

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2021

		GROUP		BANK	
		30 June 2021 RM'000	31 March 2021 RM'000	30 June 2021 RM'000	31 March 2021 RM'000
	Note				
ASSETS					
Cash and short-term funds		2,951,359	3,088,245	1,283,409	1,779,243
Deposits and placements with banks and other financial institutions		-	41,477	-	41,477
Amounts due from clients and brokers	A11	63,060	105,041	-	-
Financial assets at fair value through profit or loss	A12	532,169	237,922	461,975	167,728
Financial investments at fair value through other comprehensive income	A13	9,794,224	10,424,669	7,065,374	7,303,866
Financial investments at amortised cost	A14	2,253,543	2,270,504	2,281,564	2,294,765
Derivative financial assets	B11	124,122	153,735	124,122	153,735
Loans, advances and financing	A15	42,233,237	43,233,506	31,801,025	32,395,127
Other assets	A16	365,401	293,653	447,848	349,416
Tax recoverable		58,665	44,357	22,225	9,600
Statutory deposits		94,727	88,012	67,289	69,574
Investments in subsidiaries		-	-	1,109,102	1,109,102
Investment in joint venture		1,011	994	-	-
Right-of-use assets		120,829	120,457	120,822	120,439
Property, plant and equipment		55,208	57,264	54,071	55,930
Deferred tax assets		119,457	130,100	81,470	95,200
Intangible assets		432,960	431,259	330,768	329,004
TOTAL ASSETS		59,199,972	60,721,195	45,251,064	46,274,206
LIABILITIES AND EQUITY					
Deposits from customers	A17	46,777,712	48,488,513	34,637,396	36,150,316
Deposits and placements of banks and other financial institutions	A18	1,421,528	1,392,652	927,126	659,377
Amounts due to clients and brokers	A19	27,004	63,416	-	-
Financial liabilities designated at fair value through profit or loss	A20	644,001	472,695	644,001	472,695
Derivative financial liabilities	B11	164,861	149,410	164,861	149,410
Recourse obligations on loans and financing sold to Cagamas		650,549	650,499	300,105	300,100
Lease liabilities		124,771	123,494	124,766	123,475
Other liabilities	A21	1,491,042	1,546,070	1,298,079	1,322,169
Provision for taxation		-	760	-	-
Provision for zakat		798	848	-	-
Deferred tax liabilities		1,977	2,333	-	-
Subordinated obligations		1,561,952	1,572,718	1,459,775	1,471,978
TOTAL LIABILITIES		52,866,195	54,463,408	39,556,109	40,649,520
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,785,671	4,709,681	4,146,849	4,076,580
TOTAL EQUITY		6,333,777	6,257,787	5,694,955	5,624,686
TOTAL LIABILITIES AND EQUITY		59,199,972	60,721,195	45,251,064	46,274,206
COMMITMENTS AND CONTINGENCIES	A29	34,137,263	30,367,400	31,110,466	27,636,885
Net assets per share attributable to equity holders of the Bank (RM)*					
		4.09	4.04	3.68	3.63

* 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 2021.

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 June 2021**

GROUP	Note	1st Quarter Ended		Three Months Ended	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Interest income	A22	420,432	480,678	420,432	480,678
Interest expense	A23	(143,824)	(239,454)	(143,824)	(239,454)
Net interest income		276,608	241,224	276,608	241,224
Net income from Islamic banking business	A24	103,892	95,050	103,892	95,050
		380,500	336,274	380,500	336,274
Fee and commission income	A25	72,126	61,160	72,126	61,160
Fee and commission expense	A25	(25,901)	(20,337)	(25,901)	(20,337)
Investment income	A25	44,870	60,897	44,870	60,897
Other income/(expense)	A25	11,360	(16,386)	11,360	(16,386)
Other operating income	A25	102,455	85,334	102,455	85,334
Net income		482,955	421,608	482,955	421,608
Other operating expenses	A26	(193,347)	(186,749)	(193,347)	(186,749)
Operating profit before allowances		289,608	234,859	289,608	234,859
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(95,270)	(95,044)	(95,270)	(95,044)
Allowance for expected credit losses on financial investments	A28	(31)	(49)	(31)	(49)
Operating profit after allowances		194,307	139,766	194,307	139,766
Share of results of joint venture		17	22	17	22
Profit before taxation		194,324	139,788	194,324	139,788
Taxation	B6	(48,310)	(35,476)	(48,310)	(35,476)
Net profit for the financial period		146,014	104,312	146,014	104,312
Net profit for the financial period attributable to:					
Equity holders of the Bank		146,014	104,312	146,014	104,312
Earnings per share attributable to:					
Equity holders of the Bank					
- Basic (sen)	B14(a)	9.4	6.7	9.4	6.7
- Diluted (sen)	B14(b)	9.4	6.7	9.4	6.7

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 June 2021**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	146,014	104,312	146,014	104,312
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net gain from change in fair value	52,937	210,045	52,937	210,045
- Realised gain transferred to statements of income on disposal	(27,183)	(11,659)	(27,183)	(11,659)
- Transfer to deferred tax	(6,181)	(47,612)	(6,181)	(47,612)
- Changes in expected credit losses	38	(68)	38	(68)
Other comprehensive income, net of tax	19,611	150,706	19,611	150,706
Total comprehensive income for the financial period	165,625	255,018	165,625	255,018
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	165,625	255,018	165,625	255,018

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 2021.

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statements of Income****for the Financial Period Ended 30 June 2021**

	Note	1st Quarter Ended		Three Months Ended	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
<u>BANK</u>		RM'000	RM'000	RM'000	RM'000
Interest income	A22	408,128	468,827	408,128	468,827
Interest expense	A23	(140,367)	(233,751)	(140,367)	(233,751)
Net interest income		267,761	235,076	267,761	235,076
Fee and commission income	A25	56,685	46,794	56,685	46,794
Fee and commission expense	A25	(21,395)	(15,575)	(21,395)	(15,575)
Investment income	A25	63,231	60,537	63,231	60,537
Other income/(expense)	A25	11,442	(16,346)	11,442	(16,346)
Other operating income	A25	109,963	75,410	109,963	75,410
Net income		377,724	310,486	377,724	310,486
Other operating expenses	A26	(148,423)	(141,850)	(148,423)	(141,850)
Operating profit before allowances		229,301	168,636	229,301	168,636
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(54,495)	(61,121)	(54,495)	(61,121)
(Allowance for)/write-back of expected credit losses on financial investments	A28	(83)	16	(83)	16
Profit before taxation		174,723	107,531	174,723	107,531
Taxation	B6	(36,682)	(27,349)	(36,682)	(27,349)
Net profit for the financial period		138,041	80,182	138,041	80,182
Net profit for the financial period attributable to:					
Equity holders of the Bank		138,041	80,182	138,041	80,182
Earnings per share attributable to:					
Equity holders of the Bank					
- Basic (sen)	B14(a)	8.9	5.2	8.9	5.2
- Diluted (sen)	B14(b)	8.9	5.2	8.9	5.2

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

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Condensed Interim Financial Statements**Unaudited Statements of Comprehensive Income****for the Financial Period Ended 30 June 2021**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	138,041	80,182	138,041	80,182
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain from change in fair value	38,223	139,800	38,223	139,800
- Realised gain transferred to statements of income on disposal	(9,473)	(11,659)	(9,473)	(11,659)
- Transfer to deferred tax	(6,900)	(30,754)	(6,900)	(30,754)
- Changes in expected credit losses	13	(38)	13	(38)
Other comprehensive income, net of tax	21,863	97,349	21,863	97,349
Total comprehensive income for the financial period	159,904	177,531	159,904	177,531
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	159,904	177,531	159,904	177,531

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 2021.

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 June 2021

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

GROUP	Ordinary <u>shares</u> RM'000	Regulatory <u>reserves</u> RM'000	Capital <u>reserves</u> RM'000	FVOCI <u>reserves</u> RM'000	Retained <u>profits</u> RM'000	Total <u>equity</u> RM'000
At 1 April 2021	1,548,106	86,440	100,150	51,320	4,471,771	6,257,787
Net profit for the financial period	-	-	-	-	146,014	146,014
Other comprehensive income	-	-	-	19,611	-	19,611
Total comprehensive income for the financial period	-	-	-	19,611	146,014	165,625
Transfer from regulatory reserves	-	(38,876)	-	-	38,876	-
Dividends paid to shareholders	-	-	-	-	(89,635)	(89,635)
At 30 June 2021	1,548,106	47,564	100,150	70,931	4,567,026	6,333,777
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	-	-	-	-	104,312	104,312
Other comprehensive income	-	-	-	150,706	-	150,706
Total comprehensive income for the financial period	-	-	-	150,706	104,312	255,018
Transfer from regulatory reserves	-	(94,950)	-	-	94,950	-
At 30 June 2020	1,548,106	129,629	100,150	292,018	4,174,109	6,244,012

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 2021.

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)

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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Year Ended 30 June 2021 (Contd.)

	Non-Distributable reserves				Distributable reserves	
	Ordinary <u>shares</u>	Regulatory <u>reserves</u>	Capital <u>reserves</u>	FVOCI <u>reserves</u>	Retained <u>profits</u>	Total <u>equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>						
At 1 April 2021	1,548,106	80,006	15,515	(4,907)	3,985,966	5,624,686
Net profit for the financial period	-	-	-	-	138,041	138,041
Other comprehensive income	-	-	-	21,863	-	21,863
Total comprehensive income for the financial period	-	-	-	21,863	138,041	159,904
Transfer from regulatory reserves	-	(38,365)	-	-	38,365	-
Dividends paid to shareholders	-	-	-	-	(89,635)	(89,635)
At 30 June 2021	1,548,106	41,641	15,515	16,956	4,072,737	5,694,955
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	-	-	-	-	80,182	80,182
Other comprehensive income	-	-	-	97,349	-	97,349
Total comprehensive income for the financial period	-	-	-	97,349	80,182	177,531
Transfer from regulatory reserves	-	(60,508)	-	-	60,508	-
At 30 June 2020	1,548,106	121,784	15,515	177,183	3,487,580	5,350,168

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 2021.

