150	-
Other liabilities	A21	1,388,066	1,740,797	1,253,186	1,572,308
Provision for zakat		1,245	686	-	-
Deferred tax liabilities		8,379	2,163	-	-
Subordinated obligations		1,520,637	1,480,222	1,480,254	1,479,580
<b>TOTAL LIABILITIES</b>		<b>54,986,466</b>	<b>50,788,009</b>	<b>41,597,545</b>	<b>39,515,629</b>
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,440,888	4,184,736	3,624,531	3,421,733
<b>TOTAL EQUITY</b>		<b>5,988,994</b>	<b>5,732,842</b>	<b>5,172,637</b>	<b>4,969,839</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>60,975,460</b>	<b>56,520,851</b>	<b>46,770,182</b>	<b>44,485,468</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>36,971,704</b>	<b>24,181,704</b>	<b>34,144,629</b>	<b>21,570,720</b>
<b>Net assets per share attributable to equity holders of the Bank (RM)*</b>					
		3.87	3.70	3.34	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/Year Ended 31 March 2020**

		4th Quarter Ended		Twelve Months Ended	
		31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
<b>GROUP</b>	Note				
Interest income	A22	515,729	511,115	2,069,887	2,010,662
Interest expense	A23	(261,269)	(257,781)	(1,089,053)	(1,012,579)
Net interest income		254,460	253,334	980,834	998,083
Net income from Islamic banking business	A24	92,026	93,639	377,896	359,057
		346,486	346,973	1,358,730	1,357,140
Fee and commission income	A25	73,737	63,144	283,272	276,746
Fee and commission expense	A25	(22,126)	(21,786)	(87,118)	(86,488)
Investment income	A25	5,390	7,317	87,565	45,077
Other income	A25	30,922	7,794	46,871	29,626
Other operating income	A25	87,923	56,469	330,590	264,961
Net income		434,409	403,442	1,689,320	1,622,101
Other operating expenses	A26	(205,412)	(203,465)	(807,019)	(774,947)
Operating profit before allowances		228,997	199,977	882,301	847,154
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(98,389)	(39,920)	(273,234)	(130,849)
Write-back of/(allowance for) expected credit losses on financial investments	A28	407	(574)	(36,997)	201
Allowance for impairment losses on non-financial assets	A29	(631)	(8,592)	(4,317)	(8,592)
Operating profit after allowances		130,384	150,891	567,753	707,914
Share of results of joint venture		17	28	101	109
Profit before taxation		130,401	150,919	567,854	708,023
Taxation	B6	(32,344)	(39,143)	(143,591)	(170,426)
Net profit for the financial period/year		98,057	111,776	424,263	537,597
<b>Net profit for the financial period/year attributable to:</b>					
Equity holders of the Bank		98,057	111,776	424,263	537,597
<b>Earnings per share attributable to</b>					
Equity holders of the Bank					
- Basic (sen)	B14(a)	6.3	7.2	27.4	34.7
- Diluted (sen)	B14(b)	6.3	7.2	27.4	34.7

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income  
for the Financial Period/Year Ended 31 March 2020 (Contd.)**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
<b><u>GROUP</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Net profit for the financial period/year</b>	<b>98,057</b>	111,776	<b>424,263</b>	537,597
<b>Other comprehensive (expense)/income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net (loss)/gain from change in fair value	<b>(30,447)</b>	73,060	<b>112,932</b>	84,754
- Realised gain transferred to statement of income on disposal	<b>(635)</b>	(1,140)	<b>(17,634)</b>	(2,684)
- Transfer from/(to) deferred tax	<b>7,459</b>	(17,261)	<b>(22,872)</b>	(19,697)
- Changes in expected credit losses	<b>(42)</b>	(8)	<b>(9,627)</b>	(783)
Other comprehensive (expense)/income, net of tax	<b>(23,665)</b>	54,651	<b>62,799</b>	61,590
<b>Total comprehensive income for the financial period/year</b>	<b>74,392</b>	166,427	<b>487,062</b>	599,187
Total comprehensive income for the financial period/year attributable to:				
Equity holders of the Bank	<b>74,392</b>	166,427	<b>487,062</b>	599,187

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/Year Ended 31 March 2020 (Contd.)**

	Note	4th Quarter Ended		Twelve Months Ended	
		31 March	31 March	31 March	31 March
		2020	2019	2020	2019
<b>BANK</b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A22	498,156	500,894	2,019,369	1,982,830
Interest expense	A23	(252,300)	(250,148)	(1,046,424)	(984,350)
Net interest income		245,856	250,746	972,945	998,480
Fee and commission income	A25	64,252	54,556	248,493	238,120
Fee and commission expense	A25	(19,324)	(19,445)	(78,700)	(76,945)
Investment income	A25	5,390	7,310	126,885	120,271
Other income	A25	31,142	7,817	48,012	29,878
Other operating income	A25	81,460	50,238	344,690	311,324
Net income		327,316	300,984	1,317,635	1,309,804
Other operating expenses	A26	(155,869)	(150,296)	(621,229)	(601,771)
Operating profit before allowances		171,447	150,688	696,406	708,033
Allowance for expected credit losses					
on loans, advances and financing					
and other financial assets	A27	(59,631)	(27,234)	(168,495)	(94,618)
Write-back of/(allowance for) expected credit					
losses on financial investments	A28	345	(302)	(22,996)	449
(Allowance for)/write-back of impairment losses					
on non-financial assets	A29	(306)	148	(306)	148
Profit before taxation		111,855	123,300	504,609	614,012
Taxation	B6	(27,743)	(30,010)	(115,471)	(128,060)
Net profit for the financial period/year		84,112	93,290	389,138	485,952
<b>Net profit for the financial period/year attributable to:</b>					
Equity holders of the Bank		84,112	93,290	389,138	485,952
<b>Earnings per share attributable to</b>					
Equity holders of the Bank					
- Basic (sen)	B14(a)	5.4	6.0	25.1	31.4
- Diluted (sen)	B14(b)	5.4	6.0	25.1	31.4

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statements of Comprehensive Income****for the Financial Period/Year Ended 31 March 2020 (Contd.)**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b><u>BANK</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>84,112</b>	<b>93,290</b>	<b>389,138</b>	<b>485,952</b>
<b>Other comprehensive income/(expense):</b>				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net (loss)/gain from change in fair value	<b>(18,065)</b>	<b>37,930</b>	<b>71,196</b>	<b>38,489</b>
- Realised gain transferred to statement of income on disposal	<b>(635)</b>	<b>(1,133)</b>	<b>(14,402)</b>	<b>(2,119)</b>
- Transfer from/(to) deferred tax	<b>4,488</b>	<b>(8,831)</b>	<b>(13,631)</b>	<b>(8,729)</b>
- Changes in expected credit losses	<b>(26)</b>	<b>(5)</b>	<b>(160)</b>	<b>(624)</b>
Other comprehensive (expense)/income, net of tax	<b>(14,238)</b>	<b>27,961</b>	<b>43,003</b>	<b>27,017</b>
<b>Total comprehensive income for the financial period/year</b>	<b>69,874</b>	<b>121,251</b>	<b>432,141</b>	<b>512,969</b>
Total comprehensive income for the financial period/year attributable to:				
Equity holders of the Bank	<b>69,874</b>	<b>121,251</b>	<b>432,141</b>	<b>512,969</b>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Changes in Equity for the Financial Year Ended 31 March 2020**

	←----- 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
<b><u>GROUP</u></b>						
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	-	-	-	-	(9,526)	(9,526)
As restated	1,548,106	178,397	100,150	78,513	3,818,150	5,723,316
Net profit for the financial year	-	-	-	-	424,263	424,263
Other comprehensive income	-	-	-	62,799	-	62,799
Total comprehensive income for the financial year	-	-	-	62,799	424,263	487,062
Transfer to regulatory reserves	-	46,182	-	-	(46,182)	-
Liquidation of subsidiaries	-	-	-	-	(1,553)	(1,553)
Dividends paid to shareholders	-	-	-	-	(219,831)	(219,831)
<b>At 31 March 2020</b>	<b>1,548,106</b>	<b>224,579</b>	<b>100,150</b>	<b>141,312</b>	<b>3,974,847</b>	<b>5,988,994</b>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.

**Condensed Interim Financial Statements**

**Unaudited Consolidated Statements of Changes in Equity for the Financial Year Ended 31 March 2020 (Contd.)**

	←----- Attributable to Equity holders of the Bank -----→						
	Ordinary shares	Regulatory reserves	Capital reserves	FVOCI reserves	Revaluation reserves	Retained profits	Total equity
<b>GROUP</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2018							
As previously stated	1,548,106	186,064	100,150	-	114,987	3,510,283	5,459,590
Effect of adoption of MFRS 9	-	(17,330)	-	16,923	(114,987)	41,819	(73,575)
Effects of adoption of MFRS 15	-	-	-	-	-	(15,500)	(15,500)
As restated	1,548,106	168,734	100,150	16,923	-	3,536,602	5,370,515
Net profit for the financial year	-	-	-	-	-	537,597	537,597
Other comprehensive income	-	-	-	61,590	-	-	61,590
Total comprehensive income for the financial year	-	-	-	61,590	-	537,597	599,187
Transfer to regulatory reserves	-	9,663	-	-	-	(9,663)	-
Dividends paid to shareholders	-	-	-	-	-	(236,860)	(236,860)
At 31 March 2019	1,548,106	178,397	100,150	78,513	-	3,827,676	5,732,842

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statements of Changes in Equity for the Financial Year Ended 31 March 2020**

	Non-Distributable reserves				Distributable reserves	
	Ordinary shares	Regulatory reserves	Capital reserves	FVOCI reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>BANK</u></b>						
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	-	-	-	-	(9,512)	(9,512)
As restated	1,548,106	160,798	95,515	36,831	3,119,077	4,960,327
Net profit for the financial year	-	-	-	-	389,138	389,138
Other comprehensive income	-	-	-	43,003	-	43,003
Total comprehensive income for the financial year	-	-	-	43,003	389,138	432,141
Transfer to regulatory reserves	-	21,494	-	-	(21,494)	-
Return of capital from a subsidiary	-	-	(80,000)	-	80,000	-
Dividends paid to shareholders	-	-	-	-	(219,831)	(219,831)
<b>At 31 March 2020</b>	<b>1,548,106</b>	<b>182,292</b>	<b>15,515</b>	<b>79,834</b>	<b>3,346,890</b>	<b>5,172,637</b>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.



