

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		UNAUDITED 31 March 2017 RM'000	31 March 2016 RM'000	UNAUDITED 31 March 2017 RM'000	31 March 2016 RM'000
ASSETS					
Cash and short-term funds		1,381,779	4,943,700	66,045	56,837
Deposits and placements with banks and other financial institutions		-	195,865	44,345	-
Balances due from clients and brokers	A13	113,022	104,659	-	-
Financial assets held-for-trading	A14	335,260	132,229	-	-
Financial investments available-for-sale	A15	10,239,557	8,565,696	-	-
Financial investments held-to-maturity	A16	917,092	1,129,307	-	-
Derivative financial assets	B10	86,345	133,651	-	-
Loans, advances and financing	A17	38,991,689	38,410,724	-	-
Other assets	A18	110,340	102,690	526	905
Tax recoverable		9,726	36,492	-	-
Statutory deposits		1,437,444	1,410,928	-	-
Investments in subsidiaries		-	-	1,744,650	1,781,579
Investment in joint venture		763	731	113	165
Property, plant and equipment		73,948	86,750	159	323
Deferred tax assets		14,738	10,639	703	435
Intangible assets		377,361	362,982	-	-
TOTAL ASSETS		54,089,064	55,627,043	1,856,541	1,840,244
LIABILITIES AND EQUITY					
Deposits from customers	B9(a), A19	45,228,436	46,024,939	-	-
Deposits and placements of banks and other financial institutions	B9(b), A20	862,904	1,157,250	-	-
Balances due to clients and brokers	A21	69,066	77,246	-	-
Derivative financial liabilities	B10	81,892	279,541	-	-
Amount due to Cagamas Berhad		502,713	502,725	-	-
Other liabilities	A22	968,788	882,054	3,347	2,623
Provision for taxation		19,753	322	178	271
Provision for zakat		206	123	-	-
Deferred tax liabilities		9,960	15,617	-	-
Other borrowings	B9(c)	5,070	5,071	-	-
Subordinated obligations	B9(d)	1,226,078	1,840,147	-	-
TOTAL LIABILITIES		48,974,866	50,785,035	3,525	2,894
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		3,639,929	3,373,799	378,747	369,141
Shares held for Employees' Share Scheme		(73,837)	(79,897)	(73,837)	(79,897)
TOTAL EQUITY		5,114,198	4,842,008	1,853,016	1,837,350
TOTAL LIABILITIES AND EQUITY		54,089,064	55,627,043	1,856,541	1,840,244
COMMITMENTS AND CONTINGENCIES	A30	26,493,954	21,832,427	-	-
Net assets per share attributable to Equity holders of the Company (RM)*		3.30	3.13	1.20	1.19

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

(The Condensed Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

(The figures have not been audited)

Group	Note	4th Quarter Ended		Cumulative 12 Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Interest income	A23	470,726	492,810	1,880,213	1,920,414
Interest expense	A24	(257,976)	(281,719)	(1,032,668)	(1,072,622)
Net interest income		212,750	211,091	847,545	847,792
Net income from Islamic banking business	A25	76,480	61,328	297,037	244,151
		289,230	272,419	1,144,582	1,091,943
Fee and commission income		75,499	69,358	297,075	285,248
Fee and commission expense		(28,686)	(24,172)	(99,872)	(106,772)
Investment income		38,574	3,144	143,496	92,298
Other income		(7,367)	31,958	(15,858)	61,421
Other operating income	A26	78,020	80,288	324,841	332,195
Net income		367,250	352,707	1,469,423	1,424,138
Other operating expenses	A27	(181,165)	(180,612)	(691,907)	(688,950)
Operating profit before allowances		186,085	172,095	777,516	735,188
Allowance for losses on loans, advances and financing and other receivables	A28	(27,596)	(5,534)	(94,988)	(48,328)
Write-back of/(allowance for) impairment on other assets		-	5,338	(1,208)	7,765
Operating profit after allowances		158,489	171,899	681,320	694,625
Share of result of joint venture		27	17	84	156
Profit before taxation		158,516	171,916	681,404	694,781
Taxation	B5	(41,128)	(42,068)	(169,281)	(172,743)
Net profit for the financial period/year		117,388	129,848	512,123	522,038
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		5,372	57,449	(14,735)	55,757
- Realised gain transferred to statement of income on disposal and impairment		-	(5,322)	(5,684)	(7,659)
- Transfer (to)/from deferred tax		(1,289)	(12,511)	4,901	(11,544)
Other comprehensive income/(expense), net of tax		4,083	39,616	(15,518)	36,554
Total comprehensive income for the financial period/year		121,471	169,464	496,605	558,592
Net profit for the financial period/year attributable to:					
Equity holders of the Company		117,388	129,848	512,123	522,038
Total comprehensive income attributable to:					
Equity holders of the Company		121,471	169,464	496,605	558,592
Earnings per share attributable to Equity holders of the Company:					
- Basic (sen)	B14(a)	7.7	8.5	33.5	34.2
- Diluted (sen)	B14(b)	7.7	8.5	33.5	34.2

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

(The figures have not been audited)

Company	Note	4th Quarter Ended		Cumulative 12 Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Interest income	A23	612	452	2,237	2,092
Other operating income	A26	569	614	234,954	195,023
		1,181	1,066	237,191	197,115
Other operating expenses	A27	(1,836)	(503)	(4,989)	(2,820)
Operating (loss)/profit		(655)	563	232,202	194,295
Write-back of impairment on on other assets		10,833	-	10,833	-
Profit before taxation		10,178	563	243,035	194,295
Taxation	B5	76	(139)	(853)	(1,012)
Net profit for the financial period/year		10,254	424	242,182	193,283

