

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Financial Position as at 30 September 2020**

	Note	<u>GROUP</u>		<u>BANK</u>	
		30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<b>ASSETS</b>					
Cash and short-term funds		4,039,057	3,119,214	3,337,629	2,488,527
Deposits and placements with banks and other financial institutions		303,414	-	303,414	-
Amounts due from clients and brokers	A11	87,112	51,165	-	-
Financial assets at fair value through profit or loss	A12	604,619	650,114	534,425	585,722
Financial investments at fair value through other comprehensive income	A13	10,850,639	11,544,507	7,601,340	8,426,778
Financial investments at amortised cost	A14	1,359,849	121,299	1,329,581	170,405
Derivative financial assets	B11	314,681	436,910	314,681	436,910
Loans, advances and financing	A15	43,031,017	43,110,007	32,204,910	32,207,545
Other assets	A16	302,678	262,622	364,525	266,770
Tax recoverable		129,323	70,834	88,243	38,789
Statutory deposits		105,756	949,049	75,668	700,355
Investments in subsidiaries		-	-	909,102	909,102
Investment in joint venture		956	903	-	-
Right-of-use assets		125,020	129,139	124,981	129,077
Property, plant and equipment		59,008	64,486	58,003	63,448
Deferred tax assets		13,614	28,125	-	14,074
Intangible assets		440,142	437,086	336,508	332,680
<b>TOTAL ASSETS</b>		<b>61,766,885</b>	<b>60,975,460</b>	<b>47,583,010</b>	<b>46,770,182</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A17	48,702,895	48,425,852	37,202,224	36,702,989
Deposits and placements of banks and other financial institutions	A18	1,305,383	1,543,646	702,693	733,564
Amounts due to clients and brokers	A19	42,652	22,292	-	-
Financial liabilities designated at fair value through profit or loss	A20	410,576	427,085	410,576	427,085
Obligations on securities sold under repurchase agreements		-	369,469	-	221,387
Derivative financial liabilities	B11	316,623	348,877	316,623	348,877
Recourse obligations on loans and financing sold to Cagamas		1,105,195	800,695	300,094	300,053
Lease liabilities		127,362	130,223	127,316	130,150
Other liabilities	A21	1,635,234	1,388,066	1,486,644	1,253,186
Provision for zakat		1,040	1,245	-	-
Provision for taxation		3,772	-	-	-
Deferred tax liabilities		120,662	8,379	79,660	-
Subordinated obligations		1,581,113	1,520,637	1,480,812	1,480,254
<b>TOTAL LIABILITIES</b>		<b>55,352,507</b>	<b>54,986,466</b>	<b>42,106,642</b>	<b>41,597,545</b>
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,866,272	4,440,888	3,928,262	3,624,531
<b>TOTAL EQUITY</b>		<b>6,414,378</b>	<b>5,988,994</b>	<b>5,476,368</b>	<b>5,172,637</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>61,766,885</b>	<b>60,975,460</b>	<b>47,583,010</b>	<b>46,770,182</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>35,819,270</b>	<b>36,971,704</b>	<b>32,682,864</b>	<b>34,144,629</b>
<b>Net assets per share attributable to equity holders of the Bank (RM)*</b>		<b>4.14</b>	<b>3.87</b>	<b>3.54</b>	<b>3.34</b>

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

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements  
Unaudited Consolidated Statements of Income  
for the Financial Period Ended 30 September 2020**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>GROUP</b>					
Interest income	A22	460,632	517,897	941,310	1,038,855
Interest expense	A23	(205,723)	(277,934)	(445,177)	(552,773)
Net interest income		254,909	239,963	496,133	486,082
Net income from Islamic banking business	A24	92,562	91,872	187,612	184,993
		<b>347,471</b>	<b>331,835</b>	<b>683,745</b>	<b>671,075</b>
Fee and commission income	A25	86,053	69,534	147,213	138,209
Fee and commission expense	A25	(31,326)	(19,127)	(51,663)	(43,290)
Investment income	A25	76,940	32,286	137,837	46,851
Other income	A25	(4,692)	12,908	(21,078)	19,599
Other operating income	A25	126,975	95,601	212,309	161,369
Net income		474,446	427,436	896,054	832,444
Other operating expenses	A26	(190,595)	(196,152)	(377,344)	(392,279)
Operating profit before allowances		283,851	231,284	518,710	440,165
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(150,506)	(77,234)	(245,550)	(132,985)
(Allowance for)/write-back of expected credit losses on financial investments	A28	(412)	1,649	(461)	(47,756)
Allowance for impairment losses on non-financial assets	A29	-	(3,686)	-	(3,686)
Operating profit after allowances		132,933	152,013	272,699	255,738
Share of results of joint venture		31	18	53	49
Profit before taxation		132,964	152,031	272,752	255,787
Taxation	B6	(29,020)	(36,508)	(64,496)	(63,578)
Net profit for the financial period		<b>103,944</b>	<b>115,523</b>	<b>208,256</b>	<b>192,209</b>
<b>Net profit for the financial period attributable to:</b>					
Equity holders of the Bank		<b>103,944</b>	<b>115,523</b>	<b>208,256</b>	<b>192,209</b>
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	6.7	7.5	13.5	12.4
- Diluted (sen)	B14(b)	6.7	7.5	13.5	12.4

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 September 2020**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<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</b>	<b>103,944</b>	115,523	<b>208,256</b>	192,209
<b>Other comprehensive 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 gain from change in fair value	<b>108,988</b>	71,210	<b>319,033</b>	144,077
- Realised gain transferred to statement of income on disposal	<b>(22,221)</b>	(9,577)	<b>(33,880)</b>	(14,175)
- Transfer to deferred tax	<b>(20,825)</b>	(14,791)	<b>(68,437)</b>	(31,176)
- Changes in expected credit losses	<b>480</b>	16	<b>412</b>	(9,421)
Other comprehensive income, net of tax	<b>66,422</b>	46,858	<b>217,128</b>	89,305
<b>Total comprehensive income for the financial period</b>	<b>170,366</b>	162,381	<b>425,384</b>	281,514
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	<b>170,366</b>	162,381	<b>425,384</b>	281,514

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 2020.

**ALLIANCE BANK MALAYSIA BERHAD**

**198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**

**Unaudited Statements of Income**

**for the Financial Period Ended 30 September 2020**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>BANK</b>					
Interest income	A22	447,863	505,978	916,690	1,014,630
Interest expense	A23	(201,762)	(266,355)	(435,513)	(529,766)
Net interest income		246,101	239,623	481,177	484,864
Fee and commission income	A25	62,825	61,353	109,619	121,159
Fee and commission expense	A25	(22,246)	(16,947)	(37,821)	(39,582)
Investment income	A25	78,288	25,486	138,825	66,484
Other income	A25	(4,654)	13,247	(21,000)	20,249
Other operating income	A25	114,213	83,139	189,623	168,310
Net income		360,314	322,762	670,800	653,174
Other operating expenses	A26	(150,033)	(149,792)	(291,883)	(303,062)
Operating profit before allowances		210,281	172,970	378,917	350,112
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(101,395)	(48,695)	(162,516)	(90,679)
(Allowance for)/write-back of expected credit losses on financial investments	A28	(430)	876	(414)	(23,797)
Profit before taxation		108,456	125,151	215,987	235,636
Taxation	B6	(21,875)	(29,459)	(49,224)	(51,285)
Net profit for the financial period		86,581	95,692	166,763	184,351
<b>Net profit for the financial period attributable to:</b>					
Equity holders of the Bank		86,581	95,692	166,763	184,351
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	5.6	6.2	10.8	11.9
- Diluted (sen)	B14(b)	5.6	6.2	10.8	11.9

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements  
Unaudited Statements of Comprehensive Income  
for the Financial Period Ended 30 September 2020**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2020</b>	2019	<b>2020</b>	2019
<b><u>BANK</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Net profit for the financial period</b>	<b>86,581</b>	95,692	<b>166,763</b>	184,351
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain from change in fair value	<b>73,042</b>	38,388	<b>212,842</b>	85,551
- Realised gain transferred to statement of income on disposal	<b>(21,238)</b>	(6,624)	<b>(32,897)</b>	(10,482)
- Transfer to deferred tax	<b>(12,433)</b>	(7,624)	<b>(43,187)</b>	(18,017)
- Changes in expected credit losses	<b>248</b>	6	<b>210</b>	(20)
Other comprehensive income, net of tax	<b>39,619</b>	24,146	<b>136,968</b>	57,032
<b>Total comprehensive income for the financial period</b>	<b>126,200</b>	119,838	<b>303,731</b>	241,383
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	<b>126,200</b>	119,838	<b>303,731</b>	241,383

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 2020.

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

**Unaudited Consolidated Statements of Changes in Equity for the Financial Period Ended 30 September 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>GROUP</b>						
At 1 April 2020	1,548,106	224,579	100,150	141,312	3,974,847	5,988,994
Net profit for the financial period	-	-	-	-	208,256	208,256
Other comprehensive income	-	-	-	217,128	-	217,128
Total comprehensive income for the financial period	-	-	-	217,128	208,256	425,384
Transfer from regulatory reserves	-	(203,578)	-	-	203,578	-
<b>At 30 September 2020</b>	<b>1,548,106</b>	<b>21,001</b>	<b>100,150</b>	<b>358,440</b>	<b>4,386,681</b>	<b>6,414,378</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	-	-	-	-	(9,521)	(9,521)
As restated	1,548,106	178,397	100,150	78,513	3,818,155	5,723,321
Net profit for the financial period	-	-	-	-	192,209	192,209
Other comprehensive income	-	-	-	89,305	-	89,305
Total comprehensive income for the financial period	-	-	-	89,305	192,209	281,514
Transfer to regulatory reserves	-	4,122	-	-	(4,122)	-
Dividends paid to shareholders	-	-	-	-	(126,945)	(126,945)
At 30 September 2019	1,548,106	182,519	100,150	167,818	3,879,297	5,877,890

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 2020.

**ALLIANCE BANK MALAYSIA BERHAD**

**198201008390 (88103-W)**

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**Condensed Interim Financial Statements**

**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2020 (Contd.)**

	← 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>BANK</b>						
At 1 April 2020	1,548,106	182,292	15,515	79,834	3,346,890	5,172,637
Net profit for the financial period	-	-	-	-	166,763	166,763
Other comprehensive income	-	-	-	136,968	-	136,968
Total comprehensive income for the financial period	-	-	-	136,968	166,763	303,731
Transfer from regulatory reserves	-	(168,042)	-	-	168,042	-
<b>At 30 September 2020</b>	<b>1,548,106</b>	<b>14,250</b>	<b>15,515</b>	<b>216,802</b>	<b>3,681,695</b>	<b>5,476,368</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	-	-	-	-	(9,508)	(9,508)
As restated	1,548,106	160,798	95,515	36,831	3,119,081	4,960,331
Net profit for the financial period	-	-	-	-	184,351	184,351
Other comprehensive income	-	-	-	57,032	-	57,032
Total comprehensive income for the financial period	-	-	-	57,032	184,351	241,383
Transfer to regulatory reserves	-	(3,220)	-	-	3,220	-
Dividends paid to shareholders	-	-	-	-	(126,945)	(126,945)
At 30 September 2019	1,548,106	157,578	95,515	93,863	3,179,707	5,074,769