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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Changes in Equity for the Financial Year Ended 31 March 2020 (Contd.)**

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

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 Condensed Statements of Cash Flows for the Financial Year Ended 31 March 2020**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>567,854</b>	708,023	<b>504,609</b>	614,012
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	<b>(83,215)</b>	(84,578)	<b>(83,950)</b>	(83,707)
Allowance for expected credit losses on loans, advances and financing	<b>286,760</b>	147,238	<b>184,092</b>	97,909
(Write-back of)/allowance for expected credit losses on commitment and contingencies loans, advances and financing	<b>(8,076)</b>	(11,377)	<b>(8,599)</b>	1,304
Allowance for/(write-back of) expected credit losses on financial investments	<b>36,997</b>	(201)	<b>22,996</b>	(449)
Allowance for/(write-back of) expected credit losses on amounts due from clients and brokers	<b>3</b>	(1)	<b>-</b>	-
Allowance for expected credit losses on other receivables	<b>3,827</b>	3,319	<b>3,539</b>	2,977
Write-back of expected credit losses on short term funds	<b>(37)</b>	(463)	<b>(37)</b>	(463)
Allowance for/(write-back of) impairment losses on non-financial assets	<b>4,317</b>	8,592	<b>306</b>	(148)
Amortisation of computer software	<b>36,864</b>	30,206	<b>35,366</b>	29,117
Depreciation of property, plant and equipment	<b>22,661</b>	23,333	<b>22,110</b>	22,674
Depreciation of right-of-use assets	<b>24,259</b>	-	<b>24,213</b>	-
Dividends from financial assets at fair value through profit or loss	<b>(4,419)</b>	(1,299)	<b>(2,668)</b>	(749)
Dividends from subsidiaries	<b>-</b>	-	<b>(48,031)</b>	(80,154)
Interest expense on lease liabilities	<b>6,577</b>	-	<b>6,572</b>	-
Interest expense on subordinated obligations	<b>84,538</b>	78,732	<b>84,732</b>	78,915
Interest expense on recourse obligations on loans and financing sold to Cagamas	<b>13,627</b>	25,182	<b>13,627</b>	25,182
Interest income from financial investments at amortised cost	<b>(6,818)</b>	(14,174)	<b>(12,866)</b>	(18,176)
Interest income from financial investments at fair value through other comprehensive income	<b>(318,454)</b>	(260,639)	<b>(292,218)</b>	(249,720)
Computer software written-off	<b>4,399</b>	1,822	<b>4,399</b>	1,724
Gain on disposal of property, plant and equipment	<b>(5,319)</b>	(8)	<b>(5,319)</b>	(8)
Property, plant and equipment written-off	<b>174</b>	42	<b>104</b>	43
Net gain from sale of financial assets at fair value through profit or loss	<b>(15,481)</b>	(3,378)	<b>(15,361)</b>	(3,377)
Net gain from sale of financial investments at fair value through other comprehensive income	<b>(17,634)</b>	(2,684)	<b>(14,402)</b>	(2,119)
Net gain from sale of other investments	<b>(5)</b>	-	<b>(5)</b>	-
Unrealised gain arising from derivative instruments	<b>(63,991)</b>	(18,276)	<b>(63,991)</b>	(18,276)
Unrealised gain arising from financial assets at fair value through profit or loss	<b>(23,207)</b>	(12,092)	<b>(19,599)</b>	(8,248)
Unrealised loss arising from financial liabilities designated at fair value through profit or loss	<b>11,742</b>	12,809	<b>11,742</b>	12,809
Cash flow from operating activities before working capital changes carried forward	<b>557,943</b>	630,128	<b>351,361</b>	421,072

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Year Ended 31 March 2020 (Contd.)**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (contd.)</b>				
Cash flow from operating activities before capital changes brought forward:	<b>557,943</b>	630,128	<b>351,361</b>	421,072
Changes in working capital:				
Share of results of joint venture	<b>(101)</b>	(109)	-	-
Zakat	<b>655</b>	590	-	-
Cash flow from operating activities before working capital changes	<b>558,497</b>	630,609	<b>351,361</b>	421,072
Changes in working capital:				
Amounts due from clients and brokers	<b>(3,029)</b>	358	-	-
Deposits from customers	<b>3,408,220</b>	2,277,172	<b>1,720,127</b>	1,474,492
Deposits and placements of banks and other financial institutions	<b>684,938</b>	(15,163)	<b>388,729</b>	(94,403)
Deposits and placements with banks and other financial institutions	<b>500</b>	76,783	-	77,283
Financial assets at fair value through profit or loss	<b>(388,929)</b>	16,668	<b>(389,048)</b>	10,827
Financial liabilities designated at fair value through profit or loss	<b>(363,080)</b>	83,376	<b>(363,080)</b>	83,376
Loans, advances and financing	<b>(1,076,422)</b>	(2,801,062)	<b>231,340</b>	(1,400,892)
Other assets	<b>(68,945)</b>	(60,506)	<b>48,856</b>	(146,823)
Other liabilities	<b>(350,683)</b>	258,213	<b>(315,151)</b>	208,529
Obligations on securities sold under repurchase agreements	<b>369,469</b>	-	<b>221,387</b>	-
Statutory deposits	<b>572,543</b>	(113,276)	<b>441,753</b>	(49,542)
Cash generated from operations	<b>3,343,079</b>	353,172	<b>2,336,274</b>	583,919
Taxation paid	<b>(158,537)</b>	(219,123)	<b>(118,809)</b>	(167,520)
Zakat paid	<b>(95)</b>	(156)	-	-
Net cash generated from operating activities	<b>3,184,447</b>	133,893	<b>2,217,465</b>	416,399
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from financial assets at fair value through profit or loss	<b>4,419</b>	1,299	<b>2,668</b>	749
Dividends from subsidiaries	-	-	<b>48,031</b>	80,154
Interest received from financial assets at fair value through profit or loss	<b>7,943</b>	1,547	<b>7,943</b>	1,547
Interest received from financial investments at fair value through other comprehensive income	<b>312,289</b>	239,129	<b>285,523</b>	241,980
Interest received from financial investments at amortised costs	<b>8,311</b>	13,071	<b>14,645</b>	17,362
Net interest expense for derivative instruments	<b>(26,145)</b>	(49,852)	<b>(26,145)</b>	(49,852)
Capital returned from a subsidiary	-	-	<b>80,000</b>	-
Purchase of computer software	<b>(49,705)</b>	(64,327)	<b>(48,947)</b>	(61,664)
Purchase of property, plant and equipment	<b>(26,854)</b>	(24,560)	<b>(26,514)</b>	(24,122)
Proceeds from disposal of property, plant and equipment	<b>6,101</b>	69	<b>6,101</b>	69
Purchase of:				
- financial investments at FVOCI	<b>(5,056,202)</b>	(5,225,669)	<b>(4,213,537)</b>	(3,789,870)
- financial investments at amortised cost	<b>(100,000)</b>	(63,131)	<b>(20,000)</b>	(34,867)
Redemption/disposal of:				
- financial investments at FVOCI	<b>3,095,935</b>	4,184,445	<b>2,714,366</b>	3,263,177
- financial investments at amortised cost	<b>262,767</b>	431,922	<b>223,690</b>	336,993
Net cash used in from investing activities	<b>(1,561,141)</b>	(556,057)	<b>(952,176)</b>	(18,344)

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Year Ended 31 March 2020 (Contd.)**

	<b><u>GROUP</u></b>		<b><u>BANK</u></b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders of the company	<b>(219,831)</b>	(236,860)	<b>(219,831)</b>	(236,860)
Interest paid on subordinated obligations	<b>(84,123)</b>	(78,124)	<b>(84,058)</b>	(78,359)
Interest paid on recourse obligations on loans and financing sold to Cagamas	<b>(13,601)</b>	(26,872)	<b>(13,650)</b>	(26,791)
Repayment of from recourse obligations on loans and financing sold to Cagamas	-	(300,004)	-	(300,011)
Repayment of lease liabilities	<b>(31,271)</b>	-	<b>(31,218)</b>	-
Proceeds from issuance of subordinated notes	<b>40,000</b>	100,000	-	100,000
Net cash used in financing activities	<b>(308,826)</b>	(541,860)	<b>(348,757)</b>	(542,021)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,314,480</b>	(964,024)	<b>916,532</b>	(143,966)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>1,804,734</b>	2,768,758	<b>1,571,995</b>	1,715,961
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>3,119,214</b>	1,804,734	<b>2,488,527</b>	1,571,995
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short-term funds	<b>3,119,214</b>	1,804,734	<b>2,488,527</b>	1,571,995

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 fourth financial quarter and the financial year ended 31 March 2020 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 119 "Plan Amendment, curtailment or settlement"
- 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 A36.

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)
- Amendments to MFRS 101 "Presentation of Financial Statements" and MFRS 108 "Accounting, Policies, Changes in Accounting Estimates and Errors"

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 fourth financial quarter and the financial year ended 31 March 2020.

**A4 Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the fourth financial quarter and the financial year ended 31 March 2020 other than disclosed in Note A5.

**A5 Changes in Estimates**

Forward-looking estimates for the Group and the Bank was adjusted to reflect the impact of COVID-19 pandemic and sharp decline in economy when assessing the allowance for expected credit losses during the fourth financial quarter and the financial year ended 31 March 2020.

**A6 Debt and Equity Securities**

There were no issuance nor repayment of debt and equity securities during the fourth financial quarter and the financial year ended 31 March 2020.

**A7 Dividend Paid**

The dividend paid by the Bank for the twelve months ended 31 March 2020 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**

The global economy is expecting to slow down following disruption caused by COVID-19 pandemic and the collapse of crude oil prices. In order to mitigate the weaker economy outlook, the Malaysian government has implemented several relief measures to help stimulate the economy.

To alleviate the financial difficulties of the borrowers, the Government has announced a 6 months automatic moratorium on repayments of loans and financing from 1 April 2020 for eligible small and medium enterprises and individuals ("automatic moratorium"). As such, in order to help our consumers and businesses, the Group and the Bank have implemented the automatic moratorium and this will result in modification losses on these loans and financing as the contractual cash flow has been modified either from the loan tenure or the total repayment.

Overnight policy rate ("OPR") was reduced by 50bps in early May 2020 to help easing the financial burden of the borrowers and this would impact the Group's revenue. In addition, expected credit losses are expected to increase following the slowdown in economy resulted from COVID-19 pandemic and Movement Control Order ("MCO").

All these would have an adverse impact on the Group and the Bank earnings for financial year 2021 and the financial impact has yet to be quantified. However, the Group and the Bank will monitor the situation closely and continue to assess the impact.

Nevertheless, we are committed to help our customers navigate through the storm with loan restructuring solutions and fully support the government's economic stimulus initiatives.

#### A10 Related Party Transactions

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

#### A11 Amounts Due From Clients And Brokers

	<b>GROUP</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
Due from clients	<b>51,168</b>	77,182
Due from brokers	<b>-</b>	665
	<b>51,168</b>	<b>77,847</b>
Less:		
Allowance for expected credit losses	<b>(3)</b>	(839)
	<b>51,165</b>	<b>77,008</b>

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:

	<b>Lifetime ECL</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
<b>GROUP</b>		
At 1 April	<b>839</b>	840
Allowance for/(write-back) during the financial year (net)	<b>3</b>	(1)
Written-off during the financial year	<b>(839)</b>	-
At 31 March	<b>3</b>	<b>839</b>

As at 31 March 2020, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM20,000 (31 March 2019: RM1,186,000) and was collateralised.

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

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	<b>281,147</b>	-	<b>281,147</b>	-
Malaysian Government investment issues	<b>156,782</b>	41,002	<b>156,782</b>	41,002
	<b>437,929</b>	<b>41,002</b>	<b>437,929</b>	<b>41,002</b>
<u>Unquoted securities:</u>				
Shares	<b>202,160</b>	187,517	<b>137,768</b>	126,733
Corporate bonds and sukuk	<b>10,025</b>	1,921	<b>10,025</b>	1,921
	<b>212,185</b>	<b>189,438</b>	<b>147,793</b>	<b>128,654</b>
Total financial assets at FVTPL	<b>650,114</b>	<b>230,440</b>	<b>585,722</b>	<b>169,656</b>

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

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	<b>2,629,580</b>	2,137,524	<b>2,423,247</b>	1,914,515
Malaysian Government investment certificates	<b>3,678,013</b>	3,064,770	<b>2,335,412</b>	1,710,316
Negotiable instruments of deposits	-	-	<b>505,225</b>	732,211
Commercial papers	<b>169,217</b>	87,001	<b>139,532</b>	48,318
	<b>6,476,810</b>	5,289,295	<b>5,403,416</b>	4,405,360
<u>Quoted securities:</u>				
Shares	<b>5</b>	8	<b>5</b>	8
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	<b>5,067,692</b>	4,189,159	<b>3,023,357</b>	2,447,498
<b>Total financial investments at FVOCI</b>	<b>11,544,507</b>	9,478,462	<b>8,426,778</b>	6,852,866

Movements in allowance for expected credit losses are as follows:

	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>GROUP</b>				
At 1 April 2019	<b>120</b>	<b>444</b>	<b>9,409</b>	<b>9,973</b>
New financial investments originated or purchased	<b>59</b>	-	-	<b>59</b>
Changes due to change in credit risk	<b>(12)</b>	<b>(236)</b>	-	<b>(248)</b>
Financial investments derecognised other than write-off	<b>(29)</b>	-	-	<b>(29)</b>
Total charge to/(write-back from) income statement	<b>18</b>	<b>(236)</b>	-	<b>(218)</b>
Write-off	-	-	<b>(9,409)</b>	<b>(9,409)</b>
<b>At 31 March 2020</b>	<b>138</b>	<b>208</b>	-	<b>346</b>
<b>At 1 April 2018</b>				
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)
<b>At 31 March 2019</b>	<b>120</b>	<b>444</b>	<b>9,409</b>	<b>9,973</b>



**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
<b><u>BANK</u></b>			
At 1 April 2019	55	327	382
New financial investments originated or purchased	43	-	43
Changes due to change in credit risk	(2)	(176)	(178)
Financial investments derecognised other than write-off	(25)	-	(25)
Total charge to/(write-back from) income statement	16	(176)	(160)
<b>At 31 March 2020</b>	<b>71</b>	<b>151</b>	<b>222</b>
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)
<b>At 31 March 2019</b>	<b>55</b>	<b>327</b>	<b>382</b>

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

	31 March 2020 RM'000	31 March 2019 RM'000
<b><u>GROUP</u></b>		
At beginning of financial 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 year	(9,409)	-
<b>At end of financial year</b>	<b>-</b>	<b>9,409</b>

**A14 Financial Investments at Amortised Cost**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	-	121,789	-	101,446
Commercial papers	-	38,686	-	34,880
	-	160,475	-	136,326
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	170,681	90,020	195,455	177,498
Allowance for expected credit losses	(49,382)	(14,775)	(25,050)	(1,894)
	121,299	75,245	170,405	175,604
Total financial investments at amortised cost	121,299	235,720	170,405	311,930

Movements in allowance for expected credit losses are as follows:

	<b>12 months ECL (Stage 1)</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2)</b>	<b>Lifetime ECL Credit Impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
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	131	-	-	131
Changes due to change in credit risk	161	1,112	(12,511)	(11,238)
Financial investments derecognised other than write-off	(26)	-	-	(26)
Total charge to/(write-back from) income statement	266	(540)	37,489	37,215
Write-off	-	-	(2,608)	(2,608)
<b>At 31 March 2020</b>	<b>308</b>	<b>-</b>	<b>49,074</b>	<b>49,382</b>
<b>BANK</b>				
At 1 April 2018	-	-	-	-
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	-	-	14,193	14,193
As restated	-	-	14,193	14,193
New financial investments originated or purchased	42	540	-	582
Total charge to income statement	42	540	-	582
<b>At 31 March 2019</b>	<b>42</b>	<b>540</b>	<b>14,193</b>	<b>14,775</b>

**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
<b><u>BANK</u></b>				
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	42	556	(1,616)	(1,018)
Financial investments derecognised other than write-off	(23)	-	-	(23)
Total charge to/(write-back from) income statement	42	(270)	23,384	23,156
<b>At 31 March 2020</b>	<b>372</b>	<b>-</b>	<b>24,678</b>	<b>25,050</b>
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	425	-	1,294	1,719
As restated	425	-	1,294	1,719
New financial investments originated or purchased	42	270	-	312
Changes due to change in credit risk	(137)	-	-	(137)
Total (write-back from)/charge to income statement	(95)	270	-	175
<b>At 31 March 2019</b>	<b>330</b>	<b>270</b>	<b>1,294</b>	<b>1,894</b>

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

	<b><u>GROUP</u></b>		<b><u>BANK</u></b>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
At beginning of financial year				
As previously stated	18,565	-	1,294	-
Effects of adoption of MFRS 9	-	18,565	-	1,294
As restated	18,565	18,565	1,294	1,294
Impaired during the financial year	50,000	-	25,000	-
Write-back during the financial year	(16,867)	-	(1,616)	-
Write-off during the financial year	(2,608)	-	-	-
<b>At end of financial year</b>	<b>49,090</b>	<b>18,565</b>	<b>24,678</b>	<b>1,294</b>

**A15 Loans, Advances and Financing**

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
<b>At amortised cost</b>				
Overdrafts	4,310,148	4,254,342	2,611,587	2,811,642
Term loans/financing				
- Housing loans/financing	14,215,071	14,169,222	10,795,294	11,220,949
- Syndicated term loans/financing	387,090	542,646	344,603	400,597
- Hire purchase receivables	794,286	997,023	579,454	700,548
- Other term loans/financing	16,484,532	15,144,370	12,518,922	11,726,939
Bills receivables	544,009	416,944	494,913	404,862
Trust receipts	234,538	238,682	180,322	199,118
Claims on customers under acceptance credits	3,198,311	3,262,886	2,399,619	2,492,765
Staff loans				
(Loan to Directors:RM Nil [31 March 2019:RM Nil])	20,799	23,217	4,893	6,233
Credit/charge card receivables	591,475	628,329	591,475	628,329
Revolving credits	1,914,081	1,842,108	1,216,715	1,333,991
Share margin financing	974,005	1,210,678	816,975	957,244
Gross loans, advances and financing	43,668,345	42,730,447	32,554,772	32,883,217
Add: Sales commissions and handling fees	100,930	92,517	112,016	102,848
Less: Allowance for expected credit losses on loans, advances and financing	(659,268)	(502,663)	(459,243)	(363,089)
Total net loans, advances and financing	43,110,007	42,320,301	32,207,545	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 RM74,795,000 as at 31 March 2020 (31 March 2019: RM179,795,000).

**A15a By maturity structure:**

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Within one year	12,002,775	11,948,217	8,492,153	8,882,437
One year to three years	1,818,830	2,028,957	1,420,933	1,596,836
Three years to five years	2,566,390	2,507,701	1,839,745	1,734,480
Over five years	27,280,350	26,245,572	20,801,941	20,669,464
Gross loans, advances and financing	43,668,345	42,730,447	32,554,772	32,883,217

**A15 Loans, Advances and Financing (Contd.)**

**A15b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Domestic banking institutions	7	-	7	-
Domestic non-bank financial institutions	378,014	454,420	313,198	397,339
Domestic business enterprises				
- Small and medium enterprises	12,028,450	11,134,591	9,313,262	8,715,301
- Others	7,920,797	8,378,248	5,949,200	6,462,979
Government and statutory bodies	61,158	62,011	61,158	62,011
Individuals	22,586,345	21,940,809	16,329,172	16,586,050
Other domestic entities	28,176	18,154	1,955	2,087
Foreign entities	665,398	742,214	586,820	657,450
Gross loans, advances and financing	<b>43,668,345</b>	<b>42,730,447</b>	<b>32,554,772</b>	<b>32,883,217</b>

**A15c** By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Fixed rate				
- Housing loans/financing	29,878	30,924	5,717	3,819
- Hire purchase receivables	779,425	975,868	564,614	679,421
- Other fixed rate loans/financing	6,491,640	6,680,657	4,348,004	4,632,043
Variable rate				
- Base lending rate plus	24,771,256	26,180,959	20,145,220	20,862,144
- Base rate plus	7,296,462	4,659,660	4,293,863	3,485,583
- Cost plus	4,299,684	4,202,379	3,197,354	3,220,207
Gross loans, advances and financing	<b>43,668,345</b>	<b>42,730,447</b>	<b>32,554,772</b>	<b>32,883,217</b>

**A15d** By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Purchase of securities	1,075,829	1,204,373	918,799	950,940
Purchase of transport vehicles	591,753	777,449	403,320	496,279
Purchase of landed property	22,253,657	22,319,389	17,374,582	18,002,032
of which: - Residential	15,139,741	15,172,297	11,644,268	12,160,606
- Non-residential	7,113,916	7,147,092	5,730,314	5,841,426
Purchase of fixed assets				
excluding land & buildings	310,707	322,933	253,435	283,977
Personal use	5,596,799	4,624,412	2,992,022	2,575,790
Credit card	591,475	628,329	591,475	628,329
Construction	917,764	598,923	821,135	542,695
Working capital	9,834,498	9,673,428	7,304,339	7,455,372
Others	2,495,863	2,581,211	1,895,665	1,947,803
Gross loans, advances and financing	<b>43,668,345</b>	<b>42,730,447</b>	<b>32,554,772</b>	<b>32,883,217</b>

**A15 Loans, Advances and Financing (Contd.)**

**A15e** By economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Primary agriculture	1,182,797	1,196,302	785,972	833,028
Mining and quarrying	217,775	108,987	170,095	79,178
Manufacturing	4,649,052	4,362,547	3,457,224	3,335,652
Electricity, gas, and water	64,751	27,550	64,102	27,275
Construction	1,450,390	1,430,089	1,119,984	1,221,984
Wholesale, retail trade, restaurants and hotels	7,205,291	7,336,428	5,704,536	5,855,915
Transport, storage and communication	734,344	699,026	558,353	520,457
Financing, insurance, real estate and business services	4,526,853	4,458,400	3,514,669	3,486,142
Community, social and personal services	365,025	370,882	248,597	234,516
Household	23,241,404	22,663,015	16,905,652	17,223,493
Others	30,663	77,221	25,588	65,577
Gross loans, advances and financing	<u>43,668,345</u>	<u>42,730,447</u>	<u>32,554,772</u>	<u>32,883,217</u>

**A15f** By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Northern region	3,201,596	3,099,338	2,213,240	2,231,147
Central region	31,069,178	30,518,935	23,443,133	23,759,896
Southern region	5,398,941	5,273,067	4,108,062	3,989,423
Sabah region	2,935,679	2,867,868	2,047,712	2,174,295
Sarawak region	1,062,951	971,239	742,625	728,456
Gross loans, advances and financing	<u>43,668,345</u>	<u>42,730,447</u>	<u>32,554,772</u>	<u>32,883,217</u>

**A15g** Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
At beginning of financial year				
As previously stated	476,602	577,519	369,124	470,646
Effects of adoption of MFRS 9	-	(16,386)	-	(15,008)
As restated	<u>476,602</u>	<u>561,133</u>	<u>369,124</u>	<u>455,638</u>
Impaired during the financial year	1,170,873	722,929	839,485	533,179
Recovered during the financial year	(76,964)	(100,684)	(64,860)	(75,340)
Reclassified as unimpaired during the financial year	(441,903)	(484,529)	(336,748)	(379,515)
Financial assets derecognised other than write-off during the financial year	(100,252)	(85,352)	(64,291)	(75,194)
Amount written-off	<u>(157,016)</u>	<u>(136,895)</u>	<u>(104,367)</u>	<u>(89,644)</u>
At end of financial year	<u>871,340</u>	<u>476,602</u>	<u>638,343</u>	<u>369,124</u>
Gross impaired loans as % of gross loans, advances and financing	<u>2.00%</u>	<u>1.12%</u>	<u>1.96%</u>	<u>1.12%</u>

**A15 Loans, Advances and Financing (Contd.)**

**A15h** Credit impaired loans analysed by economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Purchase of transport vehicles	24,748	17,088	18,904	14,777
Purchase of landed property	443,777	234,412	326,689	184,647
of which: - Residential	364,862	153,789	275,103	129,916
- Non-residential	78,915	80,623	51,586	54,731
Purchase of fixed assets excluding land & buildings	22,100	21,220	21,748	20,579
Personal use	194,075	81,293	112,748	47,995
Credit card	11,153	9,045	11,153	9,045
Construction	8,120	8,429	8,120	8,429
Working capital	131,961	79,382	106,223	60,685
Others	35,406	25,733	32,758	22,967
Gross impaired loans	871,340	476,602	638,343	369,124

**A15i** Credit impaired loans analysed by economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Primary agriculture	1,706	2,385	578	1,272
Mining and quarrying	1,478	-	1,478	-
Manufacturing	76,982	47,582	69,081	30,372
Construction	48,823	27,516	34,653	21,788
Wholesale, retail trade, restaurants and hotels	112,821	105,193	81,132	82,487
Transport, storage and communication	6,138	3,392	4,090	3,026
Financing, insurance, real estate and business services	30,232	25,503	29,031	24,265
Community, social and personal services	3,101	8,635	3,101	8,634
Household	588,904	256,388	414,044	197,273
Others	1,155	8	1,155	7
Gross impaired loans	871,340	476,602	638,343	369,124