(The Condensed Statement of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

Group	← Attributable to Equity Holders of the Company →									
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Regulatory Reserves RM'000	Capital Reserves RM'000	Revaluation Reserves RM'000	Employees' Share Scheme ("ESS") Reserves RM'000	Shares held for ESS RM'000	Retained Profits RM'000	Total Equity RM'000
31 March 2017										
At 1 April 2016	1,548,106	304,289	957,981	157,174	7,013	114,786	11,516	(79,897)	1,821,040	4,842,008
Net profit for the financial year	-	-	-	-	-	-	-	-	512,123	512,123
Other comprehensive expense	-	-	-	-	-	(15,518)	-	-	-	(15,518)
Total comprehensive (expense)/income for the financial year	-	-	-	-	-	(15,518)	-	-	512,123	496,605
Transfer to reserves	-	-	23,506	726	-	-	-	-	(24,232)	-
Share-based payment under ESS	-	-	-	-	-	-	2,241	-	-	2,241
ESS on shares lapsed:	-	-	-	-	-	-	-	-	-	-
- employees of subsidiaries	-	-	-	-	-	-	(2,101)	-	2,101	-
- employees of joint venture	-	-	-	-	-	-	(47)	-	-	(47)
- own employees	-	-	-	-	-	-	(125)	-	125	-
ESS shares grant vested to:	-	-	-	-	-	-	-	-	-	-
- employees of subsidiaries	-	-	-	-	-	-	(3,394)	3,394	-	-
- employees of joint venture	-	-	-	-	-	-	(92)	92	-	-
- own employees	-	-	-	-	-	-	(128)	128	-	-
ESS shares option exercised by:	-	-	-	-	-	-	-	-	-	-
- employees of subsidiaries	-	-	-	-	-	-	(129)	129	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	2,317	-	2,317
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	-	(1,297)	-	1,297	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(232,216)	(232,216)
Dividends paid for shares held in trust	-	-	-	-	-	-	-	-	3,290	3,290
At 31 March 2017	1,548,106	304,289	981,487	157,900	7,013	99,268	6,444	(73,837)	2,083,528	5,114,198
31 March 2016										
At 1 April 2015	1,548,106	304,289	827,627	-	7,013	78,232	11,944	(86,721)	1,804,615	4,495,105
Net profit for the financial year	-	-	-	-	-	-	-	-	522,038	522,038
Other comprehensive income	-	-	-	-	-	36,554	-	-	-	36,554
Total comprehensive income for the financial year	-	-	-	-	-	36,554	-	-	522,038	558,592
Transfer to reserves	-	-	130,354	157,174	-	-	-	-	(287,528)	-
Share-based payment under ESS	-	-	-	-	-	-	6,719	-	-	6,719
ESS on shares lapsed:	-	-	-	-	-	-	-	-	-	-
- employees of subsidiaries	-	-	-	-	-	-	(12)	-	12	-
ESS shares grant vested to:	-	-	-	-	-	-	-	-	-	-
- employees of subsidiaries	-	-	-	-	-	-	(5,406)	5,406	-	-
- employees of joint venture	-	-	-	-	-	-	(87)	87	-	-
- own employees	-	-	-	-	-	-	(152)	152	-	-
ESS shares option exercised by:	-	-	-	-	-	-	-	-	-	-
- employees of subsidiaries	-	-	-	-	-	-	(90)	90	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	1,089	-	1,089
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	-	(1,400)	-	1,400	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(222,927)	(222,927)
Dividends paid for shares held in trust	-	-	-	-	-	-	-	-	3,430	3,430
At 31 March 2016	1,548,106	304,289	957,981	157,174	7,013	114,786	11,516	(79,897)	1,821,040	4,842,008

(The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

	← Non-Distributable →			→ <Distributable>		
Company	Share Capital RM'000	Share Premium RM'000	ESS Reserves RM'000	Shares held for ESS RM'000	Retained Profits RM'000	Total Equity RM'000
31 March 2017						
At 1 April 2016	1,548,106	304,289	11,516	(79,897)	53,336	1,837,350
Net profit for the financial year	-	-	-	-	242,182	242,182
Share-based payment under ESS	-	-	2,241	-	-	2,241
ESS on shares lapsed:						
- employees of subsidiaries	-	-	(2,101)	-	-	(2,101)
- employees of joint venture	-	-	(47)	-	-	(47)
- own employees	-	-	(125)	-	125	-
ESS shares grant vested to:						
- employees of subsidiaries	-	-	(3,394)	3,394	-	-
- employees of joint venture	-	-	(92)	92	-	-
- own employees	-	-	(128)	128	-	-
ESS shares option exercised by:						
- employees of subsidiaries	-	-	(129)	129	-	-
Proceeds from share option exercised	-	-	-	2,317	-	2,317
Transfer of ESS shares purchase price difference on shares vested	-	-	(1,297)	-	1,297	-
Dividends paid to shareholders	-	-	-	-	(232,216)	(232,216)
Dividends paid for shares held in trust	-	-	-	-	3,290	3,290
At 31 March 2017	1,548,106	304,289	6,444	(73,837)	68,014	1,853,016
31 March 2016						
At 1 April 2015	1,548,106	304,289	11,944	(86,721)	78,150	1,855,768
Net profit for the financial year	-	-	-	-	193,283	193,283
Share-based payment under ESS	-	-	6,719	-	-	6,719
ESS on shares lapsed:						
- employees of subsidiaries	-	-	(12)	-	-	(12)
ESS shares grant vested to:						
- employees of subsidiaries	-	-	(5,406)	5,406	-	-
- employees of joint venture	-	-	(87)	87	-	-
- own employees	-	-	(152)	152	-	-
ESS shares option exercised by:						
- employees of subsidiaries	-	-	(90)	90	-	-
Proceeds from share option exercised	-	-	-	1,089	-	1,089
Transfer of ESS shares purchase price difference on shares vested	-	-	(1,400)	-	1,400	-
Dividends paid to shareholders	-	-	-	-	(222,927)	(222,927)
Dividends paid for shares held in trust	-	-	-	-	3,430	3,430
At 31 March 2016	1,548,106	304,289	11,516	(79,897)	53,336	1,837,350