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 2020.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2020**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>272,752</b>	255,787	<b>215,987</b>	235,636
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	<b>(11,408)</b>	(43,540)	<b>(11,304)</b>	(43,219)
Allowance for expected credit losses on loans, advances and financing	<b>222,186</b>	130,221	<b>151,071</b>	88,729
Allowance for expected credit losses on commitment and contingencies on loans, advances and financing	<b>14,061</b>	784	<b>6,585</b>	827
Allowance for expected credit losses on financial investments	<b>461</b>	47,756	<b>414</b>	23,797
Allowance for expected credit losses on amounts due from clients and brokers	<b>(3)</b>	-	<b>-</b>	-
Allowance for expected credit losses on other receivables	<b>1,210</b>	2,042	<b>1,028</b>	1,959
Allowance for/(write-back of) expected credit losses on short term funds	<b>27</b>	(27)	<b>27</b>	(27)
Allowance for impairment losses on non-financial assets	<b>-</b>	3,686	<b>-</b>	-
Amortisation of computer software	<b>20,096</b>	17,821	<b>19,344</b>	17,079
Depreciation of property, plant and equipment	<b>10,650</b>	11,716	<b>10,417</b>	11,420
Depreciation of right-of-use assets	<b>12,598</b>	12,132	<b>12,575</b>	12,103
Dividends from financial assets at fair value through profit or loss	<b>(1,480)</b>	(1,299)	<b>(931)</b>	(749)
Dividends from subsidiaries	<b>-</b>	-	<b>(8,322)</b>	(27,604)
Interest expense on lease liabilities	<b>3,401</b>	3,771	<b>3,399</b>	3,767
Interest expense on subordinated obligations	<b>42,270</b>	42,266	<b>42,376</b>	42,362
Interest expense on recourse obligations on loans and financing sold to Cagamas	<b>6,851</b>	6,850	<b>6,851</b>	6,850
Interest income from financial investments at amortised cost	<b>(8,696)</b>	(4,273)	<b>(12,281)</b>	(6,876)
Interest income from financial investments at fair value through other comprehensive income	<b>(171,952)</b>	(155,817)	<b>(155,228)</b>	(144,945)
Computer software written-off	<b>-</b>	4,375	<b>-</b>	4,375
Property, plant and equipment written-off	<b>70</b>	71	<b>70</b>	44
Net gain from sale of financial assets at fair value through profit or loss	<b>(9,303)</b>	(6,078)	<b>(9,303)</b>	(5,958)
Net gain from sale of financial investments at fair value through other comprehensive income	<b>(33,880)</b>	(14,175)	<b>(32,897)</b>	(10,482)
Net gain from sale of other investments	<b>-</b>	(9)	<b>-</b>	(9)
Unrealised loss/(gain) arising from derivative instruments	<b>84,075</b>	(24,067)	<b>84,075</b>	(24,067)
Unrealised gain arising from financial assets at fair value through profit or loss	<b>(28,232)</b>	(16,680)	<b>(22,430)</b>	(13,072)
Unrealised (gain)/loss arising from financial liabilities designated at fair value through profit or loss	<b>(10,337)</b>	31,246	<b>(10,337)</b>	31,246
Share of results of joint venture	<b>(53)</b>	(49)	<b>-</b>	-
Zakat	<b>-</b>	39	<b>-</b>	-
Cash flow from operating activities before working capital changes carried forward	<b>415,364</b>	304,549	<b>291,186</b>	203,186



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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2020 (Contd.)**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (contd.)</b>				
Cash flow from operating activities before working capital changes brought forward:	<b>415,364</b>	304,549	<b>291,186</b>	203,186
Changes in working capital:				
Amounts due (from)/to clients and brokers	<b>(15,587)</b>	2,149	-	-
Deposits from customers	<b>277,043</b>	1,078,637	<b>499,235</b>	401,803
Deposits and placements of banks and other financial institutions	<b>(238,263)</b>	832,344	<b>(30,871)</b>	348,983
Deposits and placements with banks and other financial institutions	<b>(303,414)</b>	500	<b>(303,414)</b>	-
Financial liabilities designated at fair value through profit or loss	<b>(6,172)</b>	(518,784)	<b>(6,172)</b>	(518,784)
Proceeds from redemption/disposal of financial assets at fair value through profit or loss (net of purchase)	<b>75,765</b>	(96,689)	<b>75,765</b>	(96,807)
Loans, advances and financing	<b>(143,195)</b>	(568,006)	<b>(148,437)</b>	218,632
Other assets	<b>(40,813)</b>	(39,924)	<b>(98,326)</b>	33,080
Other liabilities	<b>233,106</b>	(267,993)	<b>226,871</b>	(268,466)
Obligations on securities sold under repurchase agreements	<b>(369,469)</b>	-	<b>(221,387)</b>	-
Statutory deposits	<b>843,293</b>	(97,037)	<b>624,687</b>	(53,017)
Cash generated from operations	<b>727,658</b>	629,746	<b>909,137</b>	268,610
Taxation paid	<b>(60,857)</b>	(82,035)	<b>(48,132)</b>	(57,901)
Zakat paid	<b>(205)</b>	(5)	-	-
Net cash generated from operating activities	<b>666,596</b>	547,706	<b>861,005</b>	210,709
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from financial assets at fair value through profit or loss	<b>1,480</b>	1,299	<b>931</b>	749
Dividends from subsidiaries	-	-	<b>8,322</b>	27,604
Interest received from financial assets at fair value through profit or loss	<b>7,265</b>	1,565	<b>7,265</b>	1,565
Interest received from financial investments at fair value through other comprehensive income	<b>181,501</b>	165,673	<b>162,969</b>	154,814
Interest (paid)/received from financial investments at amortised costs	<b>(3,277)</b>	4,666	<b>2,535</b>	8,146
Net changes for derivative instruments	<b>5,899</b>	(21,447)	<b>5,899</b>	(21,447)
Purchase of computer software	<b>(23,153)</b>	(21,758)	<b>(23,173)</b>	(21,298)
Purchase of property, plant and equipment	<b>(5,246)</b>	(14,475)	<b>(5,042)</b>	(14,157)
Purchase of:				
- financial investments at fair value through other comprehensive income	<b>(2,285,034)</b>	(2,526,564)	<b>(2,009,848)</b>	(1,893,766)
- financial investments at amortised cost	<b>(1,479,681)</b>	-	<b>(1,232,114)</b>	-
Proceed from redemption/disposal of:				
- financial investments at fair value through other comprehensive income	<b>3,279,823</b>	1,879,465	<b>3,031,718</b>	1,324,393
- financial investments at amortised cost	<b>273,029</b>	5,258	<b>102,452</b>	80,343
Net cash (used in)/generated from investing activities	<b>(47,394)</b>	(526,318)	<b>51,914</b>	(353,054)

**ALLIANCE BANK MALAYSIA BERHAD**

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**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2020 (Contd.)**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders of the company	-	(126,945)	-	(126,945)
Interest paid on subordinated obligations	<b>(41,794)</b>	(42,008)	<b>(41,818)</b>	(41,937)
Interest paid on recourse obligations on loans and financing sold to Cagamas	<b>(2,354)</b>	(6,837)	<b>(6,814)</b>	(6,878)
Repayment from recourse obligations on loans and financing sold to Cagamas	<b>300,003</b>	-	-	-
Repayment of lease liabilities	<b>(15,214)</b>	(14,989)	<b>(15,185)</b>	(14,960)
Proceeds from issuance of subordinated notes	<b>60,000</b>	40,000	-	-
Net cash generated from/(used in) financing activities	<b>300,641</b>	(150,779)	<b>(63,817)</b>	(190,720)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>919,843</b>	(129,391)	<b>849,102</b>	(333,065)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>3,119,214</b>	1,804,734	<b>2,488,527</b>	1,571,995
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>4,039,057</b>	1,675,343	<b>3,337,629</b>	1,238,930
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short-term funds	<b>4,039,057</b>	1,675,343	<b>3,337,629</b>	1,238,930

**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 second quarter and financial half year ended 30 September 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 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and Bank since the financial year ended 31 March 2020.

(a) 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 2020 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2020:

- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 101 "Presentation of Financial Statements" and MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Revised Conceptual Framework
- Amendments to MFRS 9, MFRS 139 and MFRS 7 "Interest Rate Benchmark Reform"

The adoption of the above standards, amendments to published standards and interpretations to existing standards are not expected to have any significant impact on the financial statements of the Group and the Bank.

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.

(b) Measures to Assist Individuals, Small-Medium Enterprises ("SMEs") and Corporates Affected by COVID-19

On 24 March 2020, BNM had announced that banking institutions would grant a 6 months automatic moratorium on repayments of loans and financing from 1 April 2020 to all small and medium enterprises and individuals to alleviate the financial difficulties of customers impacted by the COVID-19 pandemic. The 6 months moratorium granted is applicable for loans denominated in Ringgit Malaysia (does not apply to credit card balances), that have not been in arrears for more than 90 days as at 1 April 2020.

Banking institutions will also facilitate requests by corporate customers to defer or restructure their loans or financing repayments in a way that will enable viable corporations to preserve jobs and resume economic activities when conditions stabilised and improved.

The moratorium should not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment.

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**A2 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the annual financial statements for the financial year ended 31 March 2020 was not qualified.

**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 second quarter and financial half year ended 30 September 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 second quarter and financial half year ended 30 September 2020.

**A5 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the second quarter and financial half year ended 30 September 2020.

**A6 Debt and Equity Securities**

There were no issuance nor repayment of debt and equity securities during the second quarter and financial half year ended 30 September 2020.

**A7 Dividend Paid**

No dividend has been paid during the second quarter and financial half year ended 30 September 2020.

**A8 Significant Events**

There were no significant events during the second quarter and financial half year ended 30 September 2020.

**A9 Material Events Subsequent to the End of the Financial Reporting Period**

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

**A10 Related Party Transactions**

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

**A11 Amounts Due From Clients And Brokers**

	<u>GROUP</u>	
	30 September 2020 RM'000	31 March 2020 RM'000
Due from clients	80,076	51,168
Due from brokers	7,036	-
	<u>87,112</u>	<u>51,168</u>
Less:		
Allowance for expected credit losses	-	(3)
	<u>87,112</u>	<u>51,165</u>

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

AIBB's normal trade credit terms for non-margin clients is two (2) market days in accordance with the Bursa Malaysia Securities Berhad's ("Bursa") Fixed Delivery and Settlement System ("FDSS") trading rules.

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

	<u>Lifetime ECL</u>	
<u>GROUP</u>	30 September 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	3	839
(Write-back of)/allowance made during the financial period/year (net)	(3)	3
Written-off during the financial period/year	-	(839)
At end of financial period/year	<u>-</u>	<u>3</u>

As at 30 September 2020, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM NIL (31 March 2020: RM20,000).

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	304,700	281,147	304,700	281,147
Malaysian Government investment issues	74,815	156,782	74,815	156,782
	<u>379,515</u>	<u>437,929</u>	<u>379,515</u>	<u>437,929</u>
<u>Unquoted securities:</u>				
Shares	225,104	202,160	154,910	137,768
Corporate bonds and sukuk	-	10,025	-	10,025
	<u>225,104</u>	<u>212,185</u>	<u>154,910</u>	<u>147,793</u>
Total financial assets at FVTPL	<u>604,619</u>	<u>650,114</u>	<u>534,425</u>	<u>585,722</u>

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	1,949,793	2,629,580	1,800,070	2,423,247
Malaysian Government investment certificates	3,869,707	3,678,013	2,451,044	2,335,412
Negotiable instruments of deposits	50,045	-	350,057	505,225
Commercial papers	-	169,217	-	139,532
	<b>5,869,545</b>	<b>6,476,810</b>	<b>4,601,171</b>	<b>5,403,416</b>
<u>Quoted securities:</u>				
Shares	16	5	16	5
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,981,078	5,067,692	3,000,153	3,023,357
Total financial investments at FVOCI	<b>10,850,639</b>	<b>11,544,507</b>	<b>7,601,340</b>	<b>8,426,778</b>

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>GROUP</b>				
At 1 April 2020	138	208	-	346
Transfer to Stage 2	-	336	-	336
New financial investments originated or purchased	14	-	-	14
Financial investments derecognised other than write-off	(19)	-	-	(19)
Changes due to change in credit risk	63	18	-	81
Total charge to income statement	58	354	-	412
<b>At 30 September 2020</b>	<b>196</b>	<b>562</b>	<b>-</b>	<b>758</b>
At 1 April 2019	120	444	9,409	9,973
New financial investments originated or purchased	59	-	-	59
Financial investments derecognised other than write-off	(29)	-	-	(29)
Changes due to change in credit risk	(12)	(236)	-	(248)
Total charge to/(write-back from) income statement	18	(236)	-	(218)
Write-off	-	-	(9,409)	(9,409)
At 31 March 2020	138	208	-	346

**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 <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	<u>Total</u> RM'000
<b><u>BANK</u></b>			
At 1 April 2020	71	151	222
Transfer to Stage 2	-	154	154
New financial investments originated or purchased	14	-	14
Financial investments derecognised other than write-off	(7)	-	(7)
Changes due to change in credit risk	41	8	49
Total charge to income statement	48	162	210
<b>At 30 September 2020</b>	<b>119</b>	<b>313</b>	<b>432</b>
At 1 April 2019	55	327	382
New financial investments originated or purchased	43	-	43
Financial investments derecognised other than write-off	(25)	-	(25)
Changes due to change in credit risk	(2)	(176)	(178)
Total charge to/(write-back from) income statement	16	(176)	(160)
At 31 March 2020	71	151	222