**A15j** Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Northern region	85,202	49,667	60,317	39,874
Central region	623,066	326,982	449,333	246,940
Southern region	118,968	63,370	94,908	49,183
Sabah region	32,649	25,316	24,474	22,554
Sarawak region	11,455	11,267	9,311	10,573
Gross impaired loans	871,340	476,602	638,343	369,124

**A15 Loans, Advances and Financing (Contd.)**

**A15k** Movements in the allowance for expected credit losses on loans, advances and financing are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>GROUP</b>				
At 1 April 2019	72,679	212,519	217,465	502,663
Transfer to Stage 1	31,354	(165,725)	(4,458)	(138,829)
Transfer to Stage 2	(44,896)	286,244	(105,254)	136,094
Transfer to Stage 3	(98)	(135,779)	342,624	206,747
New financial assets originated or purchased	57,681	139,436	19,768	216,885
Changes due to change in credit risk	6,655	71,828	(20,379)	58,104
Financial assets derecognised other than write-off	(26,835)	(138,100)	(27,367)	(192,302)
Other adjustments	16	33	12	61
	23,877	57,937	204,946	286,760
Unwinding of discount	-	-	(9,410)	(9,410)
Total charge to income statement	23,877	57,937	195,536	277,350
Write-off	(3)	(1,169)	(119,573)	(120,745)
<b>At 31 March 2020</b>	<b>96,553</b>	<b>269,287</b>	<b>293,428</b>	<b>659,268</b>
At 1 April 2018				
As previously stated under MFRS 139				372,449
Effects of adoption of MFRS 9				90,879
As restated	66,941	203,691	192,696	463,328
Transfer to Stage 1	24,268	(132,004)	(7,270)	(115,006)
Transfer to Stage 2	(40,020)	232,846	(103,159)	89,667
Transfer to Stage 3	(181)	(114,361)	254,377	139,835
New financial assets originated or purchased	70,774	154,861	15,818	241,453
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)
<b>At 31 March 2019</b>	<b>72,679</b>	<b>212,519</b>	<b>217,465</b>	<b>502,663</b>



**A15 Loans, Advances and Financing (Contd.)**

**A15k** Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (contd.)

	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b><u>BANK</u></b>				
At 1 April 2019	49,135	142,622	171,332	363,089
Transfer to Stage 1	21,575	(116,457)	(3,908)	(98,790)
Transfer to Stage 2	(29,604)	197,930	(75,350)	92,976
Transfer to Stage 3	(81)	(82,648)	238,931	156,202
New financial assets originated or purchased	35,395	113,212	12,829	161,436
Changes due to change in credit risk	4,962	37,191	(20,077)	22,076
Financial assets derecognised other than write-off	(17,721)	(114,040)	(18,108)	(149,869)
Other adjustments	16	33	12	61
	14,542	35,221	134,329	184,092
Unwinding of discount	-	-	(6,612)	(6,612)
Total charge to income statement	14,542	35,221	127,717	177,480
Write-off	-	(647)	(80,679)	(81,326)
<b>At 31 March 2020</b>	<b>63,677</b>	<b>177,196</b>	<b>218,370</b>	<b>459,243</b>
At 1 April 2018				
As previously stated under MFRS 139				285,402
Effects of adoption of MFRS 9				52,797
As restated	43,894	137,652	156,653	338,199
Transfer to Stage 1	15,264	(90,649)	(5,930)	(81,315)
Transfer to Stage 2	(24,760)	154,042	(71,881)	57,401
Transfer to Stage 3	(148)	(65,538)	178,889	113,203
New financial assets originated or purchased	46,449	120,924	7,800	175,173
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)
<b>At 31 March 2019</b>	<b>49,135</b>	<b>142,622</b>	<b>171,332</b>	<b>363,089</b>

**A16 Other Assets**

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Other receivables	65,827	86,513	50,114	72,185
Collateral pledged for derivative transactions	137,005	23,292	136,767	23,056
Settlement account	56,352	94,606	56,352	94,606
Deposits	8,984	8,775	8,330	8,122
Prepayment	32,495	20,038	29,361	18,573
Amounts due from subsidiaries	-	-	18,680	133,557
Amount due from joint venture	171	299	309	299
	<b>300,834</b>	<b>233,523</b>	<b>299,913</b>	<b>350,398</b>
Less:				
Allowance for expected credit losses on other receivables [Note (a)]	<b>(38,212)</b>	<b>(34,385)</b>	<b>(33,143)</b>	<b>(29,604)</b>
	<b>262,622</b>	<b>199,138</b>	<b>266,770</b>	<b>320,794</b>

Note:

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

	<u>GROUP</u>		<u>BANK</u>	
	Lifetime <u>ECL</u> 31 March 2020 RM'000	Lifetime <u>ECL</u> 31 March 2019 RM'000	Lifetime <u>ECL</u> 31 March 2020 RM'000	Lifetime <u>ECL</u> 31 March 2019 RM'000
At 1 April 2019	34,385	32,017	29,604	27,578
New financial assets originated or purchased	299	1,174	-	-
Changes due to change in credit risk	3,707	3,527	3,539	2,977
Financial assets derecognised other than write-off	(179)	(1,382)	-	-
Total charge to income statement	3,827	3,319	3,539	2,977
Write-off	-	(951)	-	(951)
<b>At 31 March 2020</b>	<b>38,212</b>	<b>34,385</b>	<b>33,143</b>	<b>29,604</b>

**A17 Deposits from Customers**

**A17a** By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
<b>Amortised cost</b>				
Demand deposits	16,336,793	14,207,328	12,940,524	11,510,890
Savings deposits	1,794,343	1,753,526	1,455,337	1,432,970
Fixed/investment deposits	26,860,214	25,676,643	20,127,431	19,430,211
Money market deposits	3,091,717	2,917,200	1,848,021	2,206,407
Negotiable instruments of deposits	342,785	462,935	331,676	402,384
	<b>48,425,852</b>	<b>45,017,632</b>	<b>36,702,989</b>	<b>34,982,862</b>

**A17b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Domestic financial institutions	346,226	306,199	378,170	390,046
Domestic non-bank financial institutions	2,867,100	2,516,834	1,749,057	1,769,027
Government and statutory bodies	4,553,365	5,450,441	2,663,444	2,975,054
Business enterprises	17,528,515	16,909,336	13,143,178	12,894,883
Individuals	21,637,127	18,637,918	17,491,535	15,917,675
Foreign entities	813,970	630,733	712,076	559,770
Others	679,549	566,171	565,529	476,407
	<b>48,425,852</b>	<b>45,017,632</b>	<b>36,702,989</b>	<b>34,982,862</b>

**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 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Due within six months	21,708,936	19,128,642	16,266,375	14,877,446
Six months to one year	7,853,476	8,833,425	5,868,205	6,994,821
One year to three years	619,982	730,686	165,879	157,981
Three years to five years	112,322	364,025	6,669	8,754
	<b>30,294,716</b>	<b>29,056,778</b>	<b>22,307,128</b>	<b>22,039,002</b>

**A18 Deposits and Placements of Banks and Other Financial Institutions**

	<u>GROUP</u>		<u>BANK</u>	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Licensed banks	814,332	252,558	464,076	12,467
Licensed Investment banks	250,137	30,051	-	-
Bank Negara Malaysia	479,177	576,099	269,488	332,368
	<b>1,543,646</b>	<b>858,708</b>	<b>733,564</b>	<b>344,835</b>

**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.

	<b>GROUP/BANK</b>	
	<b>31 March</b>	31 March
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Structured investments	<b>451,999</b>	815,079
Fair value changes arising from designation at fair value through profit or loss	<b>(24,914)</b>	(36,656)
	<b>427,085</b>	778,423

**A20 Amounts Due To Clients And Brokers**

	<b>GROUP</b>	
	<b>31 March</b>	31 March
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Due to clients	<b>18,133</b>	51,164
Due to brokers	<b>4,159</b>	-
	<b>22,292</b>	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 RM100,252,000 (31 March 2019: RM56,655,000) have been excluded accordingly.

**A21 Other Liabilities**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payables	<b>433,803</b>	488,686	<b>355,982</b>	406,233
Collateral pledged for derivative transactions	<b>82,766</b>	8,456	<b>82,766</b>	8,456
Bills payable	<b>118,840</b>	175,095	<b>113,128</b>	166,622
Settlement account	<b>15,226</b>	80,059	<b>15,226</b>	80,059
Clearing account	<b>97,244</b>	224,575	<b>73,638</b>	174,407
Sundry deposits	<b>51,136</b>	40,962	<b>46,615</b>	35,705
Provision and accruals	<b>127,500</b>	129,763	<b>115,285</b>	117,929
Remisiers accounts	<b>6,453</b>	6,122	-	-
Allowance for expected credit losses commitments and contingencies	<b>24,339</b>	32,604	<b>19,787</b>	28,582
Finance lease liabilities	-	688	-	688
Structured investments	<b>430,759</b>	553,627	<b>430,759</b>	553,627
Amount due to joint venture	-	160	-	-
	<b>1,388,066</b>	1,740,797	<b>1,253,186</b>	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
<b>GROUP</b>				
At 1 April 2019	6,833	16,664	9,107	32,604
Transfer to Stage 1	2,266	(19,976)	(81)	(17,791)
Transfer to Stage 2	(1,390)	15,583	(647)	13,546
Transfer to Stage 3	(1)	(399)	764	364
New financial assets originated or purchased	2,528	7,732	-	10,260
Changes due to change in credit risk	(21)	(541)	198	(364)
Financial assets derecognised other than write-off	(1,636)	(8,075)	(4,391)	(14,102)
Other adjustments	3	8	-	11
	1,749	(5,668)	(4,157)	(8,076)
Unwinding of discount	-	-	(189)	(189)
Total charge to/(write-back from) income statement	1,749	(5,668)	(4,346)	(8,265)
<b>At 31 March 2020</b>	<b>8,582</b>	<b>10,996</b>	<b>4,761</b>	<b>24,339</b>
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	8,562	21,295	14,143	44,000
As restated	8,562	21,295	14,143	44,000
Transfer to Stage 1	1,023	(10,403)	-	(9,380)
Transfer to Stage 2	(1,396)	11,958	(401)	10,161
Transfer to Stage 3	-	(1,058)	7,298	6,240
New financial assets originated or purchased	5,696	5,704	73	11,473
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)
<b>At 31 March 2019</b>	<b>6,833</b>	<b>16,664</b>	<b>9,107</b>	<b>32,604</b>

**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
<b><u>BANK</u></b>				
At 1 April 2019	6,097	13,483	9,002	28,582
Transfer to Stage 1	1,821	(16,370)	(80)	(14,629)
Transfer to Stage 2	(1,187)	12,910	(645)	11,078
Transfer to Stage 3	-	(399)	759	360
New financial assets originated or purchased	2,174	5,891	-	8,065
Changes due to change in credit risk	(7)	(703)	207	(503)
Financial assets derecognised other than write-off	(1,429)	(7,265)	(4,286)	(12,980)
Other adjustments	2	8	-	10
	1,374	(5,928)	(4,045)	(8,599)
Unwinding of discount	-	-	(196)	(196)
Total charge to/(write-back from) income statement	1,374	(5,928)	(4,241)	(8,795)
<b>At 31 March 2020</b>	<b>7,471</b>	<b>7,555</b>	<b>4,761</b>	<b>19,787</b>
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	7,520	15,587	4,183	27,290
As restated	7,520	15,587	4,183	27,290
Transfer to Stage 1	867	(8,597)	-	(7,730)
Transfer to Stage 2	(1,257)	10,651	(395)	8,999
Transfer to Stage 3	-	(1,046)	7,069	6,023
New financial assets originated or purchased	5,120	4,157	73	9,350
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
<b>At 31 March 2019</b>	<b>6,097</b>	<b>13,483</b>	<b>9,002</b>	<b>28,582</b>

As at 31 March 2020, the Group's and the Bank's gross exposure of commitment and contingencies that are credit impaired was at RM8,829,000 and RM7,820,000 ( 31 March 2019: RM16,460,000 and RM14,481,000).