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 June 2021**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Cash flows from operating activities				
Profit before taxation	194,324	139,788	174,723	107,531
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(551)	(9,666)	(611)	(9,530)
Allowance for expected credit losses on loans, advances and financing	86,726	79,183	50,020	52,318
(Write-back of)/allowance for expected credit losses on commitments and contingencies	(1,500)	6,633	(1,042)	4,500
Allowance for/(write-back of) expected credit losses on financial investments	31	49	83	(16)
Allowance for expected credit losses on amounts due from clients and brokers	3	1	-	-
Allowance for expected credit losses on other receivables	661	540	627	523
(Write-back of)/allowance for expected credit losses on short-term funds	(18)	4	(18)	4
Amortisation of computer software	11,484	9,557	11,197	9,178
Depreciation of property, plant and equipment	5,313	5,343	5,061	5,227
Depreciation of right-of-use assets	6,408	6,342	6,398	6,331
Dividends from financial assets at fair value through profit or loss	(737)	(837)	(637)	(477)
Dividends from subsidiaries	-	-	(27,126)	-
Interest expense on lease liabilities	1,646	1,741	1,646	1,740
Interest expense on subordinated obligations	15,326	20,990	15,371	21,049
Interest expense on recourse obligations on loans and financing sold to Cagamas	3,426	3,426	3,426	3,426
Interest income from financial investments at amortised cost	(18,194)	(1,400)	(19,976)	(3,182)
Interest income from financial investments at fair value through other comprehensive income	(75,075)	(87,827)	(67,228)	(79,892)
Net gain from sale of financial assets at fair value through profit or loss	(4,798)	(3,422)	(4,798)	(3,422)
Net gain from sale of financial investments at fair value through other comprehensive income	(18,138)	(11,659)	(9,473)	(11,659)
Unrealised loss arising from derivative instruments	42,939	21,418	42,939	21,418
Unrealised gain arising from financial assets at fair value through profit or loss	(1,317)	(4,329)	(1,317)	(4,329)
Unrealised (gain)/loss arising from financial liabilities designated at fair value through profit or loss	(38,423)	6,055	(38,423)	6,055
Share of results of joint venture	(17)	(22)	-	-
Cash flow from operating activities before working capital changes carried forward	209,519	181,908	140,842	126,793

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(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2021 (Contd.)**

	GROUP		BANK	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (contd.)				
Cash flow from operating activities before working capital changes brought forward	209,519	181,908	140,842	126,793
Changes in working capital:				
Amounts due to clients and brokers	5,569	(7,920)	-	-
Deposits from customers	(1,710,801)	636,904	(1,512,920)	453,002
Deposits and placements of banks and other financial institutions	28,876	45,318	267,749	83,257
Deposits and placements with banks and other financial institutions	41,477	(42,896)	41,477	(42,896)
Financial liabilities designated at fair value through profit or loss	209,729	(92,498)	209,729	(92,498)
Financial assets at fair value through profit or loss	(288,754)	91,107	(288,754)	91,107
Loans, advances and financing	913,543	228,224	544,082	82,150
Other assets	(72,252)	(29,402)	(98,900)	(16,208)
Other liabilities	(53,528)	175,367	(23,048)	158,982
Obligations on securities sold under repurchase agreements	-	(369,469)	-	(221,387)
Statutory deposits	(6,715)	839,478	2,285	621,872
Cash (used in)/generated from operations	(723,337)	1,656,121	(717,458)	1,244,174
Taxation paid	(59,413)	(32,010)	(42,620)	(25,583)
Zakat paid	(50)	(205)	-	-
Net cash (used in)/generated from operating activities	(782,800)	1,623,906	(760,078)	1,218,591

Cash flows from investing activities

Dividends from financial assets at fair value through profit or loss	737	837	637	477
Dividends from subsidiaries	-	-	27,126	-
Interest received from financial assets at fair value through profit or loss	622	4,753	622	4,753
Interest received from financial investments at fair value through other comprehensive income	92,984	94,402	82,831	87,431
Interest received/(paid) from financial investments at amortised cost	17,697	(3,407)	18,151	(1,036)
Interest received for derivative instruments	2,124	7,237	2,124	7,237
Purchase of computer software	(3,258)	(14,087)	(3,202)	(14,014)
Purchase of property, plant and equipment	(13,185)	(832)	(12,961)	(785)
Proceeds from disposal of property, plant and equipment	-	29	-	29
Purchase of:				
- financial investments at fair value through other comprehensive income	(467,627)	(1,085,429)	(322,627)	(928,739)
- financial investments at amortised cost	-	(569,935)	-	(412,514)
Proceed from redemption/disposal of:				
- financial investments at fair value through other comprehensive income	1,119,192	1,287,565	578,935	1,058,490
- financial investments at amortised cost	22,880	15,875	20,372	15,780
Net cash generated from/(used in) investing activities	772,166	(262,992)	392,008	(182,891)

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(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2021 (Contd.)**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Cash flows from financing activities				
Dividends paid to shareholders of the company	(89,635)	-	(89,635)	-
Interest paid on subordinated obligations	(26,091)	(37,484)	(27,574)	(38,835)
Interest paid on recourse obligations on loans and financing sold to Cagamas	(3,377)	(1,492)	(3,421)	(3,388)
Repayment from recourse obligations on loans and financing sold to Cagamas	-	300,002	-	2
Repayment of lease liabilities	(7,149)	(8,247)	(7,134)	(8,232)
Proceeds from issuance of subordinated notes	-	50,000	-	-
Net cash (used in)/generated from financing activities	<u>(126,252)</u>	<u>302,779</u>	<u>(127,764)</u>	<u>(50,453)</u>
Net change in cash and cash equivalents	(136,886)	1,663,693	(495,834)	985,247
Cash and cash equivalents at beginning of financial period	<u>3,088,245</u>	<u>3,119,214</u>	<u>1,779,243</u>	<u>2,488,527</u>
Cash and cash equivalents at end of financial period	<u>2,951,359</u>	<u>4,782,907</u>	<u>1,283,409</u>	<u>3,473,774</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	<u>2,951,359</u>	<u>4,782,907</u>	<u>1,283,409</u>	<u>3,473,774</u>

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 2021.

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 first financial quarter ended 30 June 2021 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 2021. 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 2021.

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 2021 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2021:

- Interest rate benchmark reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The adoption of the above standards, amendments to published standards and interpretations to existing standards did not give rise to 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.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the annual financial statements for the financial year ended 31 March 2021 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 first financial quarter ended 30 June 2021.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the first financial quarter ended 30 June 2021.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the first financial quarter ended 30 June 2021.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the first financial quarter ended 30 June 2021.

A7 Dividend Paid

A single tier interim dividend of 5.79 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM89,635,000 in respect of 31 March 2021 was paid on 30 June 2021.

A8 Significant Events

There were no significant events during the first financial quarter ended 30 June 2021.

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 June 2021 RM'000	31 March 2021 RM'000
Due from clients	63,063	105,041
Less: Allowance for expected credit losses	(3)	-
	<u>63,060</u>	<u>105,041</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 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 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 June 2021 RM'000	31 March 2021 RM'000
At beginning of financial period/year	-	3
Allowance made/(write-back of) during the financial period/year (net)	3	(3)
At end of financial period/year	<u>3</u>	<u>-</u>

As at 30 June 2021, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM3,000 (31 March 2021: RM Nil).

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

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
At fair value - debt instruments				
<u>Money market instruments:</u>				
Malaysian Government securities	256,965	10,036	256,965	10,036
Malaysian Government investment issues	37,334	3,210	37,334	3,210
	294,299	13,246	294,299	13,246
<u>Unquoted securities:</u>				
Shares	224,676	224,676	154,482	154,482
Corporate bonds and sukuk	13,194	-	13,194	-
	237,870	224,676	167,676	154,482
Total financial assets at FVTPL	532,169	237,922	461,975	167,728

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

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	2,294,645	2,007,478	2,199,287	1,912,391
Malaysian Government investment issues	2,720,329	3,471,755	1,837,702	2,289,793
Commercial papers	19,940	-	-	-
	5,034,914	5,479,233	4,036,989	4,202,184
<u>Quoted securities:</u>				
Shares	15	15	15	15
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,759,295	4,945,421	3,028,370	3,101,667
Total financial investments at FVOCI	9,794,224	10,424,669	7,065,374	7,303,866

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

Movements in allowance for expected credit losses are as follows:

	12-month ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2021	96	231	-	327
Financial investments derecognised other than write-off	(2)	(8)	-	(10)
Changes due to change in credit risk	23	25	-	48
Total charge to income statement	21	17	-	38
At 30 June 2021	117	248	-	365
At 1 April 2021	138	208	-	346
Transfer to Stage 1	40	(337)	-	(297)
Transfer to Stage 2	(40)	677	-	637
New financial investments originated or purchased	14	-	-	14
Financial investments derecognised other than write-off	(19)	(5)	-	(24)
Changes due to change in credit risk	(37)	(312)	-	(349)
Total (write-back from)/charge to income statement	(42)	23	-	(19)
At 31 March 2021	96	231	-	327
BANK				
At 1 April 2021	61	114	-	175
New financial investments originated or purchased	-	(8)	-	(8)
Changes due to change in credit risk	15	6	-	21
Total charge to/(write-back from) income statement	15	(2)	-	13
At 30 June 2021	76	112	-	188
At 1 April 2021	71	151	-	222
Transfer to Stage 1	23	(154)	-	(131)
Transfer to Stage 2	(23)	310	-	287
New financial investments originated or purchased	14	-	-	14
Financial investments derecognised other than write-off	(7)	(5)	-	(12)
Changes due to change in credit risk	(17)	(188)	-	(205)
Total write-back from income statement	(10)	(37)	-	(47)
At 31 March 2021	61	114	-	175

Note:

The transfer between stages are inclusive of net remeasurement of allowances.

The Group and Bank do not have gross exposure of financial investments at FVOCI that are credit impaired.