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

	30 September 2020 RM'000	31 March 2020 RM'000
<b><u>GROUP</u></b>		
At beginning of financial period/year	-	9,409
Write-off during the financial period/year	-	(9,409)
At end of financial period/year	-	-

**A14 Financial Investments at Amortised Cost**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	248,467	-	248,467	-
Malaysian Government investment issues	990,207	-	776,575	-
Negotiable instruments of deposits	-	-	134,353	-
	<u>1,238,674</u>	<u>-</u>	<u>1,159,395</u>	<u>-</u>
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	122,362	170,681	171,318	195,455
Allowance for expected credit losses	(1,187)	(49,382)	(1,132)	(25,050)
	<u>121,175</u>	<u>121,299</u>	<u>170,186</u>	<u>170,405</u>
Total financial investments at amortised cost	<u><b>1,359,849</b></u>	<u>121,299</u>	<u><b>1,329,581</b></u>	<u>170,405</u>

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>GROUP</b>				
At 1 April 2020	308	-	49,074	49,382
Total charge to income statement due to change in credit risk	49	-	-	49
Write-off	-	-	(48,244)	(48,244)
<b>At 30 September 2020</b>	<u>357</u>	<u>-</u>	<u>830</u>	<u>1,187</u>
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
Financial investments derecognised other than write-off	(26)	-	-	(26)
Changes due to change in credit risk	161	1,112	(12,511)	(11,238)
Total charge to/(write-back from) income statement	266	(540)	37,489	37,215
Write-off	-	-	(2,608)	(2,608)
At 31 March 2020	<u>308</u>	<u>-</u>	<u>49,074</u>	<u>49,382</u>



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

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

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b><u>BANK</u></b>				
At 1 April 2020	372	-	24,678	25,050
Total charge to income statement due to change in credit risk	204	-	-	204
Write-off	-	-	(24,122)	(24,122)
<b>At 30 September 2020</b>	<b>576</b>	<b>-</b>	<b>556</b>	<b>1,132</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
Financial investments derecognised other than write-off	(23)	-	-	(23)
Changes due to change in credit risk	42	556	(1,616)	(1,018)
Total charge to/(write-back from) income statement	42	(270)	23,384	23,156
At 31 March 2020	372	-	24,678	25,050

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>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	49,090	18,565	24,678	1,294
Impaired during the financial period/year	-	50,000	-	25,000
Write-back during the financial period/year	-	(16,867)	-	(1,616)
Write-off during the financial period/year	(48,244)	(2,608)	(24,122)	-
At end of financial period/year	<b>846</b>	<b>49,090</b>	<b>556</b>	<b>24,678</b>

**A15 Loans, Advances and Financing**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<b>At amortised cost</b>				
Overdrafts	3,645,963	4,310,148	2,135,060	2,611,587
Term loans/financing				
- Housing loans/financing	14,373,652	14,215,071	10,830,610	10,795,294
- Syndicated term loans/financing	375,404	387,090	332,962	344,603
- Hire purchase receivables	745,720	794,286	550,369	579,454
- Other term loans/financing	17,529,084	16,484,532	13,343,362	12,518,922
Bills receivables	318,821	544,009	298,215	494,913
Trust receipts	1,387,787	234,538	1,030,917	180,322
Claims on customers under acceptance credits	1,917,204	3,198,311	1,491,802	2,399,619
Staff loans				
(Loan to Directors:RM Nil [31 March 2020:RM Nil])	19,824	20,799	4,482	4,893
Credit/charge card receivables	535,525	591,475	535,525	591,475
Revolving credits	1,749,801	1,914,081	1,118,343	1,216,715
Share margin financing	1,152,236	974,005	985,434	816,975
Gross loans, advances and financing	43,751,021	43,668,345	32,657,081	32,554,772
Add: Sales commissions and handling fees	96,570	100,930	107,462	112,016
Less: Allowance for expected credit losses on loans, advances and financing	(816,574)	(659,268)	(559,633)	(459,243)
Total net loans, advances and financing	43,031,017	43,110,007	32,204,910	32,207,545

- (a) 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 RM54,795,000 as at 30 September 2020 (31 March 2020: RM74,795,000).
- (b) The modification loss arising from the 6-month payment moratorium amounting to RM56,709,000 and RM22,898,000 for the Group and the Bank respectively is netted off against the gross loans, advances and financing balance.

**A15a By maturity structure:**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Within one year	10,997,218	12,002,775	7,799,595	8,492,153
One year to three years	1,732,729	1,818,830	1,278,257	1,420,933
Three years to five years	2,528,010	2,566,390	1,873,119	1,839,745
Over five years	28,493,064	27,280,350	21,706,110	20,801,941
Gross loans, advances and financing	43,751,021	43,668,345	32,657,081	32,554,772

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

**A15b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Domestic banking institutions	-	7	-	7
Domestic non-bank financial institutions	440,301	378,014	332,081	313,198
Domestic business enterprises				
- Small and medium enterprises	13,031,989	12,028,450	10,267,719	9,313,262
- Others	6,491,413	7,920,797	4,857,080	5,949,200
Government and statutory bodies	59,640	61,158	59,640	61,158
Individuals	23,034,573	22,586,345	16,552,936	16,329,172
Other domestic entities	27,375	28,176	2,274	1,955
Foreign entities	665,730	665,398	585,351	586,820
<b>Gross loans, advances and financing</b>	<b>43,751,021</b>	<b>43,668,345</b>	<b>32,657,081</b>	<b>32,554,772</b>

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Fixed rate				
- Housing loans/financing	29,159	29,878	5,610	5,717
- Hire purchase receivables	731,815	779,425	536,479	564,614
- Other fixed rate loans/financing	6,321,733	6,491,640	4,280,377	4,348,004
Variable rate				
- Base lending rate plus	24,353,156	24,771,256	19,780,812	20,145,220
- Base rate plus	7,946,615	7,296,462	4,711,072	4,293,863
- Cost plus	4,368,543	4,299,684	3,342,731	3,197,354
<b>Gross loans, advances and financing</b>	<b>43,751,021</b>	<b>43,668,345</b>	<b>32,657,081</b>	<b>32,554,772</b>

**A15d** By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Purchase of securities	1,280,308	1,075,829	1,113,506	918,799
Purchase of transport vehicles	547,701	591,753	378,278	403,320
Purchase of landed property	22,441,141	22,253,657	17,393,220	17,374,582
of which: - Residential	15,287,999	15,139,741	11,671,422	11,644,268
- Non-residential	7,153,142	7,113,916	5,721,798	5,730,314
Purchase of fixed assets excluding land & buildings	298,309	310,707	241,781	253,435
Personal use	5,821,341	5,596,799	3,108,272	2,992,022
Credit card	535,525	591,475	535,525	591,475
Construction	880,128	917,764	776,256	821,135
Working capital	9,377,365	9,834,498	7,165,184	7,304,339
Others	2,569,203	2,495,863	1,945,059	1,895,665
<b>Gross loans, advances and financing</b>	<b>43,751,021</b>	<b>43,668,345</b>	<b>32,657,081</b>	<b>32,554,772</b>

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

**A15e** By economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000
Primary agriculture	1,181,927	1,182,797	770,077	785,972
Mining and quarrying	210,313	217,775	164,557	170,095
Manufacturing	4,535,017	4,649,052	3,487,220	3,457,224
Electricity, gas and water	30,714	64,751	30,033	64,102
Construction	1,395,590	1,450,390	1,078,445	1,119,984
Wholesale, retail trade, restaurants and hotels	7,017,380	7,205,291	5,626,753	5,704,536
Transport, storage and communication	736,820	734,344	587,206	558,353
Financing, insurance, real estate and business services	4,558,814	4,526,853	3,510,348	3,514,669
Community, social and personal services	367,385	365,025	250,565	248,597
Household	23,694,984	23,241,404	17,132,968	16,905,652
Others	22,077	30,663	18,909	25,588
Gross loans, advances and financing	<b>43,751,021</b>	43,668,345	<b>32,657,081</b>	32,554,772

**A15f** By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000
Northern region	3,168,483	3,201,596	2,223,593	2,213,240
Central region	31,142,750	31,069,178	23,429,354	23,443,133
Southern region	5,448,110	5,398,941	4,187,702	4,108,062
Sabah region	2,988,491	2,935,679	2,040,174	2,047,712
Sarawak region	1,003,187	1,062,951	776,258	742,625
Gross loans, advances and financing	<b>43,751,021</b>	43,668,345	<b>32,657,081</b>	32,554,772

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000
At beginning of financial period/year	871,340	476,602	638,343	369,124
Impaired during the financial period/year	193,289	1,170,873	164,845	839,485
Recovered during the financial period/year	(20,575)	(76,964)	(16,262)	(64,860)
Reclassified as unimpaired during the financial period/year	(153,135)	(441,903)	(118,546)	(336,748)
Financial assets derecognised other than write-off during the financial period/year	(42,248)	(100,252)	(33,290)	(64,291)
Amount written-off	(84,325)	(157,016)	(64,062)	(104,367)
At end of financial period/year	<b>764,346</b>	871,340	<b>571,028</b>	638,343
Gross impaired loans as % of gross loans, advances and financing	<b>1.75%</b>	2.00%	<b>1.75%</b>	1.96%

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

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Purchase of transport vehicles	21,306	24,748	16,208	18,904
Purchase of landed property	422,131	443,777	317,573	326,689
of which: - Residential	310,512	364,862	231,620	275,103
- Non-residential	111,619	78,915	85,953	51,586
Purchase of fixed assets excluding land & buildings	12,711	22,100	12,359	21,748
Personal use	153,462	194,075	93,664	112,748
Credit card	4,641	11,153	4,641	11,153
Construction	8,121	8,120	8,121	8,120
Working capital	94,212	131,961	72,803	106,223
Others	47,762	35,406	45,659	32,758
Gross impaired loans	<b>764,346</b>	<b>871,340</b>	<b>571,028</b>	<b>638,343</b>

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Primary agriculture	1,665	1,706	538	578
Mining and quarrying	1,427	1,478	1,427	1,478
Manufacturing	64,444	76,982	57,357	69,081
Construction	35,788	48,823	22,137	34,653
Wholesale, retail trade, restaurants and hotels	94,457	112,821	68,021	81,132
Transport, storage and communication	6,348	6,138	4,300	4,090
Financing, insurance, real estate and business services	67,053	30,232	65,793	29,031
Community, social and personal services	3,112	3,101	3,112	3,101
Household	488,894	588,904	347,185	414,044
Others	1,158	1,155	1,158	1,155
Gross impaired loans	<b>764,346</b>	<b>871,340</b>	<b>571,028</b>	<b>638,343</b>

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Northern region	69,981	85,202	47,049	60,317
Central region	566,251	623,066	422,572	449,333
Southern region	91,014	118,968	73,572	94,908
Sabah region	27,114	32,649	19,977	24,474
Sarawak region	9,986	11,455	7,858	9,311
Gross impaired loans	<b>764,346</b>	<b>871,340</b>	<b>571,028</b>	<b>638,343</b>

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

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

<b>GROUP</b>	<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>
At 1 April 2020	96,553	269,287	293,428	659,268
Transfer to Stage 1	88,161	(119,865)	(3,647)	(35,351)
Transfer to Stage 2	(40,093)	170,077	(24,941)	105,043
Transfer to Stage 3	(89)	(13,211)	29,830	16,530
New financial assets originated or purchased	33,669	68,730	8,678	111,077
Financial assets derecognised other than write-off	(25,927)	(67,513)	(12,866)	(106,306)
Changes due to change in credit risk	69,635	59,488	2,144	131,267
Other adjustments	(26)	(35)	(13)	(74)
	<b>125,330</b>	<b>97,671</b>	<b>(815)</b>	<b>222,186</b>
Unwinding of discount	-	-	(3,663)	(3,663)
Total charge to/(write-back from) income statement	<b>125,330</b>	<b>97,671</b>	<b>(4,478)</b>	<b>218,523</b>
Write-off	-	(51)	(61,166)	(61,217)
<b>At 30 September 2020</b>	<b>221,883</b>	<b>366,907</b>	<b>227,784</b>	<b>816,574</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
Financial assets derecognised other than write-off	(26,835)	(138,100)	(27,367)	(192,302)
Changes due to change in credit risk	6,655	71,828	(20,379)	58,104
Other adjustments	16	33	12	61
	<b>23,877</b>	<b>57,937</b>	<b>204,946</b>	<b>286,760</b>
Unwinding of discount	-	-	(9,410)	(9,410)
Total charge to income statement	<b>23,877</b>	<b>57,937</b>	<b>195,536</b>	<b>277,350</b>
Write-off	(3)	(1,169)	(119,573)	(120,745)
At 31 March 2020	96,553	269,287	293,428	659,268