**A22 Interest Income**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>GROUP</u></b>				
Loans, advances and financing	<b>409,509</b>	418,346	<b>1,647,131</b>	1,637,738
Money at call and deposit placements with financial institutions	<b>3,158</b>	2,492	<b>13,905</b>	12,782
Financial investments at fair value through other comprehensive income	<b>82,035</b>	67,356	<b>318,454</b>	260,639
Financial investments at amortised cost	<b>1,201</b>	2,942	<b>6,818</b>	14,174
Others	<b>59</b>	199	<b>364</b>	751
	<b>495,962</b>	491,335	<b>1,986,672</b>	1,926,084
Accretion of discount less amortisation of premium	<b>19,767</b>	19,780	<b>83,215</b>	84,578
	<b>515,729</b>	511,115	<b>2,069,887</b>	2,010,662
	<b>4th Quarter Ended</b>	<b>31 March</b>	<b>Twelve Months Ended</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
Loans, advances and financing	<b>398,402</b>	408,193	<b>1,614,037</b>	1,608,250
Money at call and deposit placements with financial institutions	<b>3,657</b>	5,473	<b>15,934</b>	22,226
Financial investments at fair value through other comprehensive income	<b>73,703</b>	63,278	<b>292,218</b>	249,720
Financial investments at amortised cost	<b>2,985</b>	3,995	<b>12,866</b>	18,176
Others	<b>59</b>	200	<b>364</b>	751
	<b>478,806</b>	481,139	<b>1,935,419</b>	1,899,123
Accretion of discount less amortisation of premium	<b>19,350</b>	19,755	<b>83,950</b>	83,707
	<b>498,156</b>	500,894	<b>2,019,369</b>	1,982,830

Included in the interest income on loans, advances and financing for the current financial year is interest/profit accrued on impaired loans/financing of the Group and the Bank of RM7,055,000 (31 March 2019: RM5,465,000) respectively.

**A23 Interest Expense**

**GROUP**

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

4th Quarter Ended		Twelve Months Ended	
31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
8,339	3,179	33,178	17,056
226,399	228,730	946,241	887,040
3,389	4,966	13,627	25,182
21,049	19,737	84,538	78,732
951	-	6,577	-
1,142	1,169	4,892	4,569
<b>261,269</b>	<b>257,781</b>	<b>1,089,053</b>	<b>1,012,579</b>

**BANK**

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

4th Quarter Ended		Twelve Months Ended	
31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
3,842	1,873	14,977	9,787
221,889	222,367	921,624	865,897
3,389	4,966	13,627	25,182
21,088	19,773	84,732	78,915
950	-	6,572	-
1,142	1,169	4,892	4,569
<b>252,300</b>	<b>250,148</b>	<b>1,046,424</b>	<b>984,350</b>

**A24 Net Income from Islamic Banking Business**

**GROUP**

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

4th Quarter Ended		Twelve Months Ended	
31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
161,182	151,031	647,244	593,548
15,584	15,936	64,966	60,588
(84,740)	(73,328)	(334,314)	(295,079)
<b>92,026</b>	<b>93,639</b>	<b>377,896</b>	<b>359,057</b>



**A25 Other Operating Income**

<b>GROUP</b>	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
(a) <u>Fee and commission income:</u>				
Commissions	28,769	17,955	93,500	80,064
Service charges and fees	5,964	5,777	29,837	29,322
Corporate advisory fees	1,018	509	3,502	3,214
Underwriting commissions	445	372	2,205	520
Brokerage fees	7,913	7,247	26,558	30,178
Guarantee fees	4,016	3,490	14,704	15,131
Processing fees	1,896	1,510	9,604	10,962
Commitment fees	4,458	4,352	17,544	17,404
Cards related income	17,758	20,432	79,815	83,950
Other fee income	1,500	1,500	6,003	6,001
	<b>73,737</b>	<b>63,144</b>	<b>283,272</b>	<b>276,746</b>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(681)	(584)	(5,223)	(1,398)
Service charges and fees	(264)	-	(1,025)	-
Brokerage fees expense	(2,815)	(2,344)	(8,859)	(9,552)
Guarantee fees expense	(2,037)	(2)	(4,405)	(225)
Cards related expense	(16,329)	(18,856)	(67,606)	(75,313)
	<b>(22,126)</b>	<b>(21,786)</b>	<b>(87,118)</b>	<b>(86,488)</b>
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	6,970	1,845	15,481	3,378
- Financial investments at fair value through other comprehensive income	635	1,140	17,634	2,684
- Derivative instruments	(93,335)	26,496	(25,430)	20,157
- Other investments	-	-	5	-
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	284	445	23,207	12,092
- Derivative instruments	72,990	(4,606)	63,991	18,276
- Financial liabilities designated at fair value through profit or loss	17,846	(18,003)	(11,742)	(12,809)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	-	-	4,419	1,299
	<b>5,390</b>	<b>7,317</b>	<b>87,565</b>	<b>45,077</b>
(d) <u>Other income :</u>				
Foreign exchange gain	20,895	404	22,712	2,101
Rental income	28	-	196	-
Gain on disposal of property, plant and equipment	5,319	8	5,319	8
Others	4,680	7,382	18,644	27,517
	<b>30,922</b>	<b>7,794</b>	<b>46,871</b>	<b>29,626</b>
Total other operating income	<b>87,923</b>	<b>56,469</b>	<b>330,590</b>	<b>264,961</b>

**A25 Other Operating Income (Contd.)**

	4th Quarter Ended		Twelve Months Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
<b><u>BANK</u></b>				
(a) <u>Fee and commission income:</u>				
Commissions	28,769	17,955	93,500	80,064
Service charges and fees	5,830	5,670	29,290	28,851
Guarantee fees	4,010	3,485	14,678	14,696
Processing fees	1,932	1,176	7,710	7,407
Commitment fees	4,453	4,340	17,500	17,358
Cards related income	17,758	20,432	79,815	83,950
Other fee income	1,500	1,498	6,000	5,794
	<u>64,252</u>	<u>54,556</u>	<u>248,493</u>	<u>238,120</u>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(681)	(584)	(5,634)	(1,398)
Service charges and fees	(264)	-	(1,025)	-
Brokerage fees expense	(13)	(3)	(30)	(9)
Guarantee fees expense	(2,037)	(2)	(4,405)	(225)
Cards related expense	(16,329)	(18,856)	(67,606)	(75,313)
	<u>(19,324)</u>	<u>(19,445)</u>	<u>(78,700)</u>	<u>(76,945)</u>
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	6,970	1,845	15,361	3,377
- Financial investments at fair value through other comprehensive income	635	1,133	14,402	2,119
- Derivative instruments	(93,335)	26,496	(25,430)	20,157
- Other investments	-	-	5	-
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	284	445	19,599	8,248
- Derivative instruments	72,990	(4,606)	63,991	18,276
- Financial liabilities designated at fair value through profit or loss	17,846	(18,003)	(11,742)	(12,809)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	-	-	2,668	749
- Subsidiaries	-	-	48,031	80,154
	<u>5,390</u>	<u>7,310</u>	<u>126,885</u>	<u>120,271</u>
(d) <u>Other income:</u>				
Foreign exchange gain	20,785	336	22,343	1,689
Rental income	479	213	2,316	711
Gain on disposal of property, plant and equipment	5,319	8	5,319	8
Others	4,559	7,260	18,034	27,470
	<u>31,142</u>	<u>7,817</u>	<u>48,012</u>	<u>29,878</u>
Total other operating income	<u>81,460</u>	<u>50,238</u>	<u>344,690</u>	<u>311,324</u>

**A26 Other Operating Expenses**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>GROUP</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>97,980</b>	96,658	<b>398,200</b>	380,786
- Contribution to EPF	<b>15,980</b>	15,390	<b>64,472</b>	60,223
- Others	<b>11,832</b>	11,764	<b>53,402</b>	48,625
	<b>125,792</b>	123,812	<b>516,074</b>	489,634
Establishment costs				
- Depreciation of property, plant and equipment	<b>5,103</b>	5,757	<b>22,661</b>	23,333
- Depreciation of right-of-use assets	<b>5,661</b>	-	<b>24,259</b>	-
- Amortisation of computer software	<b>9,545</b>	8,414	<b>36,864</b>	30,206
- Rental of premises	<b>170</b>	7,450	<b>1,872</b>	29,573
- Water and electricity	<b>1,841</b>	1,916	<b>7,782</b>	7,818
- Repairs and maintenance	<b>2,698</b>	2,486	<b>9,969</b>	9,747
- Information technology expenses	<b>18,014</b>	18,106	<b>69,434</b>	58,628
- Others	<b>2,643</b>	3,010	<b>10,680</b>	15,855
	<b>45,675</b>	47,139	<b>183,521</b>	175,160
Marketing expenses				
- Promotion and advertisement	<b>6,458</b>	3,261	<b>11,489</b>	12,518
- Branding and publicity	<b>4,358</b>	6,785	<b>12,071</b>	13,233
- Others	<b>1,828</b>	2,168	<b>7,719</b>	8,270
	<b>12,644</b>	12,214	<b>31,279</b>	34,021
Administration and general expenses				
- Communication expenses	<b>3,433</b>	2,757	<b>10,835</b>	11,601
- Printing and stationery	<b>643</b>	579	<b>2,352</b>	2,676
- Insurance	<b>3,032</b>	2,782	<b>11,682</b>	11,182
- Professional fees	<b>6,672</b>	7,571	<b>27,472</b>	23,485
- Others	<b>7,521</b>	6,611	<b>23,804</b>	27,188
	<b>21,301</b>	20,300	<b>76,145</b>	76,132
Total other operating expenses	<b>205,412</b>	203,465	<b>807,019</b>	774,947

**A26 Other Operating Expenses (Contd.)**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>74,006</b>	70,635	<b>302,135</b>	292,799
- Contribution to EPF	<b>12,123</b>	11,214	<b>49,103</b>	46,439
- Others	<b>8,417</b>	8,588	<b>41,224</b>	38,904
	<b>94,546</b>	90,437	<b>392,462</b>	378,142
Establishment costs				
- Depreciation of property, plant and equipment	<b>4,983</b>	5,617	<b>22,110</b>	22,674
- Depreciation of right-of-use assets	<b>5,649</b>	-	<b>24,213</b>	-
- Amortisation of computer software	<b>9,166</b>	8,107	<b>35,366</b>	29,117
- Rental of premises	<b>176</b>	5,835	<b>1,126</b>	23,233
- Water and electricity	<b>1,337</b>	1,378	<b>5,785</b>	5,664
- Repairs and maintenance	<b>2,071</b>	1,991	<b>7,868</b>	7,384
- Information technology expenses	<b>12,904</b>	14,803	<b>51,048</b>	47,552
- Others	<b>130</b>	215	<b>658</b>	6,333
	<b>36,416</b>	37,946	<b>148,174</b>	141,957
Marketing expenses				
- Promotion and advertisement	<b>5,259</b>	2,668	<b>9,339</b>	10,796
- Branding and publicity	<b>3,070</b>	4,433	<b>8,267</b>	9,167
- Others	<b>1,167</b>	1,122	<b>5,081</b>	5,140
	<b>9,496</b>	8,223	<b>22,687</b>	25,103
Administration and general expenses				
- Communication expenses	<b>2,534</b>	1,937	<b>8,113</b>	8,609
- Printing and stationery	<b>512</b>	435	<b>1,823</b>	2,070
- Insurance	<b>2,588</b>	2,452	<b>10,091</b>	10,033
- Professional fees	<b>4,666</b>	6,294	<b>20,666</b>	18,392
- Others	<b>5,111</b>	2,572	<b>17,213</b>	17,465
	<b>15,411</b>	13,690	<b>57,906</b>	56,569
Total other operating expenses	<b>155,869</b>	150,296	<b>621,229</b>	601,771