A14 Financial Investments at Amortised Cost

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	289,849	289,741	289,849	289,741
Malaysian Government investment issues	1,851,615	1,859,678	1,640,392	1,647,210
Negotiable instruments of deposits	-	-	189,330	187,404
	2,141,464	2,149,419	2,119,571	2,124,355
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	113,325	122,338	162,985	171,332
Less: Allowance for expected credit losses	(1,246)	(1,253)	(992)	(922)
	112,079	121,085	161,993	170,410
Total financial investments at amortised cost	2,253,543	2,270,504	2,281,564	2,294,765

Movements in allowance for expected credit losses are as follows:

	12-month	Lifetime ECL	Lifetime ECL	
	ECL	Not-credit	Credit	
	(Stage 1)	Impaired	Impaired	
	(Stage 1)	(Stage 2)	(Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
GROUP				
At 1 April 2021	423	-	830	1,253
Total write-back from income statement due to change in credit risk	(7)	-	-	(7)
At 30 June 2021	416	-	830	1,246
At 1 April 2020	308	-	49,074	49,382
New financial investments originated or purchased	-	-	569	569
Financial investments derecognised other than write-off	-	-	(569)	(569)
Changes due to change in credit risk	115	-	-	115
Total charge to income statement	115	-	-	115
Write-off	-	-	(48,244)	(48,244)
At 31 March 2021	423	-	830	1,253

A14 Financial Investments at Amortised Cost (Contd.)

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<u>BANK</u>				
At 1 April 2021	366	-	556	922
Total charge to income statement due to change in credit risk	70	-	-	70
At 30 June 2021	436	-	556	992
At 1 April 2020	372	-	24,678	25,050
New financial investments originated or purchased	-	-	373	373
Financial investments derecognised other than write-off	-	-	(373)	(373)
Changes due to change in credit risk	(6)	-	-	(6)
Total write-back from income statement	(6)	-	-	(6)
Write-off	-	-	(24,122)	(24,122)
At 31 March 2021	366	-	556	922

Note:

The transfer between stages are inclusive of net remeasurement of allowances.

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2021 RM'000	31 March 2021 RM'000	30 June 2021 RM'000	31 March 2021 RM'000
At beginning of financial period/year	846	49,090	556	24,678
Write-off during the financial period/year	-	(48,244)	-	(24,122)
At end of financial period/year	846	846	556	556

A15 Loans, Advances and Financing

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	3,108,021	3,431,705	1,848,813	2,036,340
Term loans/financing				
- Housing loans/financing	13,952,671	14,074,492	10,484,190	10,572,066
- Syndicated term loans/financing	306,904	318,900	306,904	318,900
- Hire purchase receivables	581,675	616,512	434,589	455,966
- Other term loans/financing	18,302,758	18,195,036	13,942,988	13,839,763
Bills receivables	403,285	483,030	367,824	452,195
Trust receipts	323,350	286,407	251,742	225,407
Claims on customers under acceptance credits	2,783,584	2,969,016	2,040,329	2,216,600
Staff loans				
(Loan to Directors: RM Nil [31 March 2021: RM Nil])	18,606	19,463	3,697	3,987
Credit/charge card receivables	478,127	513,331	478,127	513,331
Revolving credits	1,559,218	1,902,028	1,028,083	1,157,634
Share margin financing	1,384,481	1,337,422	1,203,039	1,160,548
Gross loans, advances and financing	43,202,680	44,147,342	32,390,325	32,952,737
Add: Sales commissions and handling fees	94,527	93,370	108,299	108,989
Less: Allowance for expected credit losses on loans, advances and financing	(1,063,970)	(1,007,206)	(697,599)	(666,599)
Total net loans, advances and financing	42,233,237	43,233,506	31,801,025	32,395,127

Note:

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 RM24,795,000 as at 30 June 2021 (31 March 2021: RM34,379,000).

A15 Loans, Advances and Financing (Contd.)

A15a By maturity structure:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Within one year	10,287,838	11,166,171	7,379,064	7,928,048
One year to three years	1,793,939	1,719,702	1,406,498	1,271,822
Three years to five years	3,170,045	3,116,175	2,558,681	2,513,766
Over five years	27,950,858	28,145,294	21,046,082	21,239,101
Gross loans, advances and financing	43,202,680	44,147,342	32,390,325	32,952,737

A15b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	4	-	4	-
Domestic non-bank financial institutions	482,814	662,237	423,003	473,893
Domestic business enterprises				
- Small and medium enterprises	13,521,606	13,947,747	10,460,947	10,831,042
- Others	6,024,437	6,139,562	4,621,484	4,654,521
Government and statutory bodies	56,891	58,149	56,891	58,149
Individuals	22,449,714	22,674,971	16,269,016	16,374,290
Other domestic entities	25,558	26,155	2,005	2,079
Foreign entities	641,656	638,521	556,975	558,763
Gross loans, advances and financing	43,202,680	44,147,342	32,390,325	32,952,737

A15c By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	25,567	26,509	4,698	4,815
- Hire purchase receivables	570,503	604,335	423,416	443,788
- Other fixed rate loans/financing	6,733,928	7,022,940	4,776,021	4,940,093
Variable rate				
- Base lending rate plus	23,543,352	24,074,135	19,132,037	19,597,887
- Base rate plus	8,647,212	8,515,744	5,219,593	5,086,299
- Cost plus	3,682,118	3,903,679	2,834,560	2,879,855
Gross loans, advances and financing	43,202,680	44,147,342	32,390,325	32,952,737

A15 Loans, Advances and Financing (Contd.)

A15d By economic purposes:

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	1,540,415	1,492,946	1,358,973	1,316,073
Purchase of transport vehicles	408,986	451,486	283,225	311,972
Purchase of landed property	21,659,479	21,934,318	16,783,504	17,016,276
of which: - Residential	14,777,995	14,920,966	11,242,338	11,351,588
- Non-residential	6,881,484	7,013,352	5,541,166	5,664,688
Purchase of fixed assets				
excluding land & buildings	267,683	263,770	215,438	211,595
Personal use	5,635,514	5,710,480	3,120,320	3,118,591
Credit card	478,127	513,332	478,127	513,332
Construction	961,963	954,464	859,120	851,640
Working capital	9,306,306	9,920,052	6,980,208	7,368,494
Others	2,944,207	2,906,494	2,311,410	2,244,764
Gross loans, advances and financing	43,202,680	44,147,342	32,390,325	32,952,737

A15e By economic sectors:

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	1,200,769	1,197,847	774,123	790,151
Mining and quarrying	228,195	234,646	192,234	196,106
Manufacturing	4,725,781	4,840,945	3,527,878	3,647,230
Electricity, gas and water	35,585	31,632	33,204	29,462
Construction	1,346,104	1,412,197	1,023,832	1,100,732
Wholesale, retail trade, restaurants and hotels	7,033,310	7,272,701	5,578,450	5,741,712
Transport, storage and communication	683,181	714,287	552,910	570,932
Financing, insurance, real estate and business services	4,529,901	4,755,068	3,633,721	3,649,734
Community, social and personal services	324,927	366,379	246,297	288,610
Household	23,091,370	23,313,491	16,825,990	16,933,053
Others	3,557	8,149	1,686	5,015
Gross loans, advances and financing	43,202,680	44,147,342	32,390,325	32,952,737

A15f By geographical distribution:

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Northern region	3,099,259	3,184,084	2,105,999	2,172,904
Central region	30,599,314	31,220,193	23,333,208	23,751,261
Southern region	5,378,949	5,457,765	4,134,473	4,168,512
Sabah region	3,025,663	3,171,129	2,078,422	2,093,429
Sarawak region	1,099,495	1,114,171	738,223	766,631
Gross loans, advances and financing	43,202,680	44,147,342	32,390,325	32,952,737

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A15 Loans, Advances and Financing (Contd.)
A15g Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
At beginning of financial period/year	1,032,436	871,340	735,568	638,343
Impaired during the financial period/year	209,832	962,546	130,919	643,618
Recovered during the financial period/year	(8,371)	(47,121)	(5,805)	(34,657)
Reclassified as unimpaired during the financial period/year	(142,423)	(439,787)	(79,729)	(306,693)
Financial assets derecognised other than write-off during the financial period/year	(33,354)	(127,162)	(17,391)	(78,622)
Amount written-off	(46,135)	(187,380)	(28,001)	(126,421)
At end of financial period/year	1,011,985	1,032,436	735,561	735,568
Gross impaired loans ratio	2.34%	2.34%	2.27%	2.23%
Net impaired loans ratio	1.73%	1.72%	1.69%	1.64%

A15h Credit impaired loans analysed by economic purposes:

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Purchase of transport vehicles	24,410	24,162	17,596	17,497
Purchase of landed property	563,049	574,055	425,675	421,511
of which: - Residential	451,487	453,817	324,081	320,166
- Non-residential	111,562	120,238	101,594	101,345
Purchase of fixed assets excluding land & buildings	12,325	12,664	11,968	12,307
Personal use	253,246	269,955	147,714	153,655
Credit card	9,265	8,530	9,265	8,530
Construction	8,102	8,102	8,102	8,102
Working capital	89,335	84,288	65,971	66,278
Others	52,253	50,680	49,270	47,688
Gross impaired loans	1,011,985	1,032,436	735,561	735,568

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A15 Loans, Advances and Financing (Contd.)**A15i** Credit impaired loans analysed by economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	1,118	1,133	7	17
Mining and quarrying	1,324	1,373	1,324	1,373
Manufacturing	69,724	63,974	60,287	60,440
Construction	32,193	32,416	19,394	19,705
Wholesale, retail trade, restaurants and hotels	80,389	87,927	68,562	67,258
Transport, storage and communication	4,698	4,683	4,293	4,179
Financing, insurance, real estate and business services	72,913	74,203	72,322	73,017
Community, social and personal services	3,551	3,109	3,551	3,109
Household	746,075	762,451	505,821	505,303
Others	-	1,167	-	1,167
Gross impaired loans	<u>1,011,985</u>	<u>1,032,436</u>	<u>735,561</u>	<u>735,568</u>

A15j Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Northern region	75,005	77,759	50,285	52,270
Central region	736,978	764,325	543,601	543,371
Southern region	147,880	142,789	110,744	107,890
Sabah region	42,407	37,812	23,391	24,456
Sarawak region	9,715	9,751	7,540	7,581
Gross impaired loans	<u>1,011,985</u>	<u>1,032,436</u>	<u>735,561</u>	<u>735,568</u>

A15 Loans, Advances and Financing (Contd.)