(The Condensed Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

Group	UNAUDITED 31 March 2017 RM'000	31 March 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	681,404	694,781
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(73,946)	(68,125)
Depreciation of property, plant and equipment	21,352	23,014
Amortisation of computer software	22,397	21,750
Dividends from financial investments available-for-sale	(3,218)	(3,190)
Loss on disposal of property, plant and equipment	346	11
Property, plant and equipment written off	233	762
Computer software written off	213	74
Net loss from redemption of financial investments held-to-maturity	-	34
Net (gain)/loss from sale of financial assets held-for-trading	(988)	281
Net gain from sale of financial investments available-for-sale	(5,239)	(6,125)
Unrealised loss/(gain) on revaluation of financial assets held-for-trading	1,147	(1,253)
Unrealised (gain)/loss on revaluation of derivative financial instruments	(144,553)	166,215
Unrealised loss/(gain) arising from financial liabilities designated at fair value	6,555	(26,728)
Interest expense on other borrowings	238	71
Interest expense on securities sold under repurchase agreements	-	272
Interest expense on loan sold to Cagamas	21,770	2,725
Interest expense on subordinated obligations	69,366	56,861
Interest income from financial investments held-to-maturity	(26,691)	(26,871)
Interest income from financial investments available-for-sale	(246,536)	(306,319)
Interest income from financial assets held-for-trading	(6,178)	(4,242)
Allowance for losses on loans, advances and financing (net of recoveries)	103,914	64,806
Allowance for other receivables (net of recoveries)	2,570	4,095
Write-back of losses from balances due from clients	(2)	(3)
Allowance for commitment and contingencies	2,301	-
Write-back of impairment of financial investments available-for-sale	-	(6,050)
Write-back of impairment of financial investments held-to-maturity	-	(1,715)
Allowance for impairment on goodwill	1,208	-
Share options/grants under ESS	2,154	6,566
Share of results of joint venture	(84)	(156)
Zakat	143	56
Operating profit before working capital changes	429,876	591,597
Changes in working capital:		
Deposits from customers	(808,846)	1,441,763
Deposits and placements of banks and other financial institutions	(294,346)	(332,525)
Deposits and placements with banks and other financial institutions	195,865	102,302
Bills and acceptances payable	-	(801,578)
Balances due (from)/to clients and brokers	(16,543)	12,497
Other liabilities	84,437	(52,541)
Financial assets held-for-trading	(201,848)	(121,068)
Loans, advances and financing	(684,879)	(1,909,498)
Other assets	(10,220)	(16,729)
Statutory deposits	(26,516)	264,498
Cash used in operations	(1,333,020)	(821,282)
Taxation paid	(127,946)	(191,303)
Zakat paid	(59)	(61)
Net cash used in operating activities	(1,461,025)	(1,012,646)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017 (contd.)

Group	UNAUDITED 31 March 2017 RM'000	31 March 2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	3,218	3,190
Interest received from financial investments held-to-maturity	28,929	27,006
Interest received from financial investments available-for-sale	232,838	318,150
Interest received from financial assets held-for-trading	5,825	4,242
Purchase of property, plant and equipment	(9,399)	(12,984)
Purchase of computer software	(38,197)	(24,871)
Proceeds from disposal of property, plant and equipment	270	158
Proceeds from disposal of financial investments held-to-maturity (net of purchase)	285,522	268,189
Proceeds from redemption/disposal of financial investments available-for-sale (net of purchase)	(1,677,931)	1,227,661
ESS recharge amount received from joint venture for share grants	92	87
Net cash (used in)/generated from investing activities	(1,168,833)	1,810,828
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on securities sold under repurchase agreements	-	(272)
Interest paid on subordinated obligations	(83,434)	(28,920)
Interest paid on other borrowings	(238)	-
Amount due to Cagamas Berhad	-	492,997
Interest paid on loan sold to Cagamas	(21,782)	-
Proceeds from issuance of other borrowings	-	5,000
Proceeds from issue of subordinated notes	-	1,200,000
Transaction costs paid on issuance of subordinated notes	-	(1,062)
Redemption on subordinated notes	(600,000)	-
Proceeds from ESS exercised by employees/joint venture	2,317	1,089
Dividends paid to shareholders of the Company	(228,926)	(219,497)
Net cash (used in)/generated from financing activities	(932,063)	1,449,335
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,561,921)	2,247,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	4,943,700	2,696,183
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	1,381,779	4,943,700
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,381,779	4,943,700

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED STATEMENT OF CASH FLOWS - COMPANY FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

Company	UNAUDITED 31 March 2017 RM'000	31 March 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	243,035	194,295
Adjustments for:		
Depreciation of property, plant and equipment	175	48
Interest income from money at call and deposit placements with financial institutions	(2,237)	(2,092)
Write-back of impairment on subsidiaries	(10,833)	-
Share options/grants under ESS	119	217
Gross dividend income from a subsidiary	(232,503)	(192,439)
Operating (loss)/profit before working capital changes	(2,244)	29
Changes in working capital:		
Other liabilities	675	565
Other assets	379	279
Deposit and placement with banks and other financial institutions	(44,101)	-
Cash (used in)/generated from operations	(45,291)	873
Taxation paid	(1,215)	(1,096)
Net cash used in operating activities	(46,506)	(223)
CASH FLOWS FROM INVESTING ACTIVITIES		
ESS recharge amount received from subsidiaries for share grants	3,394	5,406
ESS recharge amount received from joint venture for share grants	92	87
ESS recharge amount received from subsidiaries for share options	129	90
Interest received from deposits and placements with banks and other financial institutions	1,993	2,092
Purchase of property, plant and equipment	(11)	(3)
Proceeds from redemption of share capital by subsidiary	44,223	-
Dividends received	232,503	192,439
Net cash generated from investing activities	282,323	200,111
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(228,926)	(219,497)
Proceeds from share option exercised	2,317	1,089
Net cash used in financing activities	(226,609)	(218,408)
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,208	(18,520)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	56,837	75,357
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	66,045	56,837
Cash and cash equivalents comprise the following:		
Cash and short-term funds	66,045	56,837