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

(Incorporated in Malaysia)

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

	4th Quarter Ended		Twelve Months Ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>GROUP</b>				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period/year	101,189	43,037	286,760	147,238
(b) Credit impaired loans, advances and financing				
- Recovered	(7,751)	(9,783)	(46,063)	(44,304)
- Written-off	8,707	9,152	36,820	36,437
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial period/year	(4,659)	(2,557)	(8,076)	(11,377)
	<u>97,486</u>	<u>39,849</u>	<u>269,441</u>	<u>127,994</u>

Allowance for/(write-back of) expected credit losses on:

- Amounts due from clients and brokers	3	(10)	3	(1)
- Other receivables	900	86	3,827	3,319
- Cash and short term funds	-	25	(37)	(463)
- Deposits and placements with banks and other financial institutions	-	(30)	-	-
	<u>98,389</u>	<u>39,920</u>	<u>273,234</u>	<u>130,849</u>

	4th Quarter Ended		Twelve Months Ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>BANK</b>				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period/year	63,181	29,493	184,092	97,909
(b) Credit impaired loans, advance and financing				
- Recovered	(5,012)	(6,914)	(32,889)	(29,192)
- Written-off	5,324	5,432	22,389	22,083
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back of)/allowance made during the financial period/year	(4,671)	(1,670)	(8,599)	1,304
	<u>58,822</u>	<u>26,341</u>	<u>164,993</u>	<u>92,104</u>

Allowance for/(write-back of) expected credit losses on:

- Other receivables	809	898	3,539	2,977
- Cash and short term funds	-	25	(37)	(463)
- Deposits and placements with banks and other financial institutions	-	(30)	-	-
	<u>59,631</u>	<u>27,234</u>	<u>168,495</u>	<u>94,618</u>

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

	4th Quarter Ended		Twelve Months Ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>GROUP</b>				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial year	(42)	(8)	(218)	(783)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period/year	(356)	582	37,215	582
- Commitment and contingencies	(9)	-	-	-
	<u>(407)</u>	<u>574</u>	<u>36,997</u>	<u>(201)</u>

	4th Quarter Ended		Twelve Months Ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>BANK</b>				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period/year	(26)	(5)	(160)	(624)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period/year	(319)	307	23,156	175
	<u>(345)</u>	<u>302</u>	<u>22,996</u>	<u>(449)</u>

**A29 Allowance for/(write-back of) Impairment Losses on Non-Financial Assets**

	4th Quarter Ended		Twelve Months Ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>GROUP</b>				
Commitment and contingencies	-	(148)	-	(148)
Intangible assets - goodwill	631	8,740	4,317	8,740
	<u>631</u>	<u>8,592</u>	<u>4,317</u>	<u>8,592</u>

	4th Quarter Ended		Twelve Months Ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>BANK</b>				
Commitment and contingencies	-	(148)	-	(148)
Intangible assets - goodwill	306	-	306	-
	<u>306</u>	<u>(148)</u>	<u>306</u>	<u>(148)</u>

During the financial year, impairment losses of RM4,317,000 and RM306,000 for the Group and the Bank have been recognised in respect of the stockbroking business, corporate finance and capital market. 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:

	<b><u>GROUP</u></b>		<b><u>BANK</u></b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
<u>Commitments and contingencies</u>				
Direct credit substitutes	<b>814,317</b>	650,663	<b>622,481</b>	490,085
Transaction-related contingent items	<b>621,684</b>	680,097	<b>559,957</b>	609,843
Short-term self-liquidating trade-related contingencies	<b>130,924</b>	179,994	<b>110,898</b>	133,405
Forward assets purchase	-	236,985	-	211,985
Obligations under an on-going underwriting agreement	<b>51,150</b>	46,154	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	<b>1,239,933</b>	1,319,483	<b>871,143</b>	904,181
- maturity not exceeding one year	<b>9,273,334</b>	8,308,840	<b>7,139,788</b>	6,461,733
Unutilised credit card lines	<b>1,356,566</b>	1,600,820	<b>1,356,566</b>	1,600,820
	<b>13,487,908</b>	13,023,036	<b>10,660,833</b>	10,412,052
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	<b>12,470,667</b>	4,561,102	<b>12,470,667</b>	4,561,102
- over one year to three years	<b>621,349</b>	159,580	<b>621,349</b>	159,580
- over three years	<b>315,762</b>	10,209	<b>315,762</b>	10,209
Interest rate related contracts:				
- one year or less	<b>3,505,421</b>	2,034,786	<b>3,505,421</b>	2,034,786
- over one year to three years	<b>3,386,675</b>	1,779,255	<b>3,386,675</b>	1,779,255
- over three years	<b>2,230,984</b>	2,503,968	<b>2,230,984</b>	2,503,968
Equity related contracts				
- one year or less	<b>533,770</b>	78,958	<b>533,770</b>	78,958
- over one year to three years	<b>273,868</b>	30,810	<b>273,868</b>	30,810
- over three years	<b>145,300</b>	-	<b>145,300</b>	-
	<b>23,483,796</b>	11,158,668	<b>23,483,796</b>	11,158,668
	<b>36,971,704</b>	24,181,704	<b>34,144,629</b>	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 and provided to the chief operating decision maker based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Based on the results presented to chief operating decision maker, 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.



**A31 Segment information (Contd.)**

<b><u>GROUP</u></b>	<b><u>Consumer Banking</u></b>	<b><u>Business Banking</u></b>	<b><u>Financial Markets</u></b>	<b><u>Stockbroking and Corporate Advisory</u></b>	<b><u>Others</u></b>	<b><u>Total Operations</u></b>	<b><u>Inter-segment Elimination</u></b>	<b><u>Total</u></b>
<b>4th Quarter ended 31 March 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net interest income/(expense)								
- external income	98,170	96,083	57,057	2,772	71	254,153	307	254,460
- inter-segment	(7,061)	18,160	(9,438)	(1,661)	-	-	-	-
	91,109	114,243	47,619	1,111	71	254,153	307	254,460
Net income from Islamic banking business	41,886	29,919	13,745	-	33	85,583	6,443	92,026
Other operating income	24,098	40,354	10,860	7,464	9,622	92,398	(4,475)	87,923
Net income	157,093	184,516	72,224	8,575	9,726	432,134	2,275	434,409
Other operating expenses	(89,182)	(71,081)	(10,713)	(9,774)	(4,422)	(185,172)	69	(185,103)
Depreciation and amortisation	(9,484)	(8,624)	(1,832)	(633)	(105)	(20,678)	369	(20,309)
Operating profit/(loss)	58,427	104,811	59,679	(1,832)	5,199	226,284	2,713	228,997
(Allowance for)/write-back of expected credit losses on loans, advances and other financial assets	(79,186)	(19,016)	24	(212)	1	(98,389)	-	(98,389)
(Allowance for)/write-back of expected credit losses on financial investments	-	(1,005)	(261)	936	735	405	2	407
Allowance for impairment losses on non-financial assets	-	-	-	(3,928)	-	(3,928)	3,297	(631)
Segment result	(20,759)	84,790	59,442	(5,036)	5,935	124,372	6,012	130,384
Share of results of joint venture								17
Taxation								(32,344)
Net profit for the financial period								98,057
Segment assets	24,115,445	25,558,326	12,242,497	269,954	47,365	62,233,587	(1,859,561)	60,374,026
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								903
Property, plant and equipment								64,486
Tax recoverable and deferred tax assets								98,959
Intangible assets								437,086
Total assets								60,975,460

**A31 Segment information (Contd.)**

<u>GROUP</u>	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
<b>Twelve months ended 31 March 2020</b>								
Net interest income/(expense)								
- external income	397,303	370,302	228,099	13,043	281	1,009,028	(28,194)	980,834
- inter-segment	(50,798)	81,828	(23,099)	(7,931)	-	-	-	-
	346,505	452,130	205,000	5,112	281	1,009,028	(28,194)	980,834
Net income from Islamic banking business	160,735	117,754	61,477	-	165	340,131	37,765	377,896
Other operating income	101,271	161,209	35,096	27,385	22,978	347,939	(17,349)	330,590
Net income	608,511	731,093	301,573	32,497	23,424	1,697,098	(7,778)	1,689,320
Other operating expenses	(343,113)	(276,305)	(47,969)	(38,062)	(18,101)	(723,550)	315	(723,235)
Depreciation and amortisation	(39,656)	(35,105)	(7,593)	(2,633)	(492)	(85,479)	1,695	(83,784)
Operating profit/(loss)	225,742	419,683	246,011	(8,198)	4,831	888,069	(5,768)	882,301
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(218,220)	(54,807)	152	(360)	1	(273,234)	-	(273,234)
(Allowance for)/write-back of expected credit losses on financial investments	-	(38,584)	(74)	936	735	(36,987)	(10)	(36,997)
Allowance for of impairment losses on non-financial assets	-	-	-	(9,230)	-	(9,230)	4,913	(4,317)
Segment result	7,522	326,292	246,089	(16,852)	5,567	568,618	(865)	567,753
Share of results of joint venture								101
Taxation								(143,591)
Net profit for the financial year								424,263
Segment assets	24,115,445	25,558,326	12,242,497	269,954	47,365	62,233,587	(1,859,561)	60,374,026
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								903
Property, plant and equipment								64,486
Tax recoverable and deferred tax assets								98,959
Intangible assets								437,086
Total assets								60,975,460

**A31 Segment information (Contd.)**

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

**A31 Segment information (Contd.)**

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

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

(Incorporated in Malaysia)

**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:

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>13.826%</b>	13.736%	<b>12.899%</b>	12.061%
Tier I capital ratio	<b>14.593%</b>	14.423%	<b>13.771%</b>	12.940%
Total capital ratio	<b>18.902%</b>	18.856%	<b>18.634%</b>	17.841%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>13.826%</b>	13.388%	<b>12.899%</b>	11.614%
Tier I capital ratio	<b>14.593%</b>	14.074%	<b>13.771%</b>	12.493%
Total capital ratio	<b>18.902%</b>	18.508%	<b>18.634%</b>	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:

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
<b><u>CET I Capital/Tier I Capital</u></b>				
Paid-up share capital	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Retained profits	<b>3,974,847</b>	3,827,676	<b>3,346,890</b>	3,128,589
Regulatory reserves	<b>224,579</b>	178,397	<b>182,292</b>	160,798
FVOCI reserves	<b>140,966</b>	68,540	<b>79,612</b>	36,449
Capital reserves	<b>100,150</b>	100,150	<b>15,515</b>	95,515
	<b>5,988,648</b>	5,722,869	<b>5,172,415</b>	4,969,457
Less: Regulatory adjustment				
- Goodwill and other intangibles	<b>(437,086)</b>	(432,961)	<b>(332,680)</b>	(323,804)
- Deferred tax assets	<b>(28,125)</b>	(72,972)	<b>(14,074)</b>	(50,116)
- 55% of FVOCI reserves	<b>(77,531)</b>	(37,697)	<b>(43,787)</b>	(20,047)
- Regulatory reserves	<b>(224,579)</b>	(178,397)	<b>(182,292)</b>	(160,798)
- Investment in subsidiaries, associate and joint venture	<b>(903)</b>	(802)	<b>(909,102)</b>	(989,102)
Total CET I Capital	<b>5,220,424</b>	5,000,040	<b>3,690,480</b>	3,425,590
Additional Tier 1 Capital Securities	<b>289,844</b>	249,792	<b>249,584</b>	249,445
Total Additional Tier 1 Capital	<b>289,844</b>	249,792	<b>249,584</b>	249,445
Total Tier I Capital	<b>5,510,268</b>	5,249,832	<b>3,940,064</b>	3,675,035