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<u>GROUP</u>				
At 1 April 2021	231,025	498,776	277,405	1,007,206
Transfer to Stage 1	19,665	(114,630)	(6)	(94,971)
Transfer to Stage 2	(24,260)	217,822	(28,805)	164,757
Transfer to Stage 3	(67)	(63,017)	51,114	(11,970)
New financial assets originated or purchased	23,130	69,310	2,225	94,665
Financial assets derecognised other than write-off	(20,474)	(70,958)	(7,915)	(99,347)
Changes due to change in credit risk	(3,651)	34,499	2,744	33,592
	(5,657)	73,026	19,357	86,726
Unwinding of discount	-	-	(1,787)	(1,787)
Total (write-back from)/charge to income statement	(5,657)	73,026	17,570	84,939
Write-off	-	(276)	(27,899)	(28,175)
At 30 June 2021	225,368	571,526	267,076	1,063,970
At 1 April 2020	96,553	269,287	293,428	659,268
Transfer to Stage 1	153,279	(303,936)	(4,481)	(155,138)
Transfer to Stage 2	(101,032)	483,008	(76,882)	305,094
Transfer to Stage 3	(738)	(158,088)	233,223	74,397
New financial assets originated or purchased	77,896	178,021	15,316	271,233
Financial assets derecognised other than write-off	(64,721)	(189,434)	(35,550)	(289,705)
Changes due to change in credit risk	69,812	220,087	(9,933)	279,966
Other adjustments	(21)	(37)	(13)	(71)
	134,475	229,621	121,680	485,776
Unwinding of discount	-	-	(7,853)	(7,853)
Total charge to income statement	134,475	229,621	113,827	477,923
Write-off	(3)	(132)	(129,850)	(129,985)
At 31 March 2021	231,025	498,776	277,405	1,007,206

A15 Loans, Advances and Financing (Contd.)

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

	12 month ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<u>BANK</u>				
At 1 April 2021	154,241	314,669	197,689	666,599
Transfer to Stage 1	12,546	(73,862)	(1)	(61,317)
Transfer to Stage 2	(15,011)	128,460	(15,635)	97,814
Transfer to Stage 3	(51)	(35,615)	30,331	(5,335)
New financial assets originated or purchased	15,498	52,506	1,635	69,639
Financial assets derecognised other than write-off	(12,739)	(52,182)	(4,569)	(69,490)
Changes due to change in credit risk	(2,696)	21,113	292	18,709
	(2,453)	40,420	12,053	50,020
Unwinding of discount	-	-	(1,626)	(1,626)
Total (write-back from)/charge to income statement	(2,453)	40,420	10,427	48,394
Write-off	-	(223)	(17,171)	(17,394)
At 30 June 2021	151,788	354,866	190,945	697,599
At 1 April 2020	63,677	177,196	218,370	459,243
Transfer to Stage 1	94,945	(199,432)	(2,495)	(106,982)
Transfer to Stage 2	(62,825)	300,659	(50,694)	187,140
Transfer to Stage 3	(606)	(90,925)	142,613	51,082
New financial assets originated or purchased	53,856	139,571	11,287	204,714
Financial assets derecognised other than write-off	(42,782)	(141,429)	(24,205)	(208,416)
Changes due to change in credit risk	48,000	129,081	(2,262)	174,819
Other adjustments	(21)	(37)	(13)	(71)
	90,567	137,488	74,231	302,286
Unwinding of discount	-	-	(4,550)	(4,550)
Total charge to income statement	90,567	137,488	69,681	297,736
Write-off	(3)	(15)	(90,362)	(90,380)
At 31 March 2021	154,241	314,669	197,689	666,599

Note:

The transfer between stages are inclusive of net remeasurement of allowances.

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A16 Other Assets

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables	124,120	98,079	143,176	120,168
Collateral pledged for derivative transactions	74,456	61,381	74,456	61,381
Settlement account	163,947	128,658	163,947	128,658
Deposits	8,929	8,834	8,305	8,210
Prepayment	34,043	36,788	30,579	33,220
Amounts due from subsidiaries	-	-	61,988	32,397
Amount due from joint venture	848	194	965	323
	406,343	333,934	483,416	384,357
Less: Allowance for expected credit losses on other receivables [Note]	(40,942)	(40,281)	(35,568)	(34,941)
	365,401	293,653	447,848	349,416

Note:

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

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
<u>Lifetime ECL</u>				
At beginning of financial period/year	40,281	38,212	34,941	33,143
New financial assets originated or purchased	59	170	-	-
Financial assets derecognised				
other than write-off	(27)	(265)	-	-
Changes due to change in credit risk	629	2,181	627	1,815
Total charge to income statement	661	2,086	627	1,815
Write-off	-	(17)	-	(17)
At end of financial period/year	40,942	40,281	35,568	34,941

As at 30 June 2021, the Group and the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM40,942,000 and RM35,568,000 (31 March 2021: RM40,281,000 and RM34,941,000) respectively.

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

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Demand deposits	20,830,099	20,606,556	15,131,274	15,447,892
Savings deposits	2,263,390	2,193,143	1,806,573	1,753,279
Fixed/investment deposits	21,286,731	22,421,659	15,695,091	16,821,977
Money market deposits	2,014,488	2,885,258	1,633,119	1,756,823
Negotiable instruments of deposits	383,004	381,897	371,339	370,345
	46,777,712	48,488,513	34,637,396	36,150,316

A17b The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follows:

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Due within six months	18,269,867	20,632,259	13,668,418	14,962,791
Six months to one year	5,216,464	4,517,179	3,991,374	3,902,026
One year to three years	192,126	529,542	34,594	75,096
Three years to five years	5,766	9,834	5,163	9,232
	23,684,223	25,688,814	17,699,549	18,949,145

A17c By type of customers:

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Domestic financial institutions	407,032	423,503	451,432	469,651
Domestic non-bank financial institutions	3,719,266	4,001,957	2,660,003	2,433,197
Government and statutory bodies	3,324,724	3,782,518	1,231,114	1,654,808
Business enterprises	15,375,750	15,474,724	12,002,787	12,508,806
Individuals	22,162,253	23,097,231	16,763,196	17,645,753
Foreign entities	922,634	842,730	811,722	729,873
Others	866,053	865,850	717,142	708,228
	46,777,712	48,488,513	34,637,396	36,150,316

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A18 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Licensed banks	190,826	122,576	51,771	2,263
Licensed investment banks	200,083	340,162	100,034	-
Bank Negara Malaysia	1,030,619	929,914	775,321	657,114
	<u>1,421,528</u>	<u>1,392,652</u>	<u>927,126</u>	<u>659,377</u>

A19 Amounts Due To Clients And Brokers

	<u>GROUP</u>	
	30 June	31 March
	2021	2021
	RM'000	RM'000
Due to clients	26,137	57,554
Due to brokers	867	5,862
	<u>27,004</u>	<u>63,416</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 RM102,550,000 (31 March 2021: RM123,393,000) have been excluded accordingly.

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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.

	GROUP/BANK	
	30 June	31 March
	2021	2021
	RM'000	RM'000
Structured investments	714,380	504,651
Fair value changes arising from designation at fair value through profit or loss	(70,379)	(31,956)
	644,001	472,695

A21 Other Liabilities

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Other payables	783,941	728,404	688,943	621,643
Bills payable	165,240	162,447	158,430	137,565
Collateral pledged for derivative transactions	21,996	27,810	21,996	27,810
Settlement account	1,596	9,925	1,596	9,925
Clearing account	148,252	179,949	111,574	137,906
Sundry deposits	52,162	50,909	46,869	45,791
Provision and accruals	123,799	171,309	105,091	150,153
Remisiers accounts	8,082	9,274	-	-
Structured investments	138,181	156,700	138,181	156,700
Amount due to subsidiaries	-	-	306	8,491
Allowance for expected credit losses on commitments and contingencies [Note]	47,793	49,343	25,093	26,185
	1,491,042	1,546,070	1,298,079	1,322,169

A21 Other Liabilities (Contd.)

Note:

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<u>GROUP</u>				
At 1 April 2021	9,722	36,512	3,109	49,343
Transfer to Stage 1	134	(983)	-	(849)
Transfer to Stage 2	(195)	2,453	(305)	1,953
Transfer to Stage 3	-	(61)	130	69
New financial assets originated or purchased	1,832	1,126	-	2,958
Financial assets derecognised other than write-off	(1,802)	(3,005)	(76)	(4,883)
Changes due to change in credit risk	(49)	(763)	64	(748)
	(80)	(1,233)	(187)	(1,500)
Unwinding of discount	-	-	(50)	(50)
Total write-back from income statement	(80)	(1,233)	(237)	(1,550)
At 30 June 2021	9,642	35,279	2,872	47,793
At 1 April 2020	8,582	10,996	4,761	24,339
Transfer to Stage 1	2,730	(7,701)	(101)	(5,072)
Transfer to Stage 2	(1,293)	12,385	(100)	10,992
Transfer to Stage 3	-	(1,143)	2,745	1,602
New financial assets originated or purchased	3,557	4,498	-	8,055
Financial assets derecognised other than write-off	(3,130)	(5,193)	(3,478)	(11,801)
Changes due to change in credit risk	(715)	22,674	(614)	21,345
Other adjustments	(9)	(4)	-	(13)
	1,140	25,516	(1,548)	25,108
Unwinding of discount	-	-	(104)	(104)
Total charge to/(write-back from) income statement	1,140	25,516	(1,652)	25,004
At 31 March 2021	9,722	36,512	3,109	49,343

A21 Other Liabilities (Contd.)

Note:

Movements in allowance for expected credit losses on commitments and contingencies are as follows: (contd.)

	12-month ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<u>BANK</u>				
At 1 April 2021	8,056	15,020	3,109	26,185
Transfer to Stage 1	115	(854)	-	(739)
Transfer to Stage 2	(190)	2,348	(305)	1,853
Transfer to Stage 3	-	(61)	130	69
New financial assets originated or purchased	1,636	1,077	-	2,713
Financial assets derecognised other than write-off	(1,671)	(2,711)	(76)	(4,458)
Changes due to change in credit risk	(219)	(313)	52	(480)
	(329)	(514)	(199)	(1,042)
Unwinding of discount	-	-	(50)	(50)
Total write-back from income statement	(329)	(514)	(249)	(1,092)
At 30 June 2021	7,727	14,506	2,860	25,093
At 1 April 2020	7,471	7,555	4,761	19,787
Transfer to Stage 1	2,258	(6,408)	(101)	(4,251)
Transfer to Stage 2	(1,115)	10,727	(98)	9,514
Transfer to Stage 3	-	(355)	1,125	770
New financial assets originated or purchased	2,891	4,059	-	6,950
Financial assets derecognised other than write-off	(2,717)	(4,084)	(1,860)	(8,661)
Changes due to change in credit risk	(723)	3,529	(614)	2,192
Other adjustments	(9)	(3)	-	(12)
	585	7,465	(1,548)	6,502
Unwinding of discount	-	-	(104)	(104)
Total charge to/(write-back from) income statement	585	7,465	(1,652)	6,398
At 31 March 2021	8,056	15,020	3,109	26,185

As at 30 June 2021, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired were RM8,619,000 and RM8,478,000 (31 March 2021: RM14,824,000 and RM12,152,000) respectively.