(The Condensed Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

[A] Explanatory Notes Pursuant To Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting

A1. Basis of Preparation

The unaudited condensed interim financial statements for the fourth financial quarter ended 31 March 2017 have been prepared under the historical cost convention, as modified by financial investments available-for-sale and financial assets/liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2016. 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 the Company since the financial year ended 31 March 2016.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2016:

- Amendments to MFRS 11 "Joint Arrangements" - Accounting for acquisitions of interest in joint operations
- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Amendments to MFRS 10, 12 & 128 "Investment entities - Applying the Consolidation Exception"
- Amendments to MFRS 101 "Presentation of financial statements - Disclosure Initiative"
- Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the new accounting standards, amendments and interpretations did not have a material impact on financial statements of the Group and the Company.

The following MFRS have been issued by the MASB and are effective for annual period commencing on or after 1 April 2017, and have yet to be adopted by the Group and the Company:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative" (effective from 1 January 2017)
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses" (effective from 1 January 2017)
- MFRS 9 "Financial Instruments" (effective from 1 January 2018)
- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018)
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective from 1 January 2018)
- MFRS 16 "Leases" will supersede MFRS 117 "Lease" and the related interpretations (effective from 1 January 2019)

A1. Basis Of Preparation (contd.)

The preparation of unaudited condensed interim financial statements in conformity with MFRS 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 Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

A2. Declaration Of Audit Confirmation

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2016 was not subject to any qualification.

A3. Seasonal And Cyclical Factors

The operations of the Group and the Company were not materially affected by any seasonal or cyclical fluctuations during the fourth financial quarter ended 31 March 2017.

A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence

The assets, liabilities, equity, net income and cash flows of the Group and the Company in the fourth financial quarter ended 31 March 2017 were not substantially affected by any item of a material and unusual nature.

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the fourth financial quarter ended 31 March 2017.

A6. Changes In Debt And Equity Securities

There were no issuance or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for fourth financial quarter ended 31 March 2017, other than disclosed on Note B9(d).

A7. Dividends Paid

Second interim dividend of 6.5 sen per share, on 1,548,105,929 ordinary shares of RM1.00 each, declared in the financial year ended 31 March 2016, amounting to RM100,627,000 was paid on 30 June 2016.

First interim dividend of 8.5 sen per share, on 1,548,105,929 ordinary shares of RM1.00 each, declared in the financial year ending 31 March 2017, amounting to RM131,589,000 was paid on 30 December 2016.

A7. Dividends Paid (Contd.)

Dividends paid on the shares held in Trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted for in the total equity. An amount of RM1,472,000 and RM1,818,000 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the second interim dividend for financial year ended 31 March 2016 and the first interim dividend for financial year ending 31 March 2017 respectively.

A8. Segment Information

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

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

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards, wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprise ("SME"), Corporate and Commercial Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Corporate and Commercial Banking serves public-listed and large corporate business customer 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 unit trust, asset management, alternative distribution channels, trustee services and holding company operations.

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A8. Segment Information (contd.)

Group 4th Financial Quarter Ended 31 March 2017	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking & Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income/(expense)								
- external income	90,043	81,930	41,145	2,611	884	216,613	(3,863)	212,750
- inter-segment	(10,910)	20,602	(8,103)	(1,589)	-	-	-	-
	79,133	102,532	33,042	1,022	884	216,613	(3,863)	212,750
Net income from Islamic banking business	29,069	22,368	13,307	-	-	64,744	11,736	76,480
Other operating income	29,142	35,754	6,379	6,825	3,327	81,427	(3,407)	78,020
Net income/(expense)	137,344	160,654	52,728	7,847	4,211	362,784	4,466	367,250
Other operating expenses	(77,482)	(66,856)	(12,375)	(9,251)	(5,506)	(171,470)	1,246	(170,224)
Depreciation and amortisation	(5,944)	(3,977)	(770)	(249)	(1)	(10,941)	-	(10,941)
Operating profit/(loss) before allowance (Allowance for)/write-back of impairment on loans, advances and financing and other receivables	53,918	89,821	39,583	(1,653)	(1,296)	180,373	5,712	186,085
	(15,441)	(12,152)	25	(19)	(9)	(27,596)	-	(27,596)
Segment result	38,477	77,669	39,608	(1,672)	(1,305)	152,777	5,712	158,489
Share of result of joint venture								27
Taxation								(41,128)
Net profit after taxation								117,388
Segment assets	21,282,364	17,367,429	16,945,999	352,657	1,881,976	57,830,425	(4,217,897)	53,612,528
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								763
Property, plant and equipment								73,948
Tax recoverable and deferred tax assets								24,464
Intangible assets								377,361
Total assets								54,089,064
Segment liabilities	24,205,183	21,542,295	4,651,063	87,279	9,873	50,495,693	(1,550,746)	48,944,947
Provision for taxation and zakat and deferred tax liabilities								29,919
Total liabilities								48,974,866