**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.)

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>Tier II Capital</u></b>				
Subordinated obligations	<b>1,199,829</b>	1,199,676	<b>1,199,719</b>	1,199,381
Expected credit losses and regulatory reserves	<b>427,020</b>	414,258	<b>321,754</b>	322,740
Less: Regulatory adjustment - Investment in Tier 2 capital instruments	-	-	<b>(130,000)</b>	(130,000)
Total Tier II Capital	<b>1,626,849</b>	1,613,934	<b>1,391,473</b>	1,392,121
<b>Total Capital</b>	<b>7,137,117</b>	6,863,766	<b>5,331,537</b>	5,067,156

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

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Credit risk	<b>34,161,647</b>	33,140,642	<b>25,740,333</b>	25,819,184
Market risk	<b>472,308</b>	274,942	<b>472,308</b>	274,942
Operational risk	<b>3,125,054</b>	2,984,529	<b>2,398,815</b>	2,307,070
Total RWA and capital requirements	<b>37,759,009</b>	36,400,113	<b>28,611,456</b>	28,401,196

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

	<b>Alliance Islamic Bank Berhad</b>	<b>Alliance Investment Bank Berhad</b>
<b>31 March 2020</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>10.507%</b>	<b>98.737%</b>
Tier I capital ratio	<b>11.617%</b>	<b>98.737%</b>
Total capital ratio	<b>14.233%</b>	<b>99.682%</b>
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>10.507%</b>	<b>97.246%</b>
Tier I capital ratio	<b>11.617%</b>	<b>97.246%</b>
Total capital ratio	<b>14.233%</b>	<b>98.190%</b>
<b>31 March 2019</b>		
<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>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	437,929	-	437,929
- Unquoted securities	-	10,025	202,160	212,185
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	6,476,810	-	6,476,810
- Quoted securities in Malaysia	5	-	-	5
- Unquoted securities	-	5,067,692	-	5,067,692
Derivative financial assets	-	436,910	-	436,910
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss	-	427,085	-	427,085
Derivative financial liabilities	-	348,877	-	348,877
<u>BANK</u>				
31 March 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	437,929	-	437,929
- Unquoted securities	-	10,025	137,768	147,793
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	5,403,416	-	5,403,416
- Quoted securities in Malaysia	5	-	-	5
- Unquoted securities	-	3,023,357	-	3,023,357
Derivative financial assets	-	436,910	-	436,910
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss	-	427,085	-	427,085
Derivative financial liabilities	-	348,877	-	348,877



**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>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2019	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	41,002	-	41,002
- Unquoted securities	-	1,921	187,517	189,438
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	5,289,295	-	5,289,295
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	4,189,159	-	4,189,159
Derivative financial assets	-	55,442	-	55,442
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss	-	778,423	-	778,423
Derivative financial liabilities	-	57,545	-	57,545
<u>BANK</u>				
31 March 2019	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	41,002	-	41,002
- Unquoted securities	-	1,921	126,733	128,654
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	4,405,360	-	4,405,360
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	2,447,498	-	2,447,498
Derivative financial assets	-	55,442	-	55,442
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss	-	778,423	-	778,423
Derivative financial liabilities	-	57,545	-	57,545

**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:

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of financial year	<b>187,517</b>	178,846	<b>126,733</b>	121,634
Partial distribution on liquidating shares	<b>(106)</b>	(195)	<b>(106)</b>	(195)
Total gain recognised in:				
- Statement of income				
(i) Revaluation gain from financial assets at fair value through profit or loss	<b>14,749</b>	8,866	<b>11,141</b>	5,294
At end of financial year	<b>202,160</b>	187,517	<b>137,768</b>	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 Credit Transactions And Exposures With Connected Parties**

	<b>BANK</b>	
	<b>31 March</b>	31 March
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Outstanding credit exposures with connected parties	<b>11,378</b>	43,641
of which:		
Total credit exposure which is impaired or in default	<b>241</b>	8
Total credit exposures	<b>48,581,617</b>	46,311,419
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<b>0.02%</b>	0.09%
- which is impaired or in default	<b>0.00%</b>	0.00%

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(Incorporated in Malaysia)

**A35 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	Gross amounts of recognised financial assets presented in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position	Cash collateral received	Net Amount
	<u>Gross amounts of recognised financial assets RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Financial Instruments RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>GROUP</b>						
31 March 2020						
Derivative financial assets	436,910	-	436,910	(105,271)	(82,765)	248,874
Amounts due from clients and brokers	84,014	(32,849)	51,165	-	-	51,165
	<u>520,924</u>	<u>(32,849)</u>	<u>488,075</u>	<u>(105,271)</u>	<u>(82,765)</u>	<u>300,039</u>
<b>BANK</b>						
31 March 2020						
Derivative financial assets	<u>436,910</u>	<u>-</u>	<u>436,910</u>	<u>(105,271)</u>	<u>(82,765)</u>	<u>248,874</u>
<b>GROUP</b>						
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>
<b>BANK</b>						
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>

**A35 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
				Financial Instruments	Cash collateral pledged	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>GROUP</b>						
31 March 2020						
Derivative financial liabilities	348,877	-	348,877	(105,271)	(136,766)	106,840
Amounts due to clients and brokers	55,141	(32,849)	22,292	-	-	22,292
Total	404,018	(32,849)	371,169	(105,271)	(136,766)	129,132
<b>BANK</b>						
31 March 2020						
Derivative financial liabilities	348,877	-	348,877	(105,271)	(136,766)	106,840
<b>GROUP</b>						
31 March 2019						
Derivative financial liabilities	57,545	-	57,545	(14,492)	(22,541)	20,512
Amounts due to clients and brokers	119,038	(67,874)	51,164	-	-	51,164
Total	176,583	(67,874)	108,709	(14,492)	(22,541)	71,676
<b>BANK</b>						
31 March 2019						
Derivative financial liabilities	57,545	-	57,545	(14,492)	(22,541)	20,512

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

### **A36 Changes in Accounting Policy**

#### **Effects of adoption of MFRS 16 Leases**

During the financial year, the Group and the Bank have adopted MFRS 16 "Leases". The Group and the Bank have elected to use the simplified retrospective transition approach and to apply a number of practical expedients as provided in MFRS 16.

Under the simplified retrospective transition approach, the 31 March 2019 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group and the Bank is a lessee were recognised as an adjustment to the opening balance of retained profits as at 1 April 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 "Leases" and IC Int. 4 "Determining whether an Arrangement Contains a Lease".

On adoption of MFRS 16 "Leases", 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 incremental borrowing rate as at 1 April 2019.

Right-of-use assets were measured on a retrospective basis as if the new rules had always been applied.

In applying MFRS 16 for the first time, the Group and the Bank have applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:

- the use of single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting of operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of MFRS 16 has resulted in a decrease of RM9,526,000 and RM9,512,000 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
<b><u>GROUP</u></b>			
<b>Assets</b>			
Right-of-use assets	-	142,920	142,920
Deferred tax assets	72,972	3,008	75,980
Other assets	199,138	(1,635)	197,503
Property, plant and equipment	70,497	(9,248)	61,249
<b>Liabilities</b>			
Lease liabilities	-	144,571	144,571
<b>Equity</b>			
Retained profits	3,827,676	(9,526)	3,818,150
<b><u>BANK</u></b>			
<b>Assets</b>			
Right-of-use assets	-	142,786	142,786
Deferred tax assets	50,116	3,004	53,120
Other assets	320,794	(1,631)	319,163
Property, plant and equipment	69,178	(9,248)	59,930
<b>Liabilities</b>			
Lease liabilities	-	144,423	144,423
<b>Equity</b>			
Retained profits	3,128,589	(9,512)	3,119,077

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

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

**GROUP**

	<b>4th Quarter Ended 31 March 2020 RM'000</b>	<b>4th Quarter Ended 31 March 2019 RM'000</b>	<b>Changes %</b>
Net income/revenue	434,409	403,442	7.7
Operating profit before allowance	228,997	199,977	14.5
Operating profit after allowance	130,384	150,891	(13.6)
Profit before taxation	130,401	150,919	(13.6)
Profit after taxation	98,057	111,776	(12.3)
Profit attributable to ordinary equity holders of the Bank	98,057	111,776	(12.3)

	<b>Twelve Months Ended 31 March 2020 RM'000</b>	<b>Twelve Months Ended 31 March 2019 RM'000</b>	<b>Changes %</b>
Net income/revenue	1,689,320	1,622,101	4.1
Operating profit before allowance	882,301	847,154	4.1
Operating profit after allowance	567,753	707,914	(19.8)
Profit before taxation	567,854	708,023	(19.8)
Profit after taxation	424,263	537,597	(21.1)
Profit attributable to ordinary equity holders of the Bank	424,263	537,597	(21.1)

	<b>4th Quarter Ended 31 March 2020 RM'000</b>	<b>3rd Quarter Ended 31 December 2019 RM'000</b>	<b>Changes %</b>
Net income/revenue	434,409	422,467	2.8
Operating profit before allowance	228,997	213,139	7.4
Operating profit after allowance	130,384	181,631	(28.2)
Profit before taxation	130,401	181,666	(28.2)
Profit after taxation	98,057	133,997	(26.8)
Profit attributable to ordinary equity holders of the Bank	98,057	133,997	(26.8)

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

**BANK**

	<b>4th Quarter Ended 31 March 2020 RM'000</b>	<b>4th Quarter Ended 31 March 2019 RM'000</b>	<b>Changes %</b>
Net income/revenue	327,316	300,984	8.7
Operating profit before allowance	171,447	150,688	13.8
Operating profit after allowance	111,855	123,300	(9.3)
Profit before taxation	111,855	123,300	(9.3)
Profit after taxation	84,112	93,290	(9.8)
Profit attributable to ordinary equity holders of the Bank	84,112	93,290	(9.8)
	<b>Twelve Months Ended 31 March 2020 RM'000</b>	<b>Twelve Months Ended 31 March 2019 RM'000</b>	<b>Changes %</b>
Net income/revenue	1,317,635	1,309,804	0.6
Operating profit before allowance	696,406	708,033	(1.6)
Operating profit after allowance	504,609	614,012	(17.8)
Profit before taxation	504,609	614,012	(17.8)
Profit after taxation	389,138	485,952	(19.9)
Profit attributable to ordinary equity holders of the Bank	389,138	485,952	(19.9)
	<b>4th Quarter Ended 31 March 2020 RM'000</b>	<b>3rd Quarter Ended 31 December 2019 RM'000</b>	<b>Changes %</b>
Net income/revenue	327,316	337,145	(2.9)
Operating profit before allowance	171,447	174,847	(1.9)
Operating profit after allowance	111,855	157,118	(28.8)
Profit before taxation	111,855	157,118	(28.8)
Profit after taxation	84,112	120,675	(30.3)
Profit attributable to ordinary equity holders of the Bank	84,112	120,675	(30.3)

**B2 Review Of Performance**

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

Profitability

The Group's net profit after taxation was recorded at RM424.3 million for the full year ending 31 March 2020. The decline of RM113.3 million or 21.1% year-on-year ("YOY") was due to credit losses stemming from the impairment of a few large accounts during 1QFY20 and increased credit costs from mortgage portfolio and the early effect of the Covid-19 pandemic.

Nevertheless, operating profit before allowance reported a growth of RM35.1 million, or 4.1% YOY. Net income rose by RM67.2 million or 4.1% to RM1.69 billion mainly contributed by an increase in other operating income. Net interest margin ("NIM") is recorded at 2.40%.

Steady Loans Growth

The Group continues to focus on loans from Small Medium Enterprise ("SME"), commercial and consumer unsecured lending, while undertaking a more prudent approach to the acquisition of Alliance ONE Account ("AOA") segments. Gross loans and advances grew by 2.2% YOY to RM43.7 billion. SME loans expanded by 7.8% YOY, while consumer unsecured loans grew by RM208 million or 10.6% YOY. AOA loan balances grew to RM5.0 billion from RM3.3 billion in the previous year.