The transfer between stages are inclusive of net remeasurement of allowances.

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A22 Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Loans, advances and financing	324,904	372,839	324,904	372,839
Money at call and deposit placements with financial institutions	1,528	8,535	1,528	8,535
Financial investments at fair value through other comprehensive income	75,075	87,827	75,075	87,827
Financial investments at amortised cost	18,194	1,400	18,194	1,400
Others	180	411	180	411
	419,881	471,012	419,881	471,012
Accretion of discount less amortisation of premium (net)	551	9,666	551	9,666
	420,432	480,678	420,432	480,678
	1st Quarter Ended	30 June	Three Months Ended	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Loans, advances and financing	318,593	366,606	318,593	366,606
Money at call and deposit placements with financial institutions	1,540	9,206	1,540	9,206
Financial investments at fair value through other comprehensive income	67,228	79,892	67,228	79,892
Financial investments at amortised cost	19,976	3,182	19,976	3,182
Others	180	411	180	411
	407,517	459,297	407,517	459,297
Accretion of discount less amortisation of premium (net)	611	9,530	611	9,530
	408,128	468,827	408,128	468,827

Included in the interest income on loans, advances and financing for the current financial period was Interest/profit accrued on impaired loans/financing of the Group and the Bank of RM1,780,000 (30 June 2020: RM2,063,000) respectively.

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A23 Interest Expense**GROUP**

Deposits and placements of banks and other financial institutions

Deposits from customers

Recourse obligations on loans and financing sold to Cagamas

Subordinated obligations

Lease liabilities

Others

1st Quarter Ended**30 June****2021****RM'000**

30 June

2020

RM'000

Three Months Ended**30 June****2021****RM'000**

30 June

2020

RM'000

5,222

4,265

5,222

4,265

116,596

206,503

116,596

206,503

3,426

3,426

3,426

3,426

15,326

20,990

15,326

20,990

1,646

1,741

1,646

1,741

1,608

2,529

1,608

2,529

143,824

239,454

143,824

239,454

1st Quarter Ended**30 June****2021****RM'000**

30 June

2020

RM'000

Three Months Ended**30 June****2021****RM'000**

30 June

2020

RM'000

BANK

Deposits and placements of banks and other financial institutions

Deposits from customers

Recourse obligations on loans and financing sold to Cagamas

Subordinated obligations

Lease liabilities

Others

3,282

1,491

3,282

1,491

115,034

203,515

115,034

203,515

3,426

3,426

3,426

3,426

15,371

21,049

15,371

21,049

1,646

1,740

1,646

1,740

1,608

2,530

1,608

2,530

140,367

233,751

140,367

233,751

A24 Net Income from Islamic Banking Business**GROUP**

Income derived from investment of depositors' funds and others

Income derived from investment of Islamic Banking funds

Income attributable to the depositors and financial institutions

1st Quarter Ended**30 June****2021****RM'000**

30 June

2020

RM'000

Three Months Ended**30 June****2021****RM'000**

30 June

2020

RM'000

150,611

164,653

150,611

164,653

15,364

16,781

15,364

16,781

(62,083)

(86,384)

(62,083)

(86,384)

103,892

95,050

103,892

95,050

Net income from Islamic Banking business comprises income generated from Alliance Islamic Bank Berhad ("AIS"), and Islamic banking business of Alliance Investment Bank Berhad ("AIBB"). Both AIS and AIBB are wholly-owned subsidiaries of the Bank.

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A25 Other Operating Income

GROUP	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee and commission income:</u>				
Commissions	25,593	16,246	25,593	16,246
Service charges and fees	6,552	6,626	6,552	6,626
Corporate advisory fees	991	776	991	776
Underwriting commissions	1,108	4	1,108	4
Brokerage fees	11,324	12,925	11,324	12,925
Guarantee fees	2,956	2,989	2,956	2,989
Processing fees	2,412	907	2,412	907
Commitment fees	4,729	4,630	4,729	4,630
Cards related income	14,461	14,055	14,461	14,055
Other fee income	2,000	2,002	2,000	2,002
	72,126	61,160	72,126	61,160
(b) <u>Fee and commission expense:</u>				
Commissions expense	(529)	(301)	(529)	(301)
Service charges and fees expense	(514)	(261)	(514)	(261)
Brokerage fees expense	(4,525)	(4,780)	(4,525)	(4,780)
Guarantee fees expense	(3,799)	(2,422)	(3,799)	(2,422)
Cards related expense	(16,534)	(12,573)	(16,534)	(12,573)
	(25,901)	(20,337)	(25,901)	(20,337)
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	4,798	3,422	4,798	3,422
- Financial investments at fair value through other comprehensive income	18,138	11,659	18,138	11,659
- Derivative instruments	24,396	68,123	24,396	68,123
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	1,317	4,329	1,317	4,329
- Derivative instruments	(42,939)	(21,418)	(42,939)	(21,418)
- Financial liabilities designated at fair value through profit or loss	38,423	(6,055)	38,423	(6,055)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	737	837	737	837
	44,870	60,897	44,870	60,897
(d) <u>Other income/(expense):</u>				
Foreign exchange gain/(loss)	3,230	(19,593)	3,230	(19,593)
Rental income	31	44	31	44
Others	8,099	3,163	8,099	3,163
	11,360	(16,386)	11,360	(16,386)
Total other operating income	102,455	85,334	102,455	85,334

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A25 Other Operating Income (Contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	25,593	16,246	25,593	16,246
Service charges and fees	6,312	6,433	6,312	6,433
Guarantee fees	2,949	2,983	2,949	2,983
Processing fees	641	447	641	447
Commitment fees	4,729	4,630	4,729	4,630
Cards related income	14,461	14,055	14,461	14,055
Other fee income	2,000	2,000	2,000	2,000
	56,685	46,794	56,685	46,794
(b) <u>Fee and commission expense:</u>				
Commissions expense	(529)	(301)	(529)	(301)
Service charges and fees expense	(514)	(261)	(514)	(261)
Brokerage fees expense	(19)	(18)	(19)	(18)
Guarantee fees expense	(3,799)	(2,422)	(3,799)	(2,422)
Cards related expense	(16,534)	(12,573)	(16,534)	(12,573)
	(21,395)	(15,575)	(21,395)	(15,575)
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	4,798	3,422	4,798	3,422
- Financial investments at fair value through other comprehensive income	9,473	11,659	9,473	11,659
- Derivative instruments	24,396	68,123	24,396	68,123
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	1,317	4,329	1,317	4,329
- Derivative instruments	(42,939)	(21,418)	(42,939)	(21,418)
- Financial liabilities designated at fair value through profit or loss	38,423	(6,055)	38,423	(6,055)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	637	477	637	477
- Subsidiaries	27,126	-	27,126	-
	63,231	60,537	63,231	60,537
(d) <u>Other income/(expense):</u>				
Foreign exchange gain/(loss)	3,099	(19,872)	3,099	(19,872)
Rental income	407	517	407	517
Others	7,936	3,009	7,936	3,009
	11,442	(16,346)	11,442	(16,346)
Total other operating income	109,963	75,410	109,963	75,410

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A26 Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	103,717	97,606	103,717	97,606
- Contribution to EPF	16,367	16,143	16,367	16,143
- Others	9,498	11,342	9,498	11,342
	129,582	125,091	129,582	125,091
Establishment costs				
- Depreciation of property, plant and equipment	5,313	5,343	5,313	5,343
- Depreciation of right-of-use assets	6,408	6,342	6,408	6,342
- Amortisation of computer software	11,484	9,557	11,484	9,557
- Rental of premises	579	268	579	268
- Water and electricity	1,565	1,720	1,565	1,720
- Repairs and maintenance	1,899	2,271	1,899	2,271
- Information technology expenses	14,990	14,247	14,990	14,247
- Others	2,459	2,487	2,459	2,487
	44,697	42,235	44,697	42,235
Marketing expenses				
- Promotion and advertisement	2,291	984	2,291	984
- Branding and publicity	383	771	383	771
- Others	1,070	1,186	1,070	1,186
	3,744	2,941	3,744	2,941
Administration and general expenses				
- Communication expenses	2,610	3,129	2,610	3,129
- Printing and stationery	357	437	357	437
- Insurance	2,051	3,008	2,051	3,008
- Professional fees	5,923	5,591	5,923	5,591
- Others	4,383	4,317	4,383	4,317
	15,324	16,482	15,324	16,482
Total other operating expenses	193,347	186,749	193,347	186,749

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A26 Other Operating Expenses (Contd.)