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

**A15k** Movements in 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 2020	63,677	177,196	218,370	459,243
Transfer to Stage 1	52,555	(79,038)	(2,311)	(28,794)
Transfer to Stage 2	(24,545)	111,144	(18,927)	67,672
Transfer to Stage 3	(24)	(10,439)	23,322	12,859
New financial assets originated or purchased	23,639	52,083	7,349	83,071
Financial assets derecognised other than write-off	(18,001)	(47,759)	(10,471)	(76,231)
Changes due to change in credit risk	44,568	44,149	3,851	92,568
Other adjustments	(26)	(35)	(13)	(74)
	<b>78,166</b>	<b>70,105</b>	<b>2,800</b>	<b>151,071</b>
Unwinding of discount	-	-	(1,688)	(1,688)
Total charge to income statement	<b>78,166</b>	<b>70,105</b>	<b>1,112</b>	<b>149,383</b>
Write-off	-	-	(48,993)	(48,993)
<b>At 30 September 2020</b>	<b>141,843</b>	<b>247,301</b>	<b>170,489</b>	<b>559,633</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
Financial assets derecognised other than write-off	(17,721)	(114,040)	(18,108)	(149,869)
Changes due to change in credit risk	4,962	37,191	(20,077)	22,076
Other adjustments	16	33	12	61
	<b>14,542</b>	<b>35,221</b>	<b>134,329</b>	<b>184,092</b>
Unwinding of discount	-	-	(6,612)	(6,612)
Total charge to income statement	<b>14,542</b>	<b>35,221</b>	<b>127,717</b>	<b>177,480</b>
Write-off	-	(647)	(80,679)	(81,326)
At 31 March 2020	<b>63,677</b>	<b>177,196</b>	<b>218,370</b>	<b>459,243</b>

**A16 Other Assets**

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September</b> <b>2020</b> <b>RM'000</b>	<b>31 March</b> <b>2020</b> <b>RM'000</b>	<b>30 September</b> <b>2020</b> <b>RM'000</b>	<b>31 March</b> <b>2020</b> <b>RM'000</b>
Other receivables	99,597	65,827	118,942	50,114
Collateral pledged for derivative transactions	74,042	137,005	74,042	136,767
Settlement account	127,773	56,352	127,773	56,352
Deposits	8,779	8,984	8,155	8,330
Prepayment	31,755	32,495	28,812	29,361
Amounts due from subsidiaries	-	-	40,700	18,680
Amount due from joint venture	137	171	255	309
	<b>342,083</b>	<b>300,834</b>	<b>398,679</b>	<b>299,913</b>
Less:				
Allowance for expected credit losses on other receivables [Note (a)]	(39,405)	(38,212)	(34,154)	(33,143)
	<b>302,678</b>	<b>262,622</b>	<b>364,525</b>	<b>266,770</b>

Note:

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

	<u>GROUP</u>		<u>BANK</u>	
	<u>Lifetime</u> <u>ECL</u> <b>30 September</b> <b>2020</b> <b>RM'000</b>	<u>Lifetime</u> <u>ECL</u> <b>31 March</b> <b>2020</b> <b>RM'000</b>	<u>Lifetime</u> <u>ECL</u> <b>30 September</b> <b>2020</b> <b>RM'000</b>	<u>Lifetime</u> <u>ECL</u> <b>31 March</b> <b>2020</b> <b>RM'000</b>
At beginning of financial period/year	38,212	34,385	33,143	29,604
New financial assets originated or purchased	44	299	-	-
Financial assets derecognised other than write-off	(45)	(179)	-	-
Changes due to change in credit risk	1,211	3,707	1,028	3,539
Total charge to income statement	1,210	3,827	1,028	3,539
Write-off	(17)	-	(17)	-
<b>At end of financial period/year</b>	<b>39,405</b>	<b>38,212</b>	<b>34,154</b>	<b>33,143</b>

As at 30 September 2020, the Group and the Bank's gross exposure of other receivables that are under lifetime ECL was at RM39,405,000 and RM34,154,000 (31 March 2020: RM38,212,000 and RM33,143,000) respectively.

(b) As disclosed in Note A18, the Group and the Bank have received a government financing scheme for the purposes of lending to small and medium enterprises ("SMEs") at below market rate. Included as part of Other Assets is the deferred loss recognised on the SMEs loan/financing at below market/concession rates amounting to RM35,060,000 and RM70,707,000 for the Group and the Bank. The deferred amount will be amortised over the tenure of the respective SMEs loans/financing.



**A17 Deposits from Customers**

**A17a** By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<b>Amortised cost</b>				
Demand deposits	18,126,136	16,336,793	14,226,962	12,940,524
Savings deposits	1,993,739	1,794,343	1,605,857	1,455,337
Fixed/investment deposits	26,037,988	26,860,214	19,541,077	20,127,431
Money market deposits	2,464,700	3,091,717	1,759,325	1,848,021
Negotiable instruments of deposits	80,332	342,785	69,003	331,676
	<b>48,702,895</b>	<b>48,425,852</b>	<b>37,202,224</b>	<b>36,702,989</b>

**A17b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Domestic financial institutions	126,881	346,226	187,275	378,170
Domestic non-bank financial institutions	3,173,561	2,867,100	2,325,176	1,749,057
Government and statutory bodies	4,092,054	4,553,365	2,056,269	2,663,444
Business enterprises	17,263,201	17,528,515	13,383,692	13,143,178
Individuals	22,487,132	21,637,127	17,900,125	17,491,535
Foreign entities	827,374	813,970	717,277	712,076
Others	732,692	679,549	632,410	565,529
	<b>48,702,895</b>	<b>48,425,852</b>	<b>37,202,224</b>	<b>36,702,989</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>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Due within six months	22,268,503	21,708,936	17,032,499	16,266,375
Six months to one year	5,700,478	7,853,476	4,192,934	5,868,205
One year to three years	497,285	619,982	132,955	165,879
Three years to five years	116,754	112,322	11,017	6,669
	<b>28,583,020</b>	<b>30,294,716</b>	<b>21,369,405</b>	<b>22,307,128</b>

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Licensed banks	283,711	814,332	3,538	464,076
Licensed Investment banks	100,030	250,137	-	-
Bank Negara Malaysia	921,642	479,177	699,155	269,488
	<u>1,305,383</u>	<u>1,543,646</u>	<u>702,693</u>	<u>733,564</u>

Included as part of Deposit and Placement of Banks and Other Financial Institutions is government financing scheme received by the Group and the Bank amounting to RM604,330,000 respectively for the purpose of SMEs lending at a below market/concession rate with a six-year maturity. The benefit arising from the placement of funds with the Group and the Bank respectively is applied to address the financial and accounting impact incurred from lending at concession rates to SMEs and for COVID-19 related relief measures.

**A19 Amounts Due To Clients And Brokers**

	<u>GROUP</u>	
	30 September 2020 RM'000	31 March 2020 RM'000
Due to clients	42,652	18,133
Due to brokers	-	4,159
	<u>42,652</u>	<u>22,292</u>

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

The Group's normal trade credit terms for trade payable 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 RM99,499,000 (31 March 2020: RM100,252,000) have been excluded accordingly.

**A20 Financial Liabilities Designated at Fair Value Through Profit or Loss**

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

The Group and the Bank have designated certain structured investments at fair value through profit or loss. The structured investments are recorded at fair value.

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

	<u>GROUP/BANK</u>	
	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>RM'000</b>	RM'000
Structured investments	<b>445,827</b>	451,999
Fair value changes arising from designation at fair value through profit or loss	<b>(35,251)</b>	(24,914)
	<b>410,576</b>	427,085

**A21 Other Liabilities**

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September</b>	31 March	<b>30 September</b>	31 March
	<b>2020</b>	2020	<b>2020</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payables	<b>619,208</b>	433,803	<b>540,232</b>	355,982
Collateral pledged for derivative transactions	<b>73,770</b>	82,766	<b>73,770</b>	82,766
Bills payable	<b>140,455</b>	118,840	<b>135,707</b>	113,128
Settlement account	<b>33,838</b>	15,226	<b>33,838</b>	15,226
Clearing account	<b>204,480</b>	97,244	<b>173,190</b>	73,638
Sundry deposits	<b>50,129</b>	51,136	<b>45,024</b>	46,615
Provision and accruals	<b>104,148</b>	127,500	<b>95,706</b>	115,285
Remisiers accounts	<b>8,001</b>	6,453	-	-
Structured investments	<b>362,859</b>	430,759	<b>362,859</b>	430,759
Allowance for expected credit losses commitments and contingencies	<b>38,346</b>	24,339	<b>26,318</b>	19,787
	<b>1,635,234</b>	1,388,066	<b>1,486,644</b>	1,253,186

Included as part of Other Liabilities is the deferred benefit recognised on the government financing scheme at below market/concession rates amounting to RM78,991,000 and RM98,755,000 for the Group and the Bank. The deferred amount will be amortised over the tenure of the government financing scheme.

**A21 Other Liabilities (Contd.)**

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

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
<b>GROUP</b>				
At 1 April 2020	8,582	10,996	4,761	24,339
Transfer to Stage 1	2,395	(5,022)	-	(2,627)
Transfer to Stage 2	(933)	8,902	(4)	7,965
Transfer to Stage 3	-	(176)	715	539
New financial assets originated or purchased	1,955	810	-	2,765
Financial assets derecognised other than write-off	(1,640)	(1,770)	(1,014)	(4,424)
Changes due to change in credit risk	(550)	10,731	(327)	9,854
Other adjustments	(8)	(3)	-	(11)
	1,219	13,472	(630)	14,061
Unwinding of discount	-	-	(54)	(54)
Total charge to/(write-back from) income statement	1,219	13,472	(684)	14,007
<b>At 30 September 2020</b>	<b>9,801</b>	<b>24,468</b>	<b>4,077</b>	<b>38,346</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
Financial assets derecognised other than write-off	(1,636)	(8,075)	(4,391)	(14,102)
Changes due to change in credit risk	(21)	(541)	198	(364)
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)
At 31 March 2020	8,582	10,996	4,761	24,339

**A21 Other Liabilities (Contd.)**

Movements in 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 2020	7,471	7,555	4,761	19,787
Transfer to Stage 1	1,960	(4,040)	-	(2,080)
Transfer to Stage 2	(827)	7,973	(1)	7,145
Transfer to Stage 3	-	(176)	714	538
New financial assets originated or purchased	1,502	709	-	2,211
Financial assets derecognised other than write-off	(1,416)	(1,598)	(1,015)	(4,029)
Changes due to change in credit risk	(287)	3,425	(328)	2,810
Other adjustments	(8)	(2)	-	(10)
	924	6,291	(630)	6,585
Unwinding of discount	-	-	(54)	(54)
Total charge to/(write-back from) income statement	924	6,291	(684)	6,531
<b>At 30 September 2020</b>	<b>8,395</b>	<b>13,846</b>	<b>4,077</b>	<b>26,318</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
Financial assets derecognised other than write-off	(1,429)	(7,265)	(4,286)	(12,980)
Changes due to change in credit risk	(7)	(703)	207	(503)
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)
At 31 March 2020	7,471	7,555	4,761	19,787

As at 30 September 2020, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired were RM7,028,000 and RM7,018,000 respectively (31 March 2020: RM8,829,000 and RM7,820,000).