Other Operating Income continues to improve

The Group recorded other operating income of RM330.6 million, up 24.8% YOY despite the challenging external environment, contributed by treasury and investment income, as well as customer based fee income growth due to the exclusive general insurance partnership with Zurich Insurance and the expansion of cross-selling efforts for our wealth management products.

Operating Expenses from Strategic Project Initiatives

Cost to income ratio ("CIR") was within expectations at 47.8%. The Group continues to invest in human capital and IT infrastructure to support the bank's initiatives and comply with regulatory requirements.

Asset Quality

The Group's net credit costs stood at 72.1 bps mainly due to provision for a few large accounts and mortgage segments as well as weaker macroeconomic factors. 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 101.4%.

Healthy Funding and Liquidity Position

The Group's funding position remains healthy despite the intense market competition for deposits. Customer based funding rose by 6.5% YOY to 48.9 billion, mostly from consumer deposits. The Bank was able to maintain a high Current Account/Savings Account ("CASA") ratio of 37.4% due to pro-active efforts in Alliance SavePlus Account and Alliance@Work. Fixed deposits grew by RM1.2 billion or 4.6%. 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 156.7% and 83.6% respectively.



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

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

**Proactive Capital Management**

As part of our continuous proactive capital management to support future business expansion, we continue to maintain strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 13.8%, Tier-1 Capital ratio at 14.6% and total capital ratio at 18.9%.

**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 RM7.5 million. Net income increased by RM45.6 million or 8.1% YOY mainly due to higher net interest income contributed by loans growth, net income from Islamic Banking Business and wealth management. Operating expenses increased RM15.4 million or 4.2% YOY. Allowance for credit losses expanded by RM103.2 million. The segment's assets grew by RM2.0 billion or 8.9%.

The Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM326.3 million, or 20.3% lower than the last corresponding period. Net income improved by RM13.4 million or 1.9% 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 RM19.5 million or 6.7% YOY. Allowance for credit losses expanded by RM77.3 million YOY, as a result of the impairment of a few business accounts. Segment assets registered a growth of RM5.1 billion or 24.8%.

Profit before tax in the Financial Markets segment increased by 5.7% or RM13.4 million YOY to RM246.1 million. Net income was higher by RM12.6 million or 4.4% YOY. Operating expenses decreased RM1.7 million or 3% YOY. Segment assets were recorded at RM12.2 billion.

The Investment Banking segment recorded a loss before tax of RM16.9 million YOY due to lower brokerage income and a goodwill impairment.

**Current Quarter vs Previous Year Corresponding Quarter**

The Group's profit after taxation of RM98.1 million for the quarter ended 31st March 2020, was 12.3% or RM13.7 million lower from the corresponding quarter in FY19 mainly due to higher credit cost and the early effect of the Covid-19 pandemic.

***Key Quarter-on-Quarter Performance Highlights***

- Net income grew by RM31.0 million or 7.7% mainly due to higher other operating income, while net interest income remained flat due to OPR cuts.
- NIM declined by 11 bps to 2.46%.
- Operating expenses were higher by RM1.9 million or 1.0%.
- Net credit cost stood at 22.7bps.

**B3 Comparison with Immediate Preceding Quarter**

As compared to the immediate preceding quarter, the Group's profit after taxation of RM98.1 million for the quarter was 26.8% or RM35.9 million lower mainly due to review of credit models and the early effect of the Covid-19 pandemic.

*Key Quarter-on-Quarter Performance Highlights*

- Net income grew by RM11.9 million or 2.8% mainly due to higher net interest income and other operating income.
- NIM increased by 7bps to 2.46%.
- Other operating income was higher by RM1.0 million mainly due to gain on disposal of property and higher treasury and investment income.
- Operating expenses were lower by RM3.9 million or 1.9%.
- Net credit cost increased by 15bps.

**B4 Prospect for the Current Financial Period**

Despite the uncertain outlook, we believe that banking will continue to play an important role in facilitating the recovery of businesses and serving the needs of customers.

Internally, we will be revamping the business model of our distribution to bring banking directly to our customers by going beyond the confines of a physical location. To do this, we will accelerate our development efforts of digital tools to enable banking to be done through mobile devices. Equipping our bankers with these tools and the requisite knowledge will thus enable the Group to quickly adapt to a post COVID-19 environment where customers are likely to shun gathering in enclosed places. Our eventual goal is to create universal bankers with sales and advisory skills to deliver consistent and excellent service to fulfil our customers' basic banking needs anytime and anywhere.

For SME banking, the Group will continue to expand our solutions-based approach through strategic ecosystem partnerships to address the customer journey. The Group's Halal-in-One programme, executed by Alliance Islamic Bank, is an example of this approach that aims to bridge the gaps for businesses that want to succeed in the halal market.

Our Action Plan to address economic headwinds

As we move forward into 2020, effects of the COVID-19 pandemic, the collapse of oil price and weaker commodities price on the wider economy are likely to lead to slower overall loan growth and credit stress for the Bank. We have implemented new strategies to help mitigate the impact on the Bank and our stakeholders throughout this crisis.

- For our employees, we have activated operation in separate location for critical departments and enforced work-from-home arrangements to ensure essential services continue with minimal interruption, while protecting everyone's health. In addition to this, we provided a one-off subsidy to lower income staff for incidental expenses.
- For our customers, we are committed to helping them manage the headwinds through the 6-month automatic loan moratorium announced by the Government. We have also designed restructuring and rescheduling options for all customers including but not limited to facilitating applications to the Special Relief Fund, Credit Guarantee Corporation and Danajamin.
- To support our communities, we contributed RM500,000 to MERCY Malaysia's Covid-19 Pandemic Fund. We have also launched the #SupportLokal initiative to help SMEs promote their products and services in our digital channels.

For the Group, we will be paying close attention to managing our credit and liquidity risks. We will also be working out the details of post-moratorium repayment arrangements with our customers. Addressing the needs of our customers at this juncture will help us strengthen our relationships for the long term success of both the Group and our clients. The Group continues to maintain ample liquidity coverage and loan to funds ratios for all entities under the Group, and we are ensuring cash levels at our branches and self-service terminals remain ample at all times.

We will also 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**

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>GROUP</u></b>				
- Income tax	<b>47,709</b>	89,771	<b>159,856</b>	222,893
- Deferred tax	<b>(15,939)</b>	(48,430)	<b>(16,488)</b>	(45,385)
- Real property gain tax	-	-	<b>183</b>	-
- Under/over provision for taxation in prior financial period/year	<b>574</b>	(2,198)	<b>40</b>	(7,082)
	<b>32,344</b>	<b>39,143</b>	<b>143,591</b>	<b>170,426</b>
	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
- Income tax	<b>39,614</b>	64,701	<b>122,548</b>	163,354
- Deferred tax	<b>(12,569)</b>	(32,534)	<b>(7,718)</b>	(28,749)
- Real property gain tax	-	-	<b>183</b>	-
- Under/over provision for taxation in prior financial period/year	<b>698</b>	(2,157)	<b>458</b>	(6,545)
	<b>27,743</b>	<b>30,010</b>	<b>115,471</b>	<b>128,060</b>

The Group's effective tax rate the fourth financial quarter and the financial year ended 31 March 2020 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

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

There was no material profit/(loss) on sale of unquoted investments or properties for the fourth financial quarter and the financial year ended 31 March 2020 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 fourth financial quarter and the financial year ended 31 March 2020 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**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>(a) Deposits from customers</b>				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	<b>29,562,412</b>	27,962,067	<b>22,134,580</b>	21,872,267
- More than one year (medium/long term)	<b>732,304</b>	1,094,711	<b>172,548</b>	166,735
	<b>30,294,716</b>	29,056,778	<b>22,307,128</b>	22,039,002
Others	<b>18,131,136</b>	15,960,854	<b>14,395,861</b>	12,943,860
	<b>48,425,852</b>	45,017,632	<b>36,702,989</b>	34,982,862
<b>(b) Deposits and placements of banks and other financial institutions</b>				
- One year or less (short term)	<b>1,235,071</b>	385,498	<b>576,985</b>	74,763
- More than one year (medium/long term)	<b>308,575</b>	473,210	<b>156,579</b>	270,072
	<b>1,543,646</b>	858,708	<b>733,564</b>	344,835
<b>(c) Subordinated obligations</b>				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	<b>1,226,681</b>	1,226,340	<b>1,226,571</b>	1,226,045
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	<b>293,956</b>	253,882	<b>253,683</b>	253,535
	<b>1,520,637</b>	1,480,222	<b>1,480,254</b>	1,479,580

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**B11 Derivative Financial Assets/(Liabilities)**

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

<b>GROUP/BANK</b>	<b>As at 31 March 2020</b>			<b>As at 31 March 2019</b>		
	<b>Principal RM'000</b>	<b>Fair value Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>Principal RM'000</b>	<b>Fair value Assets RM'000</b>	<b>Liabilities RM'000</b>
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	2,428,377	65,254	(14,980)	1,309,322	8,999	(9,247)
- over one year to three years	332,529	11,435	(884)	126,912	239	(3,924)
- over three years	186,439	3,106	(304)	10,209	-	(960)
Currency swaps						
- one year or less	9,848,691	129,672	(111,432)	2,928,152	10,003	(10,155)
- over one year to three years	271,577	-	(7,705)	32,668	-	(171)
- over three years	129,323	-	(2,282)	-	-	-
Currency spots						
- one year or less	40,337	146	(102)	190,594	246	(200)
Currency options						
- one year or less	153,262	302	(131)	133,034	420	(106)
- over one year to three years	17,243	-	(261)	-	-	-
	<b>13,407,778</b>	<b>209,915</b>	<b>(138,081)</b>	<b>4,730,891</b>	<b>19,907</b>	<b>(24,763)</b>
Interest rate derivatives						
Interest rate swap	9,123,080	102,793	(62,213)	6,318,009	34,489	(13,258)
- one year or less	3,505,421	7,073	(5,117)	2,034,786	1,825	(2,189)
- over one year to three years	3,386,675	45,023	(28,965)	1,779,255	7,412	(1,031)
- over three years	2,230,984	50,697	(28,131)	2,503,968	25,252	(10,038)
Equity related derivatives						
- one year or less	533,770	91,660	(114,219)	78,958	122	(18,877)
- over one year to three years	273,868	32,542	(32,542)	30,810	924	(647)
- over three years	145,300	-	(1,822)	-	-	-
<b>Total derivatives assets/(liabilities)</b>	<b>23,483,796</b>	<b>436,910</b>	<b>(348,877)</b>	<b>11,158,668</b>	<b>55,442</b>	<b>(57,545)</b>

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

**Credit Risk**

Credit risk is the risk of financial loss resulting from the failure of the counterparties to fulfil their contractual obligations to settle commitments. Exposure to credit risk may be categorised as primary or secondary. This exposure is monitored on an on-going basis against predetermined counterparty limits. As at 31 March 2020, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM436,910,000 (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 March 2020, the Group and the Bank had posted cash collateral of RM137,766,000 (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 fourth financial quarter and the financial year ended 31 March 2020.

## **B13 Dividend Declared**

A single tier first interim dividend of 6.0 sen per share for the financial year ended 31 March 2020 was paid on 30 December 2019. The Directors do not recommend any second interim dividend nor final dividend in respect of the financial year ended 31 March 2020. Accordingly, the total dividend declared for the financial year ended 31 March 2020 is 6.0 sen (2019: 16.7 sen) per share.

## **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.

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
<b><u>GROUP</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<b>98,057</b>	111,776	<b>424,263</b>	537,597
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Basic earnings per share (sen)	<b>6.3</b>	7.2	<b>27.4</b>	34.7
<b><u>BANK</u></b>				
	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2020</b>	2019	<b>2020</b>	2019
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<b>84,112</b>	93,290	<b>389,138</b>	485,952
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Basic earnings per share (sen)	<b>5.4</b>	6.0	<b>25.1</b>	31.4

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**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 March 2020 and 31 March 2019 respectively. As a result, the dilutive earnings per share equal to basic earnings per share for financial period ended 31 March 2020 and 31 March 2019.

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

25 June 2020