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

A8. Segment Information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking & Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Twelve months ended 31 March 2017								
Net interest income/(expense)								
- external income	420,521	322,142	109,647	10,437	5,756	868,503	(20,958)	847,545
- inter-segment	(96,259)	79,839	22,660	(6,240)	-	-	-	-
	324,262	401,981	132,307	4,197	5,756	868,503	(20,958)	847,545
Net income from Islamic banking business	113,828	87,274	51,667	-	-	252,769	44,268	297,037
Other operating income	115,631	158,064	24,011	29,067	25,114	351,887	(27,046)	324,841
Net income	553,721	647,319	207,985	33,264	30,870	1,473,159	(3,736)	1,469,423
Other operating expenses	(300,217)	(254,721)	(44,391)	(36,788)	(17,910)	(654,027)	5,869	(648,158)
Depreciation and amortisation	(23,478)	(16,058)	(3,143)	(895)	(175)	(43,749)	-	(43,749)
Operating profit/(loss) before allowance (Allowance for)/write-back of impairment on loans, advances and financing and other receivables	230,026	376,540	160,451	(4,419)	12,785	775,383	2,133	777,516
	(68,860)	(26,159)	10	30	(9)	(94,988)	-	(94,988)
Allowance for impairment on other assets	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Segment result	161,166	350,381	160,461	(5,597)	12,776	679,187	2,133	681,320
Share of result of joint venture								84
Taxation								(169,281)
Net profit after taxation								512,123
Segment assets	21,282,364	17,367,429	16,945,999	352,657	1,881,976	57,830,425	(4,217,897)	53,612,528
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								763
Property, plant and equipment								73,948
Tax recoverable and deferred tax assets								24,464
Intangible assets								377,361
Total assets								54,089,064
Segment liabilities	24,205,183	21,542,295	4,651,063	87,279	9,873	50,495,693	(1,550,746)	48,944,947
Provision for taxation and zakat and deferred tax liabilities								29,919
Total liabilities								48,974,866

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A8. **Segment Information** (contd.)

Group	Consumer	Business	Financial	Stockbroking	Others	Total	Inter-	Total
4th Financial Quarter Ended	Banking	Banking	Markets	& Corporate	RM'000	Operations	segment	Total
31 March 2016	RM'000	RM'000	RM'000	Advisory	RM'000	RM'000	Elimination	RM'000
				RM'000			RM'000	
Net interest income/(expense)								
- external income	114,271	78,352	12,778	1,400	847	207,648	3,443	211,091
- inter-segment	(35,447)	19,693	16,747	(993)	-	-	-	-
	78,824	98,045	29,525	407	847	207,648	3,443	211,091
Net income from Islamic banking business	22,878	17,217	15,556	-	-	55,651	5,677	61,328
Other operating income	27,883	36,562	12,133	5,910	9,736	92,224	(11,936)	80,288
Net income	129,585	151,824	57,214	6,317	10,583	355,523	(2,816)	352,707
Other operating expenses	(82,650)	(76,825)	(1,179)	(6,293)	(4,849)	(171,796)	2,647	(169,149)
Depreciation and amortisation	(6,262)	(4,186)	(828)	(175)	(12)	(11,463)	-	(11,463)
Operating profit/(loss) before allowance (Allowance for)/write-back of impairment on loans, advances and financing and other receivables	40,673	70,813	55,207	(151)	5,722	172,264	(169)	172,095
Write-back of impairment on other assets	(9,732)	2,204	25	(31)	-	(7,534)	2,000	(5,534)
Segment result	-	13	5,325	-	-	5,338	-	5,338
Share of result of joint venture	30,941	73,030	60,557	(182)	5,722	170,068	1,831	171,899
Taxation								17
Net profit after taxation								(42,068)
								129,848
Segment assets	22,172,958	16,079,638	18,758,136	284,496	1,908,423	59,203,651	(4,074,202)	55,129,449
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								731
Property, plant and equipment								86,750
Tax recoverable and deferred tax assets								47,131
Intangible assets								362,982
Total assets								55,627,043
Segment liabilities	22,087,698	20,354,741	9,572,956	104,007	16,178	52,135,580	(1,366,607)	50,768,973
Provision for taxation and zakat and deferred tax liabilities								16,062
Total liabilities								50,785,035

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A8. Segment Information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Stockbroking & Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
Twelve months ended 31 March 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	449,008	326,818	71,312	4,730	3,734	855,602	(7,810)	847,792
- inter-segment	(128,972)	63,271	69,387	(3,686)	-	-	-	-
	<u>320,036</u>	<u>390,089</u>	<u>140,699</u>	<u>1,044</u>	<u>3,734</u>	<u>855,602</u>	<u>(7,810)</u>	<u>847,792</u>
Net income from Islamic banking business	90,296	73,656	53,790	-	-	217,742	26,409	244,151
Other operating income	105,953	147,477	57,880	23,540	217,464	552,314	(220,119)	332,195
	<u>516,285</u>	<u>611,222</u>	<u>252,369</u>	<u>24,584</u>	<u>221,198</u>	<u>1,625,658</u>	<u>(201,520)</u>	<u>1,424,138</u>
Other operating expenses	(303,974)	(251,403)	(42,596)	(34,917)	(21,658)	(654,548)	10,362	(644,186)
Depreciation and amortisation	(24,216)	(16,269)	(3,600)	(631)	(48)	(44,764)	-	(44,764)
	<u>188,095</u>	<u>343,550</u>	<u>206,173</u>	<u>(10,964)</u>	<u>199,492</u>	<u>926,346</u>	<u>(191,158)</u>	<u>735,188</u>
Operating profit/(loss) before allowance								
Allowance for impairment on loans, advances and financing and other receivables	(38,209)	(10,035)	(60)	(24)	-	(48,328)	-	(48,328)
Write-back of impairment on other assets	-	16	7,749	-	-	7,765	-	7,765
	<u>149,886</u>	<u>333,531</u>	<u>213,862</u>	<u>(10,988)</u>	<u>199,492</u>	<u>885,783</u>	<u>(191,158)</u>	<u>694,625</u>
Segment result								
Share of result of joint venture								156
Taxation								(172,743)
Net profit after taxation								<u>522,038</u>
Segment assets	<u>22,172,958</u>	<u>16,079,638</u>	<u>18,758,136</u>	<u>284,496</u>	<u>1,908,423</u>	<u>59,203,651</u>	<u>(4,074,202)</u>	<u>55,129,449</u>
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								731
Property, plant and equipment								86,750
Tax recoverable and deferred tax assets								47,131
Intangible assets								362,982
Total assets								<u>55,627,043</u>
Segment liabilities	<u>22,087,698</u>	<u>20,354,741</u>	<u>9,572,956</u>	<u>104,007</u>	<u>16,178</u>	<u>52,135,580</u>	<u>(1,366,607)</u>	<u>50,768,973</u>
Provision for taxation and zakat and deferred tax liabilities								16,062
Total liabilities								<u>50,785,035</u>

A9. Material Event During The Financial Reporting Period

Shares Purchased pursuant to ESS

During the financial year ended 31 March 2017, the Trustee of the ESS did not purchase any shares in the Company from the open market.