**A22 Interest Income**

	2nd Quarter Ended		Six Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>GROUP</b>				
Loans, advances and financing	357,611	410,396	730,450	827,006
Money at call and deposit placements with financial institutions	9,750	3,556	18,285	7,992
Financial investments at fair value through other comprehensive income	84,125	80,161	171,952	155,817
Financial investments at amortised cost	7,296	2,244	8,696	4,273
Others	108	101	519	227
	<b>458,890</b>	<b>496,458</b>	<b>929,902</b>	<b>995,315</b>
Accretion of discount less amortisation of premium	1,742	21,439	11,408	43,540
	<b>460,632</b>	<b>517,897</b>	<b>941,310</b>	<b>1,038,855</b>

	2nd Quarter Ended		Six Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>BANK</b>				
Loans, advances and financing	351,071	403,282	717,677	810,147
Money at call and deposit placements with financial institutions	10,475	3,707	19,681	9,216
Financial investments at fair value through other comprehensive income	75,336	73,840	155,228	144,945
Financial investments at amortised cost	9,099	3,432	12,281	6,876
Others	108	101	519	227
	<b>446,089</b>	<b>484,362</b>	<b>905,386</b>	<b>971,411</b>
Accretion of discount less amortisation of premium	1,774	21,616	11,304	43,219
	<b>447,863</b>	<b>505,978</b>	<b>916,690</b>	<b>1,014,630</b>

Included in the interest income on loans, advances and financing for the current financial period:

- Interest/profit accrued on impaired loans/financing of the Group and the Bank of RM3,122,000 (30 September 2019: RM2,859,000) respectively.
- The Group and the Bank granted an automatic moratorium on certain loan/financing repayments/payments (except for credit card balances), by individuals and SMEs for a period of six months from 1 April 2020. The automatic moratorium was applicable to loans/financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group and the Bank recognised a loss of RM22,056,000 and RM29,414,000 respectively arising from the modification of contractual cash flows of the loan and financing.

The Group and the Bank also received a government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Group and the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM27,965,000 for the Group and the Bank respectively is applied to address the financial and accounting impact incurred for COVID-19 related relief measures.

**A23 Interest Expense**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2020</b>	<b>30 September 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
Deposits and placements of banks and other financial institutions	<b>4,080</b>	9,736	<b>8,344</b>	15,594
Deposits from customers	<b>173,507</b>	240,850	<b>380,010</b>	481,950
Recourse obligations on loans and financing sold to Cagamas	<b>3,425</b>	3,424	<b>6,851</b>	6,850
Subordinated obligations	<b>21,280</b>	21,277	<b>42,270</b>	42,266
Lease liabilities	<b>1,660</b>	1,847	<b>3,401</b>	3,771
Others	<b>1,771</b>	800	<b>4,301</b>	2,342
	<b>205,723</b>	277,934	<b>445,177</b>	552,773

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2020</b>	<b>30 September 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>BANK</b>				
Deposits and placements of banks and other financial institutions	<b>2,055</b>	4,000	<b>3,546</b>	7,073
Deposits from customers	<b>171,525</b>	234,970	<b>375,040</b>	467,372
Recourse obligations on loans and financing sold to Cagamas	<b>3,425</b>	3,424	<b>6,851</b>	6,850
Subordinated obligations	<b>21,327</b>	21,316	<b>42,376</b>	42,362
Lease liabilities	<b>1,659</b>	1,845	<b>3,399</b>	3,767
Others	<b>1,771</b>	800	<b>4,301</b>	2,342
	<b>201,762</b>	266,355	<b>435,513</b>	529,766

**A24 Net Income from Islamic Banking Business**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>GROUP</b>				
Income derived from investment of depositors' funds and others	<b>154,312</b>	160,430	<b>318,965</b>	316,484
Income derived from investment of Islamic Banking funds	<b>16,348</b>	16,290	<b>33,129</b>	32,943
Income attributable to the depositors and financial institutions	<b>(78,098)</b>	(84,848)	<b>(164,482)</b>	(164,434)
	<b>92,562</b>	91,872	<b>187,612</b>	184,993

The Group granted an automatic moratorium on certain financing repayments/payments, by individuals and SMEs for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group recognised a modification loss of RM34,638,000 arising from the modification of contractual cash flows of the financing.

The Group also received a government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Group is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM35,229,000 is applied to address the financial and accounting impact incurred for COVID-19 related relief measures.



**A25 Other Operating Income**

<b>GROUP</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
(a) <u>Fee and commission income:</u>				
Commissions	26,026	22,049	42,272	42,876
Service charges and fees	5,609	6,900	12,235	14,461
Corporate advisory fees	1,145	525	1,921	1,160
Underwriting commissions	22	12	26	1,356
Brokerage fees	21,254	6,252	34,179	12,510
Guarantee fees	4,122	3,430	7,111	7,041
Processing fees	1,614	3,851	2,521	5,340
Commitment fees	4,740	4,443	9,370	8,866
Cards related income	19,521	20,571	33,576	41,597
Other fee income	2,000	1,501	4,002	3,002
	<b>86,053</b>	<b>69,534</b>	<b>147,213</b>	<b>138,209</b>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(827)	(399)	(1,128)	(4,025)
Service charges and fees expense	(328)	(475)	(589)	(475)
Brokerage fees expense	(9,099)	(2,186)	(13,879)	(4,126)
Guarantee fees expense	(2,572)	(746)	(4,994)	(981)
Cards related expense	(18,500)	(15,321)	(31,073)	(33,683)
	<b>(31,326)</b>	<b>(19,127)</b>	<b>(51,663)</b>	<b>(43,290)</b>
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	5,881	3,289	9,303	6,078
- Financial investments at fair value through other comprehensive income	22,221	9,577	33,880	14,175
- Derivative instruments	70,557	9,234	138,680	15,789
- Other investments	-	-	-	9
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	23,903	15,458	28,232	16,680
- Derivative instruments	(62,657)	6,795	(84,075)	24,067
- Financial liabilities designated at fair value through profit or loss	16,392	(12,458)	10,337	(31,246)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	643	391	1,480	1,299
	<b>76,940</b>	<b>32,286</b>	<b>137,837</b>	<b>46,851</b>
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(8,747)	8,918	(28,340)	9,892
Rental income	30	54	74	116
Others	4,025	3,936	7,188	9,591
	<b>(4,692)</b>	<b>12,908</b>	<b>(21,078)</b>	<b>19,599</b>
Total other operating income	<b>126,975</b>	<b>95,601</b>	<b>212,309</b>	<b>161,369</b>

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

<b><u>BANK</u></b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
(a) <u>Fee and commission income:</u>				
Commissions	<b>26,026</b>	22,049	<b>42,272</b>	42,876
Service charges and fees	<b>5,323</b>	6,763	<b>11,756</b>	14,190
Guarantee fees	<b>4,115</b>	3,424	<b>7,098</b>	7,028
Processing fees	<b>1,100</b>	2,616	<b>1,547</b>	3,629
Commitment fees	<b>4,740</b>	4,431	<b>9,370</b>	8,839
Cards related income	<b>19,521</b>	20,571	<b>33,576</b>	41,597
Other fee income	<b>2,000</b>	1,499	<b>4,000</b>	3,000
	<b>62,825</b>	61,353	<b>109,619</b>	121,159
(b) <u>Fee and commission expense:</u>				
Commissions expense	<b>(827)</b>	(399)	<b>(1,128)</b>	(4,436)
Service charges and fees expense	<b>(328)</b>	(475)	<b>(589)</b>	(475)
Brokerage fees expense	<b>(19)</b>	(6)	<b>(37)</b>	(7)
Guarantee fees expense	<b>(2,572)</b>	(746)	<b>(4,994)</b>	(981)
Cards related expense	<b>(18,500)</b>	(15,321)	<b>(31,073)</b>	(33,683)
	<b>(22,246)</b>	(16,947)	<b>(37,821)</b>	(39,582)
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	<b>5,881</b>	3,169	<b>9,303</b>	5,958
- Financial investments at fair value through other comprehensive income	<b>21,238</b>	6,624	<b>32,897</b>	10,482
- Derivative instruments	<b>70,557</b>	9,234	<b>138,680</b>	15,789
- Other investments	-	-	-	9
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	<b>18,101</b>	11,850	<b>22,430</b>	13,072
- Derivative instruments	<b>(62,657)</b>	6,795	<b>(84,075)</b>	24,067
- Financial liabilities designated at fair value through profit or loss	<b>16,392</b>	(12,458)	<b>10,337</b>	(31,246)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	<b>454</b>	272	<b>931</b>	749
- Subsidiaries	<b>8,322</b>	-	<b>8,322</b>	27,604
	<b>78,288</b>	25,486	<b>138,825</b>	66,484
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	<b>(8,811)</b>	8,823	<b>(28,683)</b>	9,695
Rental income	<b>396</b>	585	<b>913</b>	1,279
Others	<b>3,761</b>	3,839	<b>6,770</b>	9,275
	<b>(4,654)</b>	13,247	<b>(21,000)</b>	20,249
Total other operating income	<b>114,213</b>	83,139	<b>189,623</b>	168,310

**A26 Other Operating Expenses**

	2nd Quarter Ended		Six Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>GROUP</b>				
Personnel costs				
- Salaries, allowances and bonuses	97,098	100,075	194,704	200,243
- Contribution to EPF	15,762	16,322	31,905	32,238
- Others	10,202	14,366	21,544	27,351
	<b>123,062</b>	<b>130,763</b>	<b>248,153</b>	<b>259,832</b>
Establishment costs				
- Depreciation of property, plant and equipment	5,307	5,934	10,650	11,716
- Depreciation of right-of-use assets	6,256	6,101	12,598	12,132
- Amortisation of computer software	10,539	9,142	20,096	17,821
- Rental of premises	779	676	1,047	1,522
- Water and electricity	1,723	2,033	3,443	4,075
- Repairs and maintenance	2,960	2,415	5,231	4,481
- Information technology expenses	15,291	16,999	29,538	32,175
- Others	2,792	1,473	5,279	5,189
	<b>45,647</b>	<b>44,773</b>	<b>87,882</b>	<b>89,111</b>
Marketing expenses				
- Promotion and advertisement	3,796	749	4,780	2,061
- Branding and publicity	2,151	1,700	2,922	3,348
- Others	1,038	1,932	2,224	3,917
	<b>6,985</b>	<b>4,381</b>	<b>9,926</b>	<b>9,326</b>
Administration and general expenses				
- Communication expenses	3,057	2,004	6,186	5,021
- Printing and stationery	457	602	894	1,169
- Insurance	1,751	2,985	4,759	5,828
- Professional fees	5,361	6,178	10,952	11,719
- Others	4,275	4,466	8,592	10,273
	<b>14,901</b>	<b>16,235</b>	<b>31,383</b>	<b>34,010</b>
Total other operating expenses	<b>190,595</b>	<b>196,152</b>	<b>377,344</b>	<b>392,279</b>

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

	2nd Quarter Ended		Six Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	73,662	74,629	146,284	152,568
- Contribution to EPF	11,970	12,272	24,155	24,649
- Others	7,639	11,944	16,752	21,730
	<b>93,271</b>	<b>98,845</b>	<b>187,191</b>	<b>198,947</b>
Establishment costs				
- Depreciation of property, plant and equipment	5,190	5,782	10,417	11,420
- Depreciation of right-of-use assets	6,244	6,086	12,575	12,103
- Amortisation of computer software	10,166	8,775	19,344	17,079
- Rental of premises	758	553	1,014	813
- Water and electricity	1,264	1,533	2,538	3,066
- Repairs and maintenance	2,292	1,902	4,042	3,377
- Information technology expenses	9,411	10,875	18,821	22,987
- Others	1,631	663	1,693	1,078
	<b>36,956</b>	<b>36,169</b>	<b>70,444</b>	<b>71,923</b>
Marketing expenses				
- Promotion and advertisement	4,578	535	4,829	1,775
- Branding and publicity	1,498	911	1,839	1,634
- Others	709	1,278	1,313	2,627
	<b>6,785</b>	<b>2,724</b>	<b>7,981</b>	<b>6,036</b>
Administration and general expenses				
- Communication expenses	2,180	1,408	4,692	3,715
- Printing and stationery	356	471	683	900
- Insurance	1,300	2,616	3,864	5,051
- Professional fees	3,953	4,720	8,355	8,916
- Others	5,232	2,839	8,673	7,574
	<b>13,021</b>	<b>12,054</b>	<b>26,267</b>	<b>26,156</b>
Total other operating expenses	<b>150,033</b>	<b>149,792</b>	<b>291,883</b>	<b>303,062</b>