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	77,237	72,622	77,237	72,622
- Contribution to EPF	12,239	12,185	12,239	12,185
- Others	7,853	9,113	7,853	9,113
	97,329	93,920	97,329	93,920
Establishment costs				
- Depreciation of property, plant and equipment	5,061	5,227	5,061	5,227
- Depreciation of right-of-use assets	6,398	6,331	6,398	6,331
- Amortisation of computer software	11,197	9,178	11,197	9,178
- Rental of premises	455	256	455	256
- Water and electricity	1,197	1,274	1,197	1,274
- Repairs and maintenance	1,333	1,750	1,333	1,750
- Information technology expenses	9,219	9,410	9,219	9,410
- Others	963	62	963	62
	35,823	33,488	35,823	33,488
Marketing expenses				
- Promotion and advertisement	2,241	251	2,241	251
- Branding and publicity	72	341	72	341
- Others	624	604	624	604
	2,937	1,196	2,937	1,196
Administration and general expenses				
- Communication expenses	1,958	2,512	1,958	2,512
- Printing and stationery	253	327	253	327
- Insurance	1,595	2,564	1,595	2,564
- Professional fees	4,256	4,402	4,256	4,402
- Others	4,272	3,441	4,272	3,441
	12,334	13,246	12,334	13,246
Total other operating expenses	148,423	141,850	148,423	141,850

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

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
GROUP				
Allowance for expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	86,726	79,183	86,726	79,183
(b) Credit impaired loans, advances and financing				
- Recovered during the financial period	(9,023)	(4,924)	(9,023)	(4,924)
- Write-off during the financial period	18,425	13,607	18,425	13,607
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial period	(1,500)	6,633	(1,500)	6,633
	<u>94,628</u>	<u>94,499</u>	<u>94,628</u>	<u>94,499</u>

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

- Amounts due from clients and brokers	3	1	3	1
- Other receivables	661	540	661	540
- Cash and short-term funds	(18)	4	(18)	4
- Deposits and placements with banks and other financial institutions	(4)	-	(4)	-
	<u>95,270</u>	<u>95,044</u>	<u>95,270</u>	<u>95,044</u>

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000

BANK

Allowance for expected credit losses on:

(a) Loans, advances and financing				
- Allowance made during the financial period	50,020	52,318	50,020	52,318
(b) Credit impaired loans, advance and financing				
- Recovered during the financial period	(5,909)	(3,745)	(5,909)	(3,745)
- Write-off during the financial period	10,821	7,521	10,821	7,521
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial period	(1,042)	4,500	(1,042)	4,500
	<u>53,890</u>	<u>60,594</u>	<u>53,890</u>	<u>60,594</u>

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

- Other receivables	627	523	627	523
- Cash and short-term funds	(18)	4	(18)	4
- Deposits and placements with banks and other financial institutions	(4)	-	(4)	-
	<u>54,495</u>	<u>61,121</u>	<u>54,495</u>	<u>61,121</u>

(a) Financial investments at fair value through other comprehensive income				
- Allowance made/(write-back) during the financial period	13	(38)	13	(38)
(b) Financial investments at amortised cost				
- Allowance made during the financial period	70	22	70	22
	83	(16)	83	(16)

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A29 Commitments and Contingencies

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2021 RM'000	31 March 2021 RM'000	30 June 2021 RM'000	31 March 2021 RM'000
<u>Commitments and contingencies</u>				
Direct credit substitutes	680,660	687,790	504,816	511,039
Transaction-related contingent items	551,527	554,612	488,779	492,119
Short-term self-liquidating trade-related contingencies	157,511	145,128	129,398	119,337
Forward assets purchase	43,518	20,800	43,518	20,800
Obligations under an on-going underwriting agreement	20,000	20,000	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	920,491	867,310	768,787	711,536
- maturity not exceeding one year	10,570,563	9,625,561	7,982,175	7,335,855
Unutilised credit card lines	1,305,861	1,299,366	1,305,861	1,299,366
	14,250,131	13,220,567	11,223,334	10,490,052
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	10,498,524	7,718,029	10,498,524	7,718,029
- over one year to three years	844,302	681,661	844,302	681,661
- over three years	487,978	661,606	487,978	661,606
Interest rate related contracts:				
- one year or less	2,232,596	2,099,218	2,232,596	2,099,218
- over one year to three years	3,812,431	3,984,245	3,812,431	3,984,245
- over three years	1,455,065	1,492,030	1,455,065	1,492,030
Equity related contracts				
- one year or less	303,747	295,184	303,747	295,184
- over one year to three years	252,489	214,860	252,489	214,860
	19,887,132	17,146,833	19,887,132	17,146,833
	34,137,263	30,367,400	31,110,466	27,636,885

A30 Segment Information

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared 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 and wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprise ("SME"), Corporate and Commercial Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Corporate and Commercial Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Stockbroking and Corporate Advisory

Stockbroking and Corporate Advisory covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refer to mainly other business operations such as alternative distribution channels, trustee services and head office.

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A30 Segment information (Contd.)

<u>GROUP</u>	<u>Consumer Banking</u>	<u>Business Banking</u>	<u>Financial Markets</u>	<u>Stockbroking and Corporate Advisory</u>	<u>Others</u>	<u>Total Operations</u>	<u>Inter-segment Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1st Quarter and three months ended 30 June 2021								
Net interest income/(expense)								
- external income	95,879	116,060	61,664	1,835	28	275,466	1,142	276,608
- inter-segment	(13,403)	4,205	10,091	(893)	-	-	-	-
	82,476	120,265	71,755	942	28	275,466	1,142	276,608
Net income from Islamic banking business	37,510	32,501	32,385	-	77	102,473	1,419	103,892
Other operating income	32,608	34,407	24,307	11,111	207	102,640	(185)	102,455
Net income	152,594	187,173	128,447	12,053	312	480,579	2,376	482,955
Other operating expenses	(79,485)	(65,181)	(8,608)	(8,714)	(9,250)	(171,238)	1,096	(170,142)
Depreciation and amortisation	(10,754)	(10,343)	(1,724)	(667)	(99)	(23,587)	382	(23,205)
Operating profit/(loss)	62,355	111,649	118,115	2,672	(9,037)	285,754	3,854	289,608
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(87,342)	(7,907)	26	(47)	-	(95,270)	-	(95,270)
(Allowance for)/write-back of expected credit losses on financial assets	-	(125)	(109)	130	-	(104)	73	(31)
Segment result	(24,987)	103,617	118,032	2,755	(9,037)	190,380	3,927	194,307
Share of results of joint venture								17
Taxation								(48,310)
Net profit for the financial period								146,014
Segment assets	22,546,088	26,366,967	10,574,187	303,928	459,513	60,250,683	(1,718,012)	58,532,671
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								1,011
Property, plant and equipment								55,208
Tax recoverable and deferred tax assets								178,122
Intangible assets								432,960
Total assets								59,199,972

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A30 Segment information (Contd.)

GROUP	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
1st Quarter and three months ended 30 June 2020								
Net interest income/(expense)								
- external income	77,626	98,185	66,758	1,911	69	244,549	(3,325)	241,224
- inter-segment	10,456	13,399	(22,848)	(1,007)	-	-	-	-
	88,082	111,584	43,910	904	69	244,549	(3,325)	241,224
Net income from Islamic banking business	44,288	29,423	15,541	-	20	89,272	5,778	95,050
Other operating income	21,324	27,896	26,131	9,872	(240)	84,983	351	85,334
Net income	153,694	168,903	85,582	10,776	(151)	418,804	2,804	421,608
Other operating expenses	(79,497)	(63,378)	(9,460)	(8,427)	(5,109)	(165,871)	364	(165,507)
Depreciation and amortisation	(9,693)	(9,076)	(2,118)	(652)	(104)	(21,643)	401	(21,242)
Operating profit/(loss)	64,504	96,449	74,004	1,697	(5,364)	231,290	3,569	234,859
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(54,370)	(41,162)	263	225	-	(95,044)	-	(95,044)
(Allowance for)/write-back of expected credit losses on financial investments	-	(117)	249	-	-	132	(181)	(49)
Segment result	10,134	55,170	74,516	1,922	(5,364)	136,378	3,388	139,766
Share of results of joint venture								22
Taxation								(35,476)
Net profit for the financial period								104,312
Segment assets	24,328,341	27,856,358	10,245,455	337,493	439,807	63,207,454	(1,835,951)	61,371,503
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								925
Property, plant and equipment								59,946
Tax recoverable and deferred tax assets								80,539
Intangible assets								441,616
Total assets								61,954,529

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A31 Capital Adequacy

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

The Group and the Bank have also adopted the transitional arrangements on provisions for expected credit losses in accordance with Bank Negara Malaysia's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions effective on 9 December 2020.

This allow the Group and the Bank to add back a portion of Stage 1 ("S1") and Stage 2 ("S2") provisions with an "add-back factor", to the Common Equity Tier I ("CET I") capital from Financial Year 2021 to Financial Year 2024.

The capital adequacy ratios with and without transitional arrangements for the Group and the Bank are as follows:

	GROUP		BANK	
	30 June 2021	31 March 2021	30 June 2021	31 March 2021
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	16.889%	16.463%	15.926%	15.654%
Tier I capital ratio	17.863%	17.418%	16.851%	16.566%
Total capital ratio	22.243%	21.816%	21.767%	21.549%
<u>After deducting proposed dividends</u>				
CET I capital ratio	16.889%	16.218%	15.926%	15.327%
Tier I capital ratio	17.863%	17.173%	16.851%	16.238%
Total capital ratio	22.243%	21.571%	21.767%	21.222%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	15.450%	15.232%	14.765%	14.646%
Tier I capital ratio	16.424%	16.187%	15.691%	15.557%
Total capital ratio	20.882%	20.588%	20.763%	20.582%
<u>After deducting proposed dividends</u>				
CET I capital ratio	15.450%	14.987%	14.765%	14.318%
Tier I capital ratio	16.424%	15.942%	15.691%	15.230%
Total capital ratio	20.882%	20.343%	20.763%	20.255%

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A31 Capital Adequacy (Contd.)

- (a) Components of CET I, Tier I and Tier II capital under the Capital Adequacy Framework with transitional arrangements are as follows:

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,421,012	4,471,771	3,934,696	3,985,966
Regulatory reserves	47,564	86,440	41,641	80,006
FVOCI reserves	70,566	50,993	16,768	(5,082)
Capital reserves	100,150	100,150	15,515	15,515
	6,187,398	6,257,460	5,556,726	5,624,511
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(432,960)	(431,259)	(330,768)	(329,004)
- Deferred tax assets	(119,457)	(130,100)	(81,470)	(95,200)
- 55% of FVOCI reserves	(38,811)	(28,046)	(9,222)	-
- Regulatory reserves	(47,564)	(86,440)	(41,641)	(80,006)
- Investment in subsidiaries and joint venture	(1,011)	(994)	(1,109,102)	(1,109,102)
- Transitional arrangements	516,786	451,004	313,120	276,161
Total CET I Capital	6,064,381	6,031,625	4,297,643	4,287,360
Additional Tier I Capital Securities	349,912	349,899	249,767	249,732
Total Additional Tier I Capital	349,912	349,899	249,767	249,732
Total Tier I Capital	6,414,293	6,381,524	4,547,410	4,537,092
<u>Tier II Capital</u>				
Subordinated obligations	1,199,119	1,199,077	1,198,619	1,198,554
Expected credit losses and regulatory reserves	373,380	412,255	258,031	296,396
Less: Regulatory adjustment				
- Investment in Tier II capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	1,572,499	1,611,332	1,326,650	1,364,950
Total Capital	7,986,792	7,992,856	5,874,060	5,902,042

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

	GROUP		BANK	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	32,126,356	33,065,592	24,015,108	24,611,480
Market risk	493,728	322,652	493,731	322,331
Operational risk	3,287,218	3,249,393	2,476,682	2,454,737
Total RWA and capital requirements	35,907,302	36,637,637	26,985,521	27,388,548

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A31 Capital Adequacy (Contd.)