During the financial year ended 31 March 2017, 1,731,400 shares have been vested and transferred from the Trustee to the eligible employees of the Company, its subsidiaries and joint venture in accordance with the terms under the Share Grant Plan and Share Option Plan of the ESS. As at 31 March 2017, the Trustee of the ESS held 21,195,100 ordinary shares representing 1.37% of the issued and paid-up capital of the Company.

A10. Material Events Subsequent To The End Of The Financial Reporting Period

There was no material event subsequent to the end of the financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements other than the Status of Corporate Proposals disclosed in Note B8.

A11. Changes In The Composition Of The Group

There was no change in the composition of the Group during the fourth financial quarter ended 31 March 2017.

A12. Changes In Contingent Liabilities Since The Last Annual Financial Reporting Date

Please refer to Note A30.

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A13. Balances Due From Clients And Brokers

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Due from clients	96,499	97,680
Due from brokers	17,358	7,816
	113,857	105,496
Less: Allowance for other losses	(835)	(837)
	113,022	104,659

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

AIBB's normal trade credit terms for non-margin clients is three (3) market days in accordance with the Bursa Malaysia Securities Berhad's ("Bursa") Fixed Delivery and Settlement System ("FDSS") trading rules.

Included in the balances due from clients and brokers are impaired accounts for contra losses, as follows:

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Classified as doubtful	101	52
Classified as bad	846	848
	947	900

The movements in allowance for other losses are as follows:

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
At beginning of financial year	837	840
Write-back during the financial year (net)	(2)	(3)
At end of financial year	835	837

A14. Financial Assets Held-for-trading

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government investment certificates	20,049	40,441
Commercial papers	104,773	-
Malaysian Government securities	20,125	-
<u>Unquoted securities</u>		
Corporate bonds and sukuk	190,313	91,788
	335,260	132,229

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A15. Financial Investments Available-for-sale

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government securities	1,890,820	1,277,948
Malaysian Government investment certificates	1,849,621	2,338,432
Negotiable instruments of deposits	2,332,427	1,684,516
Commercial papers	49,491	-
Khazanah bonds	138,731	202,673
	6,261,090	5,503,569
<u>Quoted securities in Malaysia</u>		
Shares	26	26
Accumulated impairment	(11)	(11)
	15	15
<u>Unquoted securities</u>		
Shares	166,719	153,781
Accumulated impairment	(1,440)	(1,440)
	165,279	152,341
Unit Trust Funds	4,960	4,992
	4,960	4,992
Corporate bonds and sukuk	4,040,124	3,136,690
Accumulated impairment	(231,911)	(231,911)
	3,808,213	2,904,779
	3,978,452	3,062,112
	10,239,557	8,565,696

A16. Financial Investments Held-to-maturity

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
At amortised cost		
<u>Money market instruments</u>		
Malaysian Government securities	689,470	700,570
Malaysian Government investment certificates	80,957	233,390
Khazanah bonds	141,920	190,602
	912,347	1,124,562
At cost		
<u>Unquoted securities</u>		
Corporate bonds and sukuk	18,938	18,938
Accumulated impairment	(14,193)	(14,193)
	4,745	4,745
	917,092	1,129,307

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

A17. Loans, Advances And Financing

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Overdrafts	2,763,678	2,641,243
Term loans/financing		
- Housing loans/financing	14,437,368	14,842,860
- Syndicated term loans/financing	363,508	261,668
- Hire purchase receivables/financing	1,299,638	1,351,475
- Other term loans/financing	13,674,780	13,039,019
Bills receivables/financing	502,836	306,143
Trust receipts	199,515	179,935
Claims on customers under acceptance credits	2,616,395	2,519,809
Staff loans/financing [include loans/financing to Director of a banking subsidiary of RM Nil (2016: RM123,000)]	29,864	34,395
Credit/charge card receivables	604,197	646,321
Revolving credits	1,745,060	1,660,665
Share margin financing	1,098,842	1,264,135
Gross loans, advances and financing	39,335,681	38,747,668
Add: Sales commissions and handling fees	35,963	38,365
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(66,627)	(68,331)
- Collective assessment allowance	(313,328)	(306,978)
Total net loans, advances and financing	38,991,689	38,410,724

(a) By type of customer

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Domestic non-bank financial institutions	351,484	375,434
Domestic business enterprises		
- Small and medium enterprises	9,786,917	8,956,673
- Others	7,632,297	7,058,880
Government and statutory bodies	5,952	6,816
Individuals	20,523,924	21,306,301
Other domestic entities	188,394	201,401
Foreign entities	846,713	842,163
Gross loans, advances and financing	39,335,681	38,747,668

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FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

A17. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Fixed rate		
- Housing loans/financing	40,638	46,476
- Hire purchase receivables/financing	1,262,655	1,306,547
- Other fixed rate loans/financing	2,417,180	2,379,044
Variable rate		
- Base lending rate plus	26,754,482	27,543,664
- Base rate plus	1,807,725	847,853
- Cost plus	6,721,766	6,350,612
- Other variable rate loans/financing	331,235	273,472
Gross loans, advances and financing	39,335,681	38,747,668