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

	2nd Quarter Ended		Six Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>GROUP</b>				
Allowance for expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	143,003	76,322	222,186	130,221
(b) Credit impaired loans, advances and financing				
- Recovered	(11,890)	(8,970)	(16,814)	(18,661)
- Written-off	11,269	8,982	24,876	18,626
(c) Commitments and contingencies on loans, advances and financing				
- Allowance/(write-back) made during the financial period	7,428	(119)	14,061	784
	<u>149,810</u>	<u>76,215</u>	<u>244,309</u>	<u>130,970</u>
(Write-back of)/allowance for expected credit losses on:				
- Amounts due from clients and brokers	(4)	(8)	(3)	-
- Other receivables	670	1,017	1,210	2,042
- Cash and short term funds	23	10	27	(27)
- Deposits and placements with banks and other financial institutions	7	-	7	-
	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>
	<u>150,506</u>	<u>77,234</u>	<u>245,550</u>	<u>132,985</u>

	2nd Quarter Ended		Six Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>BANK</b>				
Allowance for expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	98,753	47,614	151,071	88,729
(b) Credit impaired loans, advance and financing				
- Recovered	(8,721)	(5,621)	(12,466)	(11,737)
- Written-off	8,743	5,651	16,264	10,928
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made during the financial period	2,085	168	6,585	827
	<u>100,860</u>	<u>47,812</u>	<u>161,454</u>	<u>88,747</u>
Allowance for/(write-back of) expected credit losses on:				
- Other receivables	505	873	1,028	1,959
- Cash and short term funds	23	10	27	(27)
- Deposits and placements with banks and other financial institutions	7	-	7	-
	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>
	<u>101,395</u>	<u>48,695</u>	<u>162,516</u>	<u>90,679</u>

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

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b>GROUP</b>				
(a) Financial investments at fair value through other comprehensive income				
- Allowance/(write-back) made during the financial period	<b>480</b>	16	<b>412</b>	(12)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	<b>(68)</b>	(1,668)	<b>49</b>	47,760
- Commitments and contingencies	-	3	-	8
	<b>412</b>	<b>(1,649)</b>	<b>461</b>	<b>47,756</b>

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b>BANK</b>				
(a) Financial investments at fair value through other comprehensive income				
- Allowance/(write-back) made during the financial period	<b>248</b>	6	<b>210</b>	(20)
(b) Financial investments at amortised cost				
- Allowance/(write-back) made during the financial period	<b>182</b>	(882)	<b>204</b>	23,817
	<b>430</b>	<b>(876)</b>	<b>414</b>	<b>23,797</b>

**A29 Allowance for Impairment Losses on Non-Financial Assets**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b>GROUP</b>				
Intangible assets - goodwill	-	3,686	-	3,686

**A30 Commitments and Contingencies**

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000
<u>Commitments and contingencies</u>				
Direct credit substitutes	<b>772,771</b>	814,317	<b>578,670</b>	622,481
Transaction-related contingent items	<b>590,867</b>	621,684	<b>525,125</b>	559,957
Short-term self-liquidating trade-related contingencies	<b>102,878</b>	130,924	<b>82,707</b>	110,898
Forward assets purchase	<b>135,940</b>	-	<b>135,940</b>	-
Obligations under an on-going underwriting agreement	<b>30,000</b>	51,150	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	<b>931,758</b>	1,239,933	<b>700,892</b>	871,143
- maturity not exceeding one year	<b>10,387,347</b>	9,273,334	<b>7,791,821</b>	7,139,788
Unutilised credit card lines	<b>1,303,947</b>	1,356,566	<b>1,303,947</b>	1,356,566
	<b>14,255,508</b>	13,487,908	<b>11,119,102</b>	10,660,833
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	<b>11,378,395</b>	12,470,667	<b>11,378,395</b>	12,470,667
- over one year to three years	<b>676,377</b>	621,349	<b>676,377</b>	621,349
- over three years	<b>684,660</b>	315,762	<b>684,660</b>	315,762
Interest rate related contracts:				
- one year or less	<b>1,968,607</b>	3,505,421	<b>1,968,607</b>	3,505,421
- over one year to three years	<b>4,209,863</b>	3,386,675	<b>4,209,863</b>	3,386,675
- over three years	<b>1,759,595</b>	2,230,984	<b>1,759,595</b>	2,230,984
Equity related contracts				
- one year or less	<b>631,000</b>	533,770	<b>631,000</b>	533,770
- over one year to three years	<b>255,265</b>	273,868	<b>255,265</b>	273,868
- over three years	-	145,300	-	145,300
	<b>21,563,762</b>	23,483,796	<b>21,563,762</b>	23,483,796
	<b>35,819,270</b>	36,971,704	<b>32,682,864</b>	34,144,629

**ALLIANCE BANK MALAYSIA BERHAD**

**198201008390 (88103-W)**

(Incorporated in Malaysia)

**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.



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**A31 Segment information (Contd.)**

<b>GROUP</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Stockbroking and Corporate Advisory</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>2nd Quarter ended 30 September 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	74,617	112,264	67,261	1,815	(31)	255,926	(1,017)	254,909
- inter-segment	12,622	14,664	(26,491)	(795)	-	-	-	-
	87,239	126,928	40,770	1,020	(31)	255,926	(1,017)	254,909
Net income from Islamic banking business	41,986	32,645	12,684	-	25	87,340	5,222	92,562
Other operating income	27,460	34,091	51,655	14,684	2,991	130,881	(3,906)	126,975
Net income	156,685	193,664	105,109	15,704	2,985	474,147	299	474,446
Other operating expenses	(82,175)	(63,473)	(10,089)	(8,095)	(5,046)	(168,878)	385	(168,493)
Depreciation and amortisation	(10,146)	(9,411)	(2,195)	(648)	(105)	(22,505)	403	(22,102)
Operating profit/(loss)	64,364	120,780	92,825	6,961	(2,166)	282,764	1,087	283,851
Allowance for expected credit losses on loans, advances and other financial assets	(105,629)	(44,782)	(30)	(65)	-	(150,506)	-	(150,506)
Write-back of/(allowance for) expected credit losses on financial investments	-	67	(645)	-	-	(578)	166	(412)
Segment result	(41,265)	76,065	92,150	6,896	(2,166)	131,680	1,253	132,933
Share of results of joint venture								31
Taxation								(29,020)
Net profit for the financial period								103,944
Segment assets	21,340,102	22,840,320	18,141,861	328,162	442,939	63,093,384	(1,969,542)	61,123,842
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								956
Property, plant and equipment								59,008
Tax recoverable and deferred tax assets								142,937
Intangible assets								440,142
Total assets								61,766,885

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**A31 Segment information (Contd.)**

<b>GROUP</b>	Consumer <u>Banking</u>	Business <u>Banking</u>	Financial <u>Markets</u>	Stockbroking and <u>Corporate Advisory</u>	<u>Others</u>	Total <u>Operations</u>	Inter-segment <u>Elimination</u>	<u>Total</u>
<b>Six months ended 30 September 2020</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	152,243	210,449	134,019	3,726	38	500,475	(4,342)	496,133
- inter-segment	23,078	28,063	(49,339)	(1,802)	-	-	-	-
	175,321	238,512	84,680	1,924	38	500,475	(4,342)	496,133
Net income from Islamic banking business	86,274	62,068	28,225	-	45	176,612	11,000	187,612
Other operating income	48,784	61,987	77,786	24,556	2,751	215,864	(3,555)	212,309
Net income	310,379	362,567	190,691	26,480	2,834	892,951	3,103	896,054
Other operating expenses	(161,672)	(126,851)	(19,549)	(16,522)	(10,155)	(334,749)	749	(334,000)
Depreciation and amortisation	(19,839)	(18,487)	(4,313)	(1,300)	(209)	(44,148)	804	(43,344)
Operating profit/(loss)	128,868	217,229	166,829	8,658	(7,530)	514,054	4,656	518,710
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(159,999)	(85,944)	233	160	-	(245,550)	-	(245,550)
Allowance for expected credit losses on financial investments	-	(50)	(396)	-	-	(446)	(15)	(461)
Segment result	(31,131)	131,235	166,666	8,818	(7,530)	268,058	4,641	272,699
Share of results of joint venture								53
Taxation								(64,496)
Net profit for the financial period								208,256
Segment assets	21,340,102	22,840,320	18,141,861	328,162	442,939	63,093,384	(1,969,542)	61,123,842
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								956
Property, plant and equipment								59,008
Tax recoverable and deferred tax assets								142,937
Intangible assets								440,142
Total assets								61,766,885

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**A31 Segment information (Contd.)**

<b>GROUP</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Stockbroking and Corporate Advisory</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>2nd Quarter ended 30 September 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	92,423	93,947	59,297	3,405	57	249,129	(9,166)	239,963
- inter-segment	(7,179)	19,263	(9,999)	(2,085)	-	-	-	-
	85,244	113,210	49,298	1,320	57	249,129	(9,166)	239,963
Net income from Islamic banking business	36,651	30,233	13,252	-	78	80,214	11,658	91,872
Other operating income	25,520	41,613	22,619	5,738	4,912	100,402	(4,801)	95,601
Net income	147,415	185,056	85,169	7,058	5,047	429,745	(2,309)	427,436
Other operating expenses	(81,819)	(66,727)	(11,072)	(9,623)	(5,797)	(175,038)	63	(174,975)
Depreciation and amortisation	(10,076)	(8,828)	(1,915)	(667)	(136)	(21,622)	445	(21,177)
Operating profit/(loss)	55,520	109,501	72,182	(3,232)	(886)	233,085	(1,801)	231,284
Allowance for expected credit losses on loans, advances and financing and other financial assets	(50,554)	(26,547)	(16)	(117)	-	(77,234)	-	(77,234)
Write-back of/(allowance for) expected credit losses on financial investments	-	1,665	12	-	-	1,677	(28)	1,649
Allowance for impairment losses on non-financial assets	-	-	-	(5,302)	-	(5,302)	1,616	(3,686)
Segment result	4,966	84,619	72,178	(8,651)	(886)	152,226	(213)	152,013
Share of results of joint venture								18
Taxation								(36,508)
Net profit for the financial period								115,523
Segment assets	22,266,188	21,741,012	15,140,382	328,582	370,108	59,846,272	(2,449,789)	57,396,483
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								850
Property, plant and equipment								73,186
Tax recoverable and deferred tax assets								93,037
Intangible assets								428,836
Total assets								57,992,392

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**A31 Segment information (Contd.)**

<b>GROUP</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Stockbroking and Corporate Advisory</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>Six months ended 30 September 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	195,775	183,210	117,558	6,960	129	503,632	(17,550)	486,082
- inter-segment	(26,644)	41,880	(10,954)	(4,282)	-	-	-	-
	169,131	225,090	106,604	2,678	129	503,632	(17,550)	486,082
Net income from Islamic banking business	76,437	57,596	29,652	-	101	163,786	21,207	184,993
Other operating income	49,159	79,484	18,463	13,384	9,256	169,746	(8,377)	161,369
Net income	294,727	362,170	154,719	16,062	9,486	837,164	(4,720)	832,444
Other operating expenses	(166,103)	(134,004)	(22,755)	(18,509)	(9,376)	(350,747)	137	(350,610)
Depreciation and amortisation	(19,810)	(17,357)	(3,798)	(1,334)	(261)	(42,560)	891	(41,669)
Operating profit/(loss)	108,814	210,809	128,166	(3,781)	(151)	443,857	(3,692)	440,165
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(93,884)	(39,224)	117	6	-	(132,985)	-	(132,985)
(Allowance for)/write-back of expected credit losses on financial investments	-	(47,768)	106	-	-	(47,662)	(94)	(47,756)
Allowance for impairment losses on non-financial assets	-	-	-	(5,302)	-	(5,302)	1,616	(3,686)
Segment results	14,930	123,817	128,389	(9,077)	(151)	257,908	(2,170)	255,738
Share of results of joint venture								49
Taxation								(63,578)
Net profit for the financial period								192,209
Segment assets	22,266,188	21,741,012	15,140,382	328,582	370,108	59,846,272	(2,449,789)	57,396,483
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								850
Property, plant and equipment								73,186
Tax recoverable and deferred tax assets								93,037
Intangible assets								428,836
Total assets								57,992,392