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

	Alliance Islamic Bank Berhad		Alliance Investment Bank Berhad	
	30 June 2021	31 March 2021	30 June 2021	31 March 2021
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	15.851%	15.035%	73.170%	72.580%
Tier I capital ratio	17.012%	16.158%	73.170%	72.580%
Total capital ratio	19.682%	18.783%	74.074%	73.506%
<u>After deducting proposed dividends</u>				
CET I capital ratio	15.851%	15.035%	73.170%	69.000%
Tier I capital ratio	17.012%	16.158%	73.170%	69.000%
Total capital ratio	19.682%	18.783%	74.074%	69.926%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	13.477%	13.065%	73.121%	72.550%
Tier I capital ratio	14.639%	14.188%	73.121%	72.550%
Total capital ratio	17.308%	16.813%	74.025%	73.476%
<u>After deducting proposed dividends</u>				
CET I capital ratio	13.477%	13.065%	73.121%	68.970%
Tier I capital ratio	14.639%	14.188%	73.121%	68.970%
Total capital ratio	17.308%	16.813%	74.025%	69.896%

A32 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

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

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

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

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

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statements of financial position 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, net asset value, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

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A32 Fair Value Measurements (Contd.)**(b) Financial instruments measured at fair value and the fair value hierarchy**

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

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 June 2021	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	294,299	-	294,299
- Unquoted securities	-	13,194	224,676	237,870
Financial investments at FVOCI				
- Money market instruments	-	5,034,914	-	5,034,914
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	4,759,295	-	4,759,295
Derivative financial assets	-	124,122	-	124,122
<u>Liabilities</u>				
Financial liabilities designated at FVTPL	-	644,001	-	644,001
Derivative financial liabilities	-	164,861	-	164,861
<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 June 2021	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	294,299	-	294,299
- Unquoted securities	-	13,194	154,482	167,676
Financial investments at FVOCI				
- Money market instruments	-	4,036,989	-	4,036,989
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	3,028,370	-	3,028,370
Derivative financial assets	-	124,122	-	124,122
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	644,001	-	644,001
Derivative financial liabilities	-	164,861	-	164,861

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A32 Fair Value Measurements (Contd.)**(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)**

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

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2021	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	13,246	-	13,246
- Unquoted securities	-	-	224,676	224,676
Financial investments at FVOCI				
- Money market instruments	-	5,479,233	-	5,479,233
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	4,945,421	-	4,945,421
Derivative financial assets	-	153,735	-	153,735
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	472,695	-	472,695
Derivative financial liabilities	-	149,410	-	149,410
<u>BANK</u>				
31 March 2021	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	13,246	-	13,246
- Unquoted securities	-	-	154,482	154,482
Financial investments at FVOCI				
- Money market instruments	-	4,202,184	-	4,202,184
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	3,101,667	-	3,101,667
Derivative financial assets	-	153,735	-	153,735
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	472,695	-	472,695
Derivative financial liabilities	-	149,410	-	149,410

A32 Fair Value Measurements (Contd.)

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

Reconciliation of movements in Level 3 financial instruments:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
At beginning of financial period/year	224,676	202,160	154,482	137,768
Distribution on liquidating shares	-	(243)	-	(243)
Total gains recognised in statements of income				
(i) Revaluation gain from financial assets at FVTPL	22,944	22,759	17,142	16,957
At end of financial period/year	247,620	224,676	171,624	154,482

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.

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A33 Offsetting Financial Assets And Financial Liabilities

In accordance with MFRS 132 Financial Instruments: Presentation, the Group and the Bank report financial assets and financial liabilities on a net basis on the statements 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 statements 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 statements of financial position netting.

(a) Financial assets

	Gross amounts of recognised financial liabilities set off in the statements of financial position RM'000	Gross amounts of recognised financial assets presented in the statements of financial position RM'000	Net amounts of financial assets set off in the statements of financial position RM'000	Related amounts not set off in the statements of financial position RM'000	Cash collateral received RM'000	Net amount RM'000
GROUP						
30 June 2021						
Derivative financial assets	124,122	-	124,122	(45,435)	(21,996)	56,691
Amounts due from clients and brokers	105,873	(42,813)	63,060	-	-	63,060
	<u>229,995</u>	<u>(42,813)</u>	<u>187,182</u>	<u>(45,435)</u>	<u>(21,996)</u>	<u>119,751</u>
BANK						
30 June 2021						
Derivative financial assets	124,122	-	124,122	(45,435)	(21,996)	56,691
GROUP						
31 March 2021						
Derivative financial assets	153,735	-	153,735	(49,769)	(27,810)	76,156
Amounts due from clients and brokers	193,562	(88,521)	105,041	-	-	105,041
Total	<u>347,297</u>	<u>(88,521)</u>	<u>258,776</u>	<u>(49,769)</u>	<u>(27,810)</u>	<u>181,197</u>
BANK						
31 March 2021						
Derivative financial assets	153,735	-	153,735	(49,769)	(27,810)	76,156

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A33 Offsetting Financial Assets And Financial Liabilities (Contd.)
(b) Financial liabilities

	Gross amounts of recognised financial assets set off in the statements of financial position	Gross amounts of recognised financial liabilities	Net amounts of financial liabilities presented in the statements of financial position	Related amounts not set off in the statements of financial position	Cash collateral pledged	Net amount
	<u>Gross amounts of recognised financial liabilities</u> RM'000	<u>position</u> RM'000	<u>position</u> RM'000	<u>Financial instruments</u> RM'000	<u>RM'000</u>	<u>RM'000</u>
GROUP						
30 June 2021						
Derivative financial liabilities	164,861	-	164,861	(45,435)	(74,456)	44,970
Amounts due to clients and brokers	69,817	(42,813)	27,004	-	-	27,004
Total	234,678	(42,813)	191,865	(45,435)	(74,456)	71,974
BANK						
30 June 2021						
Derivative financial liabilities	164,861	-	164,861	(45,435)	(74,456)	44,970
GROUP						
31 March 2021						
Derivative financial liabilities	149,410	-	149,410	(49,769)	(61,381)	38,260
Amounts due to clients and brokers	151,937	(88,521)	63,416	-	-	63,416
Total	301,347	(88,521)	212,826	(49,769)	(61,381)	101,676
BANK						
31 March 2021						
Derivative financial liabilities	149,410	-	149,410	(49,769)	(61,381)	38,260

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

	1st Quarter and Three Months Ended 30 June 2021 RM'000	1st Quarter and Three Months Ended 30 June 2020 RM'000	Changes %
Net income/revenue	482,955	421,608	14.6
Operating profit before allowance	289,608	234,859	23.3
Operating profit after allowance	194,307	139,766	39.0
Profit before taxation	194,324	139,788	39.0
Profit after taxation	146,014	104,312	40.0
Profit attributable to ordinary equity holders of the Bank	146,014	104,312	40.0

	1st Quarter Ended 30 June 2021 RM'000	4th Quarter Ended 31 March 2021 RM'000	Changes %
Net income/revenue	482,955	445,814	8.3
Operating profit before allowance	289,608	213,679	35.5
Operating profit after allowance	194,307	77,207	151.7
Profit before taxation	194,324	77,225	151.6
Profit after taxation	146,014	50,072	191.6
Profit attributable to ordinary equity holders of the Bank	146,014	50,072	191.6

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

	1st Quarter and Three Months Ended 30 June 2021 RM'000	1st Quarter and Three Months Ended 30 June 2020 RM'000	Changes %
Net income/revenue	377,724	310,486	21.7
Operating profit before allowance	229,301	168,636	36.0
Operating profit after allowance	174,723	107,531	62.5
Profit before taxation	174,723	107,531	62.5
Profit after taxation	138,041	80,182	72.2
Profit attributable to ordinary equity holders of the Bank	138,041	80,182	72.2
	1st Quarter Ended 30 June 2021 RM'000	4th Quarter Ended 31 March 2021 RM'000	Changes %
Net income/revenue	377,724	328,225	15.1
Operating profit before allowance	229,301	153,147	49.7
Operating profit after allowance	174,723	74,514	134.5
Profit before taxation	174,723	74,514	134.5
Profit after taxation	138,041	48,527	184.5
Profit attributable to ordinary equity holders of the Bank	138,041	48,527	184.5

B2 Review Of Performance

Business Review For the First Quarter Ended 30 June 2021

Profitability

The Group's net profit after taxation was RM146.0 million for the first financial quarter ended 30 June 2021. The increase was RM41.7 million or 40.0% year-on-year ("YOY"). The higher profits were largely due to higher revenue from net interest income and other operating income.

Net interest income improved by RM37.4 million or 11.4% YOY. Net interest margin ("NIM") came in higher at 2.50%.

Loan Growth

The Group's loans, advances and financing declined by 0.5% YOY due to the soft economic environment over the year. Nevertheless, the Group is committed to grow its loans, advances and financing portfolios in FY2022.

Other Operating Income Continues to Improve

The Group recorded other operating income of RM118.4 million, higher by RM23.9 million or 25.3% YOY despite the challenging external environment. The higher revenue came from higher treasury and investment income, wealth management and trade fees income.

Managing Operating Expenses

Operating expenses increased by RM6.6 million or 3.5%, mainly from compensation, establishment and marketing costs. Owing to an increase in revenue of 14.6%, the cost-to-income ratio ("CIR") decreased by 4.3% to 40.0%. The Group will continue to focus on cost-saving efforts as we navigate through the COVID-19 pandemic.

Asset Quality

The Group's allowance for expected credit losses on loans, advances, financing and other debts increased marginally by RM0.2 million to RM95.3 million as compared to the corresponding period last year. Given the impact of COVID-19 on the economy, included in the allowance for expected credit losses on loans, advances, financing and other debts were reserves that the Group continued to build up via management overlays amounting to RM65.3 million. As a result, the net credit cost recorded at 21.8bps for 1QFY2022. Loan loss coverage (including regulatory reserves) was at 109.8%.