(c) By economic purposes

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Purchase of securities	1,109,188	1,285,780
Purchase of transport vehicles	1,078,821	1,218,632
Purchase of landed property	22,487,331	22,624,255
of which: - Residential	15,506,791	15,846,729
- Non-residential	6,980,540	6,777,526
Purchase of fixed assets excluding land and buildings	291,617	192,901
Personal use	2,656,823	2,560,230
Credit card	604,197	646,321
Construction	655,891	663,866
Merger and acquisition	117,688	117,688
Working capital	7,844,844	7,186,477
Others	2,489,281	2,251,518
Gross loans, advances and financing	39,335,681	38,747,668

(d) By geographical distribution

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Northern region	2,652,319	2,569,926
Central region	28,237,847	27,917,362
Southern region	4,652,964	4,581,547
Sabah region	2,530,304	2,586,488
Sarawak region	1,262,247	1,092,345
Gross loans, advances and financing	39,335,681	38,747,668

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A17. Loans, Advances And Financing (contd.)

(e) By maturity structure

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Within one year	9,595,942	9,201,769
One year to three years	1,480,000	1,318,284
Three years to five years	2,467,214	2,050,419
Over five years	25,792,525	26,177,196
Gross loans, advances and financing	39,335,681	38,747,668

(f) Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
At beginning of financial year	487,868	380,712
Impaired during the financial year	600,685	688,435
Reclassified as unimpaired during the financial year	(419,465)	(342,996)
Recoveries	(176,471)	(157,779)
Amount written off	(99,268)	(80,504)
At end of financial year	393,349	487,868
Individual allowance for impairment	(66,627)	(68,331)
Collective allowance for impairment (impaired portion)	(94,714)	(109,347)
Net impaired loans, advances and financing	232,008	310,190
Gross impaired loans as percentage of gross loans, advances and financing	1.0%	1.3%

(g) Impaired loans by economic purposes

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Purchase of securities	7	-
Purchase of transport vehicles	11,497	14,742
Purchase of landed property	231,786	307,795
of which: - Residential	176,996	220,145
- Non-residential	54,790	87,650
Purchase of fixed assets excluding land and buildings	1,206	651
Personal use	43,475	37,029
Credit card	10,201	9,421
Construction	3,888	3,892
Working capital	71,965	96,211
Others	19,324	18,127
Gross impaired loans	393,349	487,868

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A17. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Northern region	30,552	46,072
Central region	277,515	372,422
Southern region	58,562	40,279
Sabah region	23,737	25,088
Sarawak region	2,983	4,007
Gross impaired loans	393,349	487,868

(i) Movements in the allowance for impairment on loans, advances and financing are as follows:

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Individual assessment allowance		
At beginning of financial year	68,331	56,303
Net allowance made during the financial year	23,506	24,229
Amount written off	(21,875)	(14,060)
Transfers (to)/from collective assessment allowance	(3,335)	1,859
At end of financial year	66,627	68,331

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Collective assessment allowance		
At beginning of financial year	306,978	334,704
Net allowance made during the financial year	80,408	40,577
Amount written off	(77,393)	(66,444)
Transfers from/(to) individual assessment allowance	3,335	(1,859)
At end of financial year	313,328	306,978

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A18. Other Assets

	Group		Company	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Other receivables	53,361	52,288	81	76
Derivative margin	22,381	29,052	-	-
Settlement account	34,923	23,999	-	-
Deposits	9,245	9,192	103	103
Prepayment	19,529	14,985	109	115
Trade receivables	49	49	-	-
Amount due from subsidiaries	-	-	224	603
Amount due from joint venture	387	198	9	8
	139,875	129,763	526	905
Less: Allowance for other receivables	(29,535)	(27,073)	-	-
	110,340	102,690	526	905

A19. Deposits From Customers

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
<u>By type of deposits</u>		
Amortised cost		
Demand deposits	13,605,203	12,984,455
Savings deposits	1,864,445	1,787,163
Fixed/investment deposits	24,232,158	22,890,873
Money market deposits	1,412,241	2,594,183
Negotiable instruments of deposits	3,331,673	5,268,944
Structured deposits	379,982	260,185
	44,825,702	45,785,803
At fair value through profit and loss		
Structured deposits	402,734	239,136
	45,228,436	46,024,939

Note:

- (a) Structured deposits issued by the Group include foreign currency time deposits with embedded foreign exchange, equity linked options and interest rate index linked placements.

A19. Deposits From Customers (contd.)

Note:

- (b) During the financial year, the Group designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it includes embedded derivatives that are not closely related to its underlying deposits. The structured deposits are recorded at fair value.

	Group	
	31 March	31 March
	2017	2016
	RM'000	RM'000
Structured deposits	426,644	269,601
Fair value changes arising from designation at fair value through profit or loss	(23,910)	(30,465)
	402,734	239,136

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

(i) By type of customers

	Group	
	31 March	31 March
	2017	2016
	RM'000	RM'000
Domestic financial institutions	3,299,060	5,349,252
Domestic non-bank financial institutions	2,292,516	2,724,792
Government and statutory bodies	3,647,891	3,962,637
Business enterprises	15,568,282	14,678,060
Individuals	19,316,253	18,221,964
Foreign entities	652,995	593,398
Others	451,439	494,836
	45,228,436	46,024,939

(ii) The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposit are as follows:

	Group	
	31 March	31 March
	2017	2016
	RM'000	RM'000
Due within six months	21,189,833	25,104,425
Six months to one year	7,566,156	5,464,888
One year to three years	32,637	53,992
Three years to five years	187,446	130,695
	28,976,072	30,754,000

A20. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Licensed banks	273,325	708,074
Bank Negara Malaysia	589,579	449,176
	862,904	1,157,250

A21. Balances Due To Clients And Brokers

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Due to clients	69,066	77,246
	69,066	77,246

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

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

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM75,447,000 (31 March 2016: RM83,067,000) have been excluded accordingly.