**A32 Capital Adequacy**

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

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020	31 March 2020	30 September 2020	31 March 2020
CET I capital ratio	15.381%	13.826%	14.561%	12.899%
Tier I capital ratio	16.318%	14.593%	15.448%	13.771%
Total capital ratio	20.658%	18.902%	20.369%	18.634%

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<b><u>CET I Capital/Tier I Capital</u></b>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,386,681	3,974,847	3,681,695	3,346,890
Regulatory reserves	21,001	224,579	14,250	182,292
FVOCI reserves	357,684	140,966	216,372	79,612
Capital reserves	100,150	100,150	15,515	15,515
	<b>6,413,622</b>	<b>5,988,648</b>	<b>5,475,938</b>	<b>5,172,415</b>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(440,142)	(437,086)	(336,508)	(332,680)
- Deferred tax assets	(13,614)	(28,125)	-	(14,074)
- 55% of FVOCI reserves	(196,726)	(77,531)	(119,005)	(43,787)
- Regulatory reserves	(21,001)	(224,579)	(14,250)	(182,292)
- Investment in subsidiaries, associate and joint venture	(956)	(903)	(909,102)	(909,102)
Total CET I Capital	<b>5,741,183</b>	<b>5,220,424</b>	<b>4,097,073</b>	<b>3,690,480</b>
Additional Tier I Capital Securities	349,871	289,844	249,657	249,584
Total Additional Tier I Capital	<b>349,871</b>	<b>289,844</b>	<b>249,657</b>	<b>249,584</b>
Total Tier I Capital	<b>6,091,054</b>	<b>5,510,268</b>	<b>4,346,730</b>	<b>3,940,064</b>

**A32 Capital Adequacy (Contd.)**

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000
<b><u>Tier II Capital</u></b>				
Subordinated obligations	<b>1,199,948</b>	1,199,829	<b>1,199,894</b>	1,199,719
Expected credit losses and regulatory reserves	<b>419,813</b>	427,020	<b>314,833</b>	321,754
Less: Regulatory adjustment - Investment in Tier II capital instruments	-	-	<b>(130,000)</b>	(130,000)
Total Tier II Capital	<b>1,619,761</b>	1,626,849	<b>1,384,727</b>	1,391,473
<b>Total Capital</b>	<b>7,710,815</b>	7,137,117	<b>5,731,457</b>	5,331,537

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000	<b>30 September 2020 RM'000</b>	31 March 2020 RM'000
Credit risk	<b>33,585,004</b>	34,161,647	<b>25,186,676</b>	25,740,333
Market risk	<b>556,902</b>	472,308	<b>526,459</b>	472,308
Operational risk	<b>3,184,888</b>	3,125,054	<b>2,424,368</b>	2,398,815
Total RWA and capital requirements	<b>37,326,794</b>	37,759,009	<b>28,137,503</b>	28,611,456

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

	<u>Alliance Islamic Bank Berhad</u>	<u>Alliance Investment Bank Berhad</u>
<b>30 September 2020</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>11.419%</b>	<b>99.689%</b>
Tier I capital ratio	<b>12.534%</b>	<b>99.689%</b>
Total capital ratio	<b>15.153%</b>	<b>100.579%</b>
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>11.419%</b>	<b>64.156%</b>
Tier I capital ratio	<b>12.534%</b>	<b>64.156%</b>
Total capital ratio	<b>15.153%</b>	<b>65.046%</b>
<b>31 March 2020</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.507%	98.737%
Tier I capital ratio	11.617%	98.737%
Total capital ratio	14.233%	99.682%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.507%	97.246%
Tier I capital ratio	11.617%	97.246%
Total capital ratio	14.233%	98.190%

### **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>
30 September 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	379,515	-	379,515
- Unquoted securities	-	-	225,104	225,104
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	5,869,545	-	5,869,545
- Quoted securities in Malaysia	16	-	-	16
- Unquoted securities	-	4,981,078	-	4,981,078
Derivative financial assets	-	314,681	-	314,681
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss				
-	-	410,576	-	410,576
Derivative financial liabilities	-	316,623	-	316,623
<u>BANK</u>				
30 September 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	379,515	-	379,515
- Unquoted securities	-	-	154,910	154,910
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	4,601,171	-	4,601,171
- Quoted securities in Malaysia	16	-	-	16
- Unquoted securities	-	3,000,153	-	3,000,153
Derivative financial assets	-	314,681	-	314,681
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss				
-	-	410,576	-	410,576
Derivative financial liabilities	-	316,623	-	316,623



**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 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.)**

Reconciliation of movements in Level 3 financial instruments:

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2020 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
At beginning of financial period/year	<b>202,160</b>	187,517	<b>137,768</b>	126,733
Partial distribution on liquidating shares	-	(106)	-	(106)
Total gain recognised in:				
- Statement of income				
(i) Revaluation gain from financial assets at fair value through profit or loss	<b>22,944</b>	14,749	<b>17,142</b>	11,141
At end of financial period/year	<b>225,104</b>	202,160	<b>154,910</b>	137,768

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>30 September 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Outstanding credit exposures with connected parties	<b>346,740</b>	11,378
of which:		
Total credit exposure which is impaired or in default	<b>137</b>	241
Total credit exposures	<b>49,618,022</b>	48,581,617
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<b>0.70%</b>	0.02%
- which is impaired or in default	<b>0.00%</b>	0.00%

**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 RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position Financial Instruments RM'000	Cash collateral received RM'000	Net Amount RM'000
<u>GROUP</u>					
30 September 2020					
Derivative financial assets	314,681	-	(83,648)	(73,770)	157,263
Amounts due from clients and brokers	139,128	(52,016)	-	-	87,112
	<u>453,809</u>	<u>(52,016)</u>	<u>(83,648)</u>	<u>(73,770)</u>	<u>244,375</u>
<u>BANK</u>					
30 September 2020					
Derivative financial assets	314,681	-	(83,648)	(73,770)	157,263
<u>GROUP</u>					
31 March 2020					
Derivative financial assets	436,910	-	(105,271)	(82,765)	248,874
Amounts due from clients and brokers	84,014	(32,849)	-	-	51,165
Total	<u>520,924</u>	<u>(32,849)</u>	<u>(105,271)</u>	<u>(82,765)</u>	<u>300,039</u>
<u>BANK</u>					
31 March 2020					
Derivative financial assets	436,910	-	(105,271)	(82,765)	248,874

**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 RM'000	Gross amounts of recognised financial liabilities presented in the statement of financial position RM'000	Net amounts of financial liabilities presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral pledged RM'000	
<u>GROUP</u>						
30 September 2020						
Derivative financial liabilities	316,623	-	316,623	(83,648)	(74,042)	158,933
Amounts due to clients and brokers	94,668	(52,016)	42,652	-	-	42,652
<b>Total</b>	<b>411,291</b>	<b>(52,016)</b>	<b>359,275</b>	<b>(83,648)</b>	<b>(74,042)</b>	<b>201,585</b>
<u>BANK</u>						
30 September 2020						
Derivative financial liabilities	316,623	-	316,623	(83,648)	(74,042)	158,933
<u>GROUP</u>						
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
<b>Total</b>	<b>404,018</b>	<b>(32,849)</b>	<b>371,169</b>	<b>(105,271)</b>	<b>(136,766)</b>	<b>129,132</b>
<u>BANK</u>						
31 March 2020						
Derivative financial liabilities	348,877	-	348,877	(105,271)	(136,766)	106,840

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.

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

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

**GROUP**

	<b>2nd Quarter Ended 30 September 2020 RM'000</b>	<b>2nd Quarter Ended 30 September 2019 RM'000</b>	<b>Changes %</b>
Net income/revenue	474,446	427,436	11.0
Operating profit before allowance	283,851	231,284	22.7
Operating profit after allowance	132,933	152,013	(12.6)
Profit before taxation	132,964	152,031	(12.5)
Profit after taxation	103,944	115,523	(10.0)
Profit attributable to ordinary equity holders of the Bank	103,944	115,523	(10.0)

  

	<b>Six Months Ended 30 September 2020 RM'000</b>	<b>Six Months Ended 30 September 2019 RM'000</b>	<b>Changes %</b>
Net income/revenue	896,054	832,444	7.6
Operating profit before allowance	518,710	440,165	17.8
Operating profit after allowance	272,699	255,738	6.6
Profit before taxation	272,752	255,787	6.6
Profit after taxation	208,256	192,209	8.3
Profit attributable to ordinary equity holders of the Bank	208,256	192,209	8.3

  

	<b>2nd Quarter Ended 30 September 2020 RM'000</b>	<b>1st Quarter Ended 30 June 2020 RM'000</b>	<b>Changes %</b>
Net income/revenue	474,446	421,608	12.5
Operating profit before allowance	283,851	234,859	20.9
Operating profit after allowance	132,933	139,766	(4.9)
Profit before taxation	132,964	139,788	(4.9)
Profit after taxation	103,944	104,312	(0.4)
Profit attributable to ordinary equity holders of the Bank	103,944	104,312	(0.4)

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

**BANK**

	<b>2nd Quarter Ended 30 September 2020 RM'000</b>	2nd Quarter Ended 30 September 2019 RM'000	Changes %
Net income/revenue	360,314	322,762	11.6
Operating profit before allowance	210,281	172,970	21.6
Operating profit after allowance	108,456	125,151	(13.3)
Profit before taxation	108,456	125,151	(13.3)
Profit after taxation	86,581	95,692	(9.5)
Profit attributable to ordinary equity holders of the Bank	86,581	95,692	(9.5)
	<b>Six Months Ended 30 September 2020 RM'000</b>	Six Months Ended 30 September 2019 RM'000	Changes %
Net income/revenue	670,800	653,174	2.7
Operating profit before allowance	378,917	350,112	8.2
Operating profit after allowance	215,987	235,636	(8.3)
Profit before taxation	215,987	235,636	(8.3)
Profit after taxation	166,763	184,351	(9.5)
Profit attributable to ordinary equity holders of the Bank	166,763	184,351	(9.5)
	<b>2nd Quarter Ended 30 September 2020 RM'000</b>	1st Quarter Ended 30 June 2020 RM'000	Changes %
Net income/revenue	360,314	310,486	16.0
Operating profit before allowance	210,281	168,636	24.7
Operating profit after allowance	108,456	107,531	0.9
Profit before taxation	108,456	107,531	0.9
Profit after taxation	86,581	80,182	8.0
Profit attributable to ordinary equity holders of the Bank	86,581	80,182	8.0

**B2 Review Of Performance**

**Review of Performance for the Second Quarter Ended 30 September 2020**

Profitability

The Group recorded a net profit after taxation of RM208.3 million for the six months ended 30 September 2020 (1HFY21), an increase of RM16.0 million or 8.3% year-on-year (“YOY”) due to higher net income and lower operating expense.

Net income improved by RM63.6 million or 7.6% YOY. Net interest margin (“NIM”) came in lower at 2.22%, mainly due to OPR cuts (-23 bps).

Steady Loans Growth

The Group continues to focus on loan from Small Medium Enterprise (“SME”) and consumer banking, while undertaking a series of credit underwriting policy tightenings to strengthen the booking quality in the face of COVID-19 pandemic related risks. Gross loans and advances grew 1.2% YOY to RM43.8 billion. SME loans expanded by 7.4% YOY, mainly from the loans disbursed under Credit Guarantee Corporation (CGC) Programme and Bank Negara Malaysia Special Relief Funds (SRF) while consumer loans rose by 2.5%.

Other Operating Income continues to improve

The Group recorded other operating income of RM229.5 million, up by 28.4% YOY despite the challenging external environment. The growth was mainly contributed by higher treasury and investment income which was in line with the increase of bond prices, as well as brokerage income and general insurance underwriting fee income.

Managing Operating Expenses

Operating expenses improved by 3.8% or RM14.9 million from all lines of expenses mainly due to our cost savings initiatives in managing discretionary expenses and moderating compensation costs. Cost to income ratio (“CIR”) improved to 42.1% (1HFY20: 47.1%). The Group will continue to focus on our cost savings efforts as we navigate through the COVID-19 pandemic.