The Group will continue to be vigilant in its implementation of the credit risk framework in each line of business by stratifying customers according to risk levels and prioritising customer calls or visits and its control of credit cost by refining credit policies, tightening credit underwriting and increasing collection efforts.

Healthy Funding and Liquidity Position

The Group's customer-based funding stood at RM47.2 billion and maintained a high current account/savings account ("CASA") ratio of 49.4%. Through our funding strategy, the Group's liquidity coverage and loans-to-funds ratios stood at 170.3% and 84.8% respectively. The Group will continue to maintain ample liquidity ratios and ensure a sufficient liquidity buffer to mitigate any payment shocks resulting from the uncertainties caused by COVID-19.

B2 Review Of Performance (Contd.)

Business Review For the First Quarter Ended 30 June 2021 (contd.)

Proactive Capital Management

Our conservative capital management approach resulted in the Group maintaining a robust capital position. We continue to maintain one of the strongest capital levels in the industry, with Common Equity Tier-1 (CET 1) ratio at 16.9%, Tier- 1 Capital ratio at 17.9% and total capital ratio at 22.2%.

Performance by Business Segment and Subsidiary

The Group's business segments comprise Consumer Banking, Business Banking, Financial Markets and Investment Banking.

The Group Consumer Banking segment recorded a loss before tax of RM25.0 million YOY due to higher allowances for expected credit losses, including management overlays, related to the economic impact of COVID-19 on our more vulnerable customers, lower net income and higher operating expenses. Net income was lower by RM1.1 million or 0.7% mainly due to net interest income decreased by RM13.6 million while other operating income increased by RM12.5 million. Operating expenses increased by RM1.0 million or 1.2%. The segment assets stood at RM22.5 billion.

The Group Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM103.6 million, an increase of 87.8% YOY. Net income increased by RM18.3 million or 10.8% due to higher net interest income by RM10.9 million and higher other operating income by RM7.4 million. Operating expenses increased by RM3.1 million or 4.2%. Allowances for expected credit losses were lower by RM33.2 million. Segment assets recorded at RM26.4 billion.

Profit before tax in the Group Financial Markets segment increased by 58.4% or RM43.5 million YOY to RM118.0 million. Net income was higher by RM42.9 million or 50.1% due to higher net interest income and gains from the bond portfolio. Operating expenses decreased by RM1.2 million or 10.8%. Segment assets registered a growth of RM0.3 billion or 3.2%.

The Investment Banking segment recorded a profit before tax of RM2.8 million due to higher underwriting commissions and arrangement fees.

The Islamic Banking segment which consist of Consumer Banking, Business Banking and Financial Markets, recorded a net profit after taxation of RM21.6 million, representing an increase of RM5.7 million compared to the corresponding period last year due to higher revenue from net profit income and other operating income. Net income was higher by RM15.4 million or 17.8%. Net profit income higher by RM7.0 million while other operating income higher by RM8.4 million. Operating expenses increased by RM0.9 million or 3.0%. Allowances for expected credit losses were higher by RM6.9 million largely due to management overlays amounting to RM6.2 million. Total assets stood at RM14.4 billion.

B3 Comparison with Immediate Preceding Quarter

As compared to the immediate preceding quarter, the Group's profit after taxation of RM146.0 million for the quarter was higher by RM95.9 million.

Key Quarter-on-Quarter Performance Highlights

- Net income was higher by RM37.1 million or 8.3% mainly due to higher other operating income and net interest income.
- NIM was at 2.50%, slightly lower by 1bps.
- Other operating income increased by RM30.8 million or 35.2%, mainly from higher gains on disposal of financial investments.
- Operating expenses were lower by RM38.8 million or 16.7% from all lines of expenses.
- Net credit cost was 21.8bps, improved by 8.3bps.

B4 Prospect for the Current Financial Period

For 2021, Bank Negara Malaysia (BNM) projects Malaysia's gross domestic product (GDP) growth to range between 6.0% and 7.5%, rebounding from the contraction of 5.6% in 2020. The forecast is subject to downward revision, given that the country is experiencing the escalation of COVID-19 infection cases coupled with prolonged re-imposition of various MCOs.

Given the ongoing impact of the COVID-19 pandemic, the Group will continue to extend its Payment Relief Assistance ("PRA") packages to help individuals and businesses facing cash flow constraints. This is also in-line with the Government's latest announcement of "PEMULIH" aid package where all borrowers (including micro entrepreneurs) are eligible for a six-month loan moratorium or 50% reduction in loan instalments.

To date, the Group has provided over RM7.6 billion in payment relief assistance of which close to RM2.4 billion in moratoria to businesses and individuals. Approximately 18% of its borrowing customers are now under its payment relief assistance programme. The Group has simplified the application process to make it easier for customers to obtain a PRA package.

With the continued restriction in physical movement, the Group continues to focus on acquiring clients through digital channels. The Group recently launched Alliance Digital SME unsecured loan for business owners in June 2021 to digitally acquire and serve smaller SME clients with an annual turnover between RM200,000 and RM5 million.

The Group also rolled out various relief funds to support our customers impacted by the pandemic. The Group has disbursed more than RM600 million in Bank Negara Malaysia's Special Relief Fund to help SMEs, and an additional RM320 million through the central bank's Targeted Relief and Recovery Facility. The Group will continue to facilitate applications for government relief funds such as the Targeted Relief and Recovery Facility, Micro Enterprises Facility and High Tech Facility on behalf of our customers.

Notwithstanding the above, the Group will focus on growing the business in three areas:

- (i) Scale up SME and Consumer Banking, by equipping relationship managers with digital tools to serve high-value customers.
- (ii) Accelerate the cross-selling value propositions to our customers to increase market penetration and fee-based income.
- (iii) Accelerate the cross-selling value propositions to our customers to increase market penetration and fee-based income.

With these focus areas, and the Group's continuing effort to apply prudent management practices, the Group expects to deliver sustainable returns to our shareholders while strengthening our market presence.

B5 Profit Forecast

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

B6 Taxation

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
- Income tax	44,348	38,334	44,348	38,334
- Deferred tax	4,103	(2,858)	4,103	(2,858)
- Real property gain tax	(141)	-	(141)	-
	48,310	35,476	48,310	35,476
	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
- Income tax	29,994	26,234	29,994	26,234
- Deferred tax	6,829	1,115	6,829	1,115
- Real property gain tax	(141)	-	(141)	-
	36,682	27,349	36,682	27,349

The Group's effective tax rate for the first financial quarter ended 30 June 2021 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

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

There was no material profit/(loss) on sale of unquoted investments or properties for the first financial quarter ended 30 June 2021 other than in the ordinary course of business.

B8 Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the first financial quarter ended 30 June 2021 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.

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2021	2021	2021	2021
	RM'000	RM'000	RM'000	RM'000
(a) Deposits from customers				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	23,486,331	25,149,438	17,659,792	18,864,817
- More than one year (medium/long term)	197,892	539,376	39,757	84,328
	23,684,223	25,688,814	17,699,549	18,949,145
Others	23,093,489	22,799,699	16,937,847	17,201,171
	46,777,712	48,488,513	34,637,396	36,150,316
(b) Deposits and placements of banks and other financial institutions				
- One year or less (short term)	559,842	651,349	246,595	111,480
- More than one year (medium/long term)	861,686	741,303	680,531	547,897
	1,421,528	1,392,652	927,126	659,377
(c) Subordinated obligations				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	1,207,297	1,218,706	1,206,797	1,218,182
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	354,655	354,012	252,978	253,796
	1,561,952	1,572,718	1,459,775	1,471,978

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B11 Derivative Financial Assets/(Liabilities)

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

GROUP/BANK	As at 30 June 2021			As at 31 March 2021		
	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	2,605,802	31,812	(2,172)	2,861,246	46,035	(3,795)
- over one year to three years	449,581	121	(9,053)	399,396	637	(5,650)
- over three years	280,328	137	(4,326)	321,470	1,280	(3,428)
Currency swaps						
- one year or less	7,446,298	5,890	(28,000)	4,551,148	3,910	(37,962)
- over one year to three years	394,721	6,563	(166)	282,265	1,780	(273)
- over three years	207,650	3,260	-	340,136	6,781	-
Currency spots						
- one year or less	227,811	365	(119)	125,653	234	(84)
Currency options						
- one year or less	218,613	283	(69)	179,982	271	(55)
	11,830,804	48,431	(43,905)	9,061,296	60,928	(51,247)
Interest rate derivatives						
Interest rate swap	7,500,092	71,001	(50,321)	7,575,493	79,784	(50,355)
- one year or less	2,232,596	8,807	(6,712)	2,099,218	11,054	(6,050)
- over one year to three years	3,812,431	49,073	(31,248)	3,984,245	52,302	(35,587)
- over three years	1,455,065	13,121	(12,361)	1,492,030	16,428	(8,718)
Equity related derivatives						
- one year or less	303,747	4,356	(46,519)	295,184	12,356	(35,606)
- over one year to three years	252,489	334	(24,116)	214,860	667	(12,202)
Total derivatives assets/(liabilities)	19,887,132	124,122	(164,861)	17,146,833	153,735	(149,410)

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

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the counterparties to fulfil their contractual obligations to settle commitments. Exposure to credit risk may be categorised as primary or secondary. This exposure is monitored on an on-going basis against predetermined counterparty limits. As at 30 June 2021, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM124,122,000 (31 March 2021: RM153,735,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

Market Risk

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

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

Liquidity Risk

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

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

- (ii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Group's and the Bank's credit ratings. As at 30 June 2021, the Group and the Bank had posted cash collateral of RM74,456,000 (31 March 2021: RM61,381,000) 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 2021.

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B12 Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank for the first financial quarter ended 30 June 2021.

B13 Dividend Declared

No dividend has been declared during the first financial quarter ended 30 June 2021.

B14 Earnings Per Share**(a) Basic**

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

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	146,014	104,312	146,014	104,312
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	9.4	6.7	9.4	6.7
	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
<u>BANK</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	138,041	80,182	138,041	80,182
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	8.9	5.2	8.9	5.2

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B14 Earnings Per Share (Contd.)

(b) Diluted

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

There were no dilutive potential ordinary shares outstanding as at 30 June 2021 and 30 June 2020 respectively. As a result, the dilutive earnings per share equal to basic earnings per share for financial period ended 30 June 2021 and 30 June 2020.

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

27 August 2021