Asset Quality

In anticipation of the economic impact from COVID-19, the Group continues to build up reserves focused on the more severely affected industries and on borrowers that are vulnerable. As a result, the Group’s 1HFY21 has recorded a net credit cost of 56.3 bps.

We have enhanced our credit risk framework in each line of business by stratifying customers according to effective risk levels, and have prioritized customer calls or visits. We have used our diagnostic tools to determine whether customers’ risk levels are high, medium or low. Based on the results, we have launched a payment relief assistance (PRA) program to help borrowers while managing the Group’s credit risk. In addition, the Group continues to help our customers through a 3 months extended moratorium for those who had lost their source of income.

The Group will continue to intensify proactive credit management including refinement of credit policies, tightening of credit underwriting and increased collections efforts to control credit cost. Loan loss coverage (including Regulatory Reserve) was at 109.6%.

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

**Review of Performance for the Second Quarter Ended 30 September 2020 (Contd.)**

Healthy Funding and Liquidity Position

The Group's customer based funding grew 5.9% YOY to RM49.4 billion. The Group was able to maintain a high Current Account/Savings Account ("CASA") ratio of 41.3%, driven by Alliance SavePlus and Alliance@Work. Going forward, we will continue to grow CASA by campaigning Alliance SavePlus and garner CASA balances from businesses and their employees under the Alliance@Work channel.

The Group's liquidity coverage and loans to funds ratios are at 156.9% and 82.0% respectively. The Group will continue to maintain ample liquidity ratios, and ensure a sufficient liquidity buffer to mitigate the risk of any payment shock resulting from post moratorium.

Prioritizing Capital Conservation

The Group will continue to prioritize capital conservation in order to support future business expansion, given the uncertainties caused by COVID-19. We continue to maintain strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 15.4%, Tier-1 Capital ratio at 16.3% and total capital ratio at 20.7%.

**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.

The Consumer Banking segment recorded a loss before tax of RM31.1 million YOY due to the build up of allowances for credit losses to account for the expected economic impact of COVID-19 on our more vulnerable customers. Net income was higher by RM15.7 million or 5.3%. Net interest income increased by RM6.2 million. Operating expenses improved by RM4.4 million or 2.4%. Allowance for credit losses was higher by RM66.1 million or 70.4% largely due to reserves. The segment assets stood at RM21.3 billion.

The Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM131.2 million, which was 6.0% higher than the previous corresponding period. Net income was lower by RM0.4 million or 0.1% YOY mainly due to lower other operating income. Operating expenses improved by RM6.0 million or 4.0%. Allowance for credit losses was lower by RM1.0 million. Segment assets registered a growth of RM1.1 billion or 5.1%.

Profit before tax in the Financial Markets segment increased by 29.8% or RM38.3 million YOY to RM166.7 million. Net income was higher by RM36.0 million or 23.2% YOY. Operating expenses decreased by RM2.7 million or 10.1% YOY. Segment assets recorded a growth of RM3.0 billion to RM18.1 billion.

The Investment Banking segment recorded a profit before tax of RM8.8 million due to higher brokerage income and lower operating expenses.



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

**Current Quarter vs Previous Year Corresponding Quarter**

The Group's profit after taxation of RM103.9 million for the quarter was 10.0% or RM11.6 million lower as compared to the previous corresponding quarter mainly due to higher reserves.

*Key Quarter-on-Quarter Performance Highlights*

- Net income was higher by RM47.0 million or 11.0% mainly due to higher treasury and investment income and lower interest expense.
- NIM decreased by 9 bps to 2.23% mainly due to impact of OPR cuts (-5 bps).
- Other operating income increased RM31.5 million.
- Operating expenses were lower by RM5.6 million or 2.8% mainly from personnel cost due to lower headcount and training cost.
- Net credit cost was recorded at 34.5 bps.

**B3 Comparison with Immediate Preceding Quarter**

As compared to the immediate preceding quarter, the Group's profit after taxation of RM103.9 million for the quarter was 0.4% or RM0.4 million lower mainly due to higher reserves.

*Key Quarter-on-Quarter Performance Highlights*

- Net income was higher by RM52.8 million or 12.5% mainly due to higher treasury and investment income.
- NIM increased by 2 bps to 2.23%.
- Other operating income increased by RM40.5 million or 42.9%.
- Operating expenses slightly increased by RM3.8 million or 2.1% mainly from personnel and administration cost.
- Net credit cost was recorded at 34.5 bps.

**B4 Prospect for the Current Financial Period**

The challenging economic environment for 2020 and the impact of the COVID-19 pandemic to the Malaysian economy will likely lead to a slower overall financing growth and increased credit stress for the Group. The Group's net interest margin was also compressed due to lower OPR. Amid all these challenges, the Group has been diligently implementing the following:

- Customers

For our identified eligible customers impacted by the COVID-19 pandemic, we are actively engaging and assisting them to overcome their financial constraints by granting payment relief assistance, extending an additional 3-month moratorium or offer appropriate restructuring and rescheduling options. The Group is also actively participating in the government's various financial relief schemes to provide funding to our SME customers.

In addition, we are also providing non-financial assistance to our customers via our various portals to help promote their products and services to the public.

- Digitisation

In parallel, we are stepping up our digitisation efforts. In the coming months, we will also launch our digital Know-Your-Customer (eKYC) solution. The solution will enable individuals to open and activate a savings account, or obtain a financing conveniently and securely anywhere, anytime, without visiting a bank branch or be visited by a bank officer. Additionally, we will also be launching our Digital SME financing which provides a simple, convenient, and paperless solution for businesses to apply for and obtain financing.

- Keep the Bank Safe

The COVID-19 pandemic and its economic consequences will result in a broad range of possible macroeconomic outcomes, and in an unusual level of uncertainty for repayments cash flow. This may lead to additional future provisioning adjustments. Hence, in managing the Group's credit risk, we will continue to remain vigilant in managing our credit portfolios and conservative in our provisioning practices. We have also strengthened our origination policies, implemented portfolio management measures (e.g. detailed risk stratification) and increased resourcing of our collection teams appropriately. In managing our liquidity risk, the Group continues to maintain adequate liquidity coverage and financing to funds ratios, and we are also ensuring cash levels at our branches and self-service terminals remain adequate at all times.

The current operating environment will continue to be challenging. However, we are committed to continue to strengthen our presence. At the same time, to deal with the significant challenges posed by the COVID-19 crisis, we will apply prudent management practices to deliver sustainable returns to our stakeholders.

**B5 Profit Forecast**

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

**B6 Taxation**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</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>(30,792)</b>	39,121	<b>7,542</b>	55,310
- Deferred tax	<b>59,458</b>	(926)	<b>56,600</b>	10,404
- Under/(over) provision for taxation in prior financial period	<b>354</b>	(1,687)	<b>354</b>	(2,136)
	<b>29,020</b>	<b>36,508</b>	<b>64,496</b>	<b>63,578</b>
	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</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>(26,234)</b>	33,961	-	40,967
- Deferred tax	<b>47,842</b>	(2,857)	<b>48,957</b>	11,963
- Under/(over) provision for taxation in prior financial period	<b>267</b>	(1,645)	<b>267</b>	(1,645)
	<b>21,875</b>	<b>29,459</b>	<b>49,224</b>	<b>51,285</b>

The Group's effective tax rate for the second quarter and financial half year ended 30 September 2020 was lower than the current statutory tax rate of 24% due to certain income are not subjected to tax.

**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 second quarter and financial half year ended 30 September 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 second quarter and financial half year ended 30 September 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**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 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>27,968,981</b>	29,562,412	<b>21,225,433</b>	22,134,580
- More than one year (medium/long term)	<b>614,039</b>	732,304	<b>143,972</b>	172,548
	<b>28,583,020</b>	30,294,716	<b>21,369,405</b>	22,307,128
Others	<b>20,119,875</b>	18,131,136	<b>15,832,819</b>	14,395,861
	<b>48,702,895</b>	48,425,852	<b>37,202,224</b>	36,702,989
<b>(b) Deposits and placements of banks and other financial institutions</b>				
- One year or less (short term)	<b>635,275</b>	1,235,071	<b>130,721</b>	576,985
- More than one year (medium/long term)	<b>670,108</b>	308,575	<b>571,972</b>	156,579
	<b>1,305,383</b>	1,543,646	<b>702,693</b>	733,564
<b>(c) Subordinated obligations</b>				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	<b>1,227,084</b>	1,226,681	<b>1,227,030</b>	1,226,571
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	<b>354,029</b>	293,956	<b>253,782</b>	253,683
	<b>1,581,113</b>	1,520,637	<b>1,480,812</b>	1,480,254

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

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

<u>GROUP/BANK</u>	As at 30 September 2020			As at 31 March 2020		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	2,675,399	5,677	(55,522)	2,428,377	65,254	(14,980)
- over one year to three years	393,822	1,129	(5,364)	332,529	11,435	(884)
- over three years	343,888	595	(6,015)	186,439	3,106	(304)
Currency swaps						
- one year or less	8,392,695	62,756	(16,362)	9,848,691	129,672	(111,432)
- over one year to three years	282,555	2,257	(180)	271,577	-	(7,705)
- over three years	340,772	8,493	-	129,323	-	(2,282)
Currency spots						
- one year or less	153,293	118	(162)	40,337	146	(102)
Currency options						
- one year or less	157,008	228	(45)	153,262	302	(131)
- over one year to three years	-	-	-	17,243	-	(261)
	<b>12,739,432</b>	<b>81,253</b>	<b>(83,650)</b>	<b>13,407,778</b>	<b>209,915</b>	<b>(138,081)</b>
Interest rate derivatives						
Interest rate swap	7,938,065	118,137	(74,548)	9,123,080	102,793	(62,213)
- one year or less	1,968,607	8,059	(7,980)	3,505,421	7,073	(5,117)
- over one year to three years	4,209,863	75,400	(53,417)	3,386,675	45,023	(28,965)
- over three years	1,759,595	34,678	(13,151)	2,230,984	50,697	(28,131)
Equity related derivatives						
- one year or less	631,000	107,124	(126,866)	533,770	91,660	(114,219)
- over one year to three years	255,265	8,167	(31,559)	273,868	32,542	(32,542)
- over three years	-	-	-	145,300	-	(1,822)
Total derivatives assets/(liabilities)	<b>21,563,762</b>	<b>314,681</b>	<b>(316,623)</b>	<b>23,483,796</b>	<b>436,910</b>	<b>(348,877)</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 30 September 2020, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM314,681,000 (31 March 2020: RM436,910,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

Market Risk

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

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

Liquidity Risk

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

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

- (ii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Group's and the Bank's credit ratings. As at 30 September 2020, the Group and the Bank had posted cash collateral of RM74,042,000 (31 March 2020: RM137,766,000) 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 2020.

**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 second quarter and financial half year ended 30 September 2020.

**B13 Dividend Declared**

The Directors do not recommend any interim dividend during the second quarter and financial half year ended 30 September 2020.

**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>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<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)	<u><b>103,944</b></u>	<u>115,523</u>	<u><b>208,256</b></u>	<u>192,209</u>
Weighted average numbers of ordinary shares in issue ('000)	<u><b>1,548,106</b></u>	<u>1,548,106</u>	<u><b>1,548,106</b></u>	<u>1,548,106</u>
Basic earnings per share (sen)	<u><b>6.7</b></u>	<u>7.5</u>	<u><b>13.5</b></u>	<u>12.4</u>

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2020</b>	2019	<b>2020</b>	2019
<b><u>BANK</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<u><b>86,581</b></u>	<u>95,692</u>	<u><b>166,763</b></u>	<u>184,351</u>
Weighted average numbers of ordinary shares in issue ('000)	<u><b>1,548,106</b></u>	<u>1,548,106</u>	<u><b>1,548,106</b></u>	<u>1,548,106</u>
Basic earnings per share (sen)	<u><b>5.6</b></u>	<u>6.2</u>	<u><b>10.8</b></u>	<u>11.9</u>

**ALLIANCE BANK MALAYSIA BERHAD**

**198201008390 (88103-W)**

(Incorporated in Malaysia)

**B14 Earnings Per Share (Contd.)**

**(b) Diluted**

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

There were no dilutive potential ordinary shares outstanding as at 30 September 2020 and 30 September 2019 respectively. As a result, the dilutive earnings per share equal to basic earnings per share for financial period ended 30 September 2020 and 30 September 2019.

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

27 November 2020