A22. Other Liabilities

	Group		Company	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Other payables	243,811	206,438	90	137
Bills payable	203,663	129,915	-	-
Settlement account	30,116	37,792	-	-
Clearing account	331,384	345,884	-	-
Sundry deposits	43,340	45,526	-	-
Provision and accruals	99,829	102,223	3,066	1,977
Remisier's accounts	8,279	6,151	-	-
Allowance for commitment and contingencies	2,301	-	-	-
Amount due to subsidiaries	-	-	191	509
Amount due to joint venture	260	-	-	-
Finance lease liabilities	5,805	8,125	-	-
	968,788	882,054	3,347	2,623

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A23. Interest Income

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	369,982	382,551	1,491,006	1,486,756
Money at call and deposit placements with financial institutions	2,457	9,955	23,975	17,417
Financial assets held-for-trading	1,274	1,026	6,178	4,242
Financial investments available-for-sale	68,887	71,898	246,536	306,319
Financial investments held-to-maturity	6,583	6,674	26,691	26,871
Others	3,474	2,681	11,881	10,684
	452,657	474,785	1,806,267	1,852,289
Accretion of discount less amortisation of premium of financial investments	18,069	18,025	73,946	68,125
	470,726	492,810	1,880,213	1,920,414
Company				
Money at call and deposit placements with financial institutions	612	452	2,237	2,092

A24. Interest Expense

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	3,281	8,885	15,572	51,545
Deposits from customers	222,120	238,290	893,890	936,314
Securities sold under repurchase agreements	-	246	-	272
Loan sold to Cagamas	5,420	-	21,770	2,725
Other borrowings	59	40	238	71
Subordinated obligations	17,018	24,637	69,366	56,861
Others	10,078	9,621	31,832	24,834
	257,976	281,719	1,032,668	1,072,622

A25. Net Income From Islamic Banking Business

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	118,365	109,230	471,698	425,912
Income derived from investment of Islamic Banking funds	12,543	10,255	47,429	37,872
Income attributable to depositors and financial institutions	(54,428)	(58,157)	(222,090)	(219,633)
	76,480	61,328	297,037	244,151

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A26. Other Operating Income

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
<u>Fee and commission income:</u>				
Commissions	22,524	18,527	87,570	77,843
Service charges and fees	7,136	7,801	30,938	31,250
Corporate advisory fees	280	339	1,785	1,639
Underwriting commissions	-	-	85	375
Brokerage fees	9,663	8,202	29,795	33,793
Guarantee fees	4,116	4,416	18,427	15,430
Processing fees	1,339	2,049	12,857	8,061
Commitment fees	4,115	3,793	15,972	15,445
Cards related income	25,592	23,476	96,643	98,407
Other fee income	734	755	3,003	3,005
	75,499	69,358	297,075	285,248
<u>Fee and commission expense:</u>				
Commissions expense	(449)	(620)	(1,965)	(2,050)
Brokerage fees expense	(3,884)	(3,576)	(11,420)	(15,778)
Guarantee fees expense	(397)	(10)	(1,047)	(898)
Card related expense	(23,956)	(19,966)	(85,440)	(88,046)
	(28,686)	(24,172)	(99,872)	(106,772)
<u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(1,568)	979	988	(281)
- Financial investments held-to-maturity	-	(34)	-	(34)
- Financial investments available-for-sale	-	3,788	5,239	6,125
Marked-to-market revaluation of:				
- Financial assets held-for-trading	2,537	780	(1,147)	1,253
- Derivative financial instruments	(66,261)	(149,335)	144,553	(166,215)
- Unrealised (loss)/gain arising from financial liabilities designated at fair value	(3,254)	7,573	(6,555)	26,728
Realised gain/(loss) on derivative financial instruments	107,067	139,348	(2,800)	221,532
Gross dividend income from:				
- Financial investments available-for-sale	53	45	3,218	3,190
	38,574	3,144	143,496	92,298
<u>Other income:</u>				
Foreign exchange (loss)/gain	(13,183)	25,513	(43,706)	32,646
Loss on disposal of property, plant and equipment	-	-	(346)	(11)
Others	5,816	6,445	28,194	28,786
	(7,367)	31,958	(15,858)	61,421
Total other operating income	78,020	80,288	324,841	332,195

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A26. Other Operating Income (contd.)

Company	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Investment income:</u>				
Gross dividend income from:				
- Subsidiary	-	-	232,503	192,439
<u>Other income:</u>				
Others	569	614	2,451	2,584
Total other operating income	569	614	234,954	195,023

A27. Other Operating Expenses

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Salaries, allowances and bonuses	85,728	85,463	337,104	334,317
Contribution to EPF	12,590	13,462	53,839	53,289
Share options/grants under ESS	427	1,109	2,154	6,566
Others	7,635	10,362	34,611	36,550
	106,380	110,396	427,708	430,722
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	5,243	5,779	21,352	23,014
Amortisation of computer software	5,698	5,684	22,397	21,750
Rental of premises	7,834	7,826	30,660	30,810
Water and electricity	1,891	2,028	7,799	8,210
Repairs and maintenance	2,590	2,710	9,905	9,278
Information technology expenses	12,763	10,432	48,140	41,529
Others	3,495	3,626	13,146	14,268
	39,514	38,085	153,399	148,859
<u>Marketing expenses</u>				
Promotion and advertisement	3,030	1,538	7,416	4,459
Branding and publicity	5,562	6,015	10,727	13,984
Others	1,727	1,703	7,463	7,758
	10,319	9,256	25,606	26,201
<u>Administration and general expenses</u>				
Communication expenses	3,556	3,844	13,874	13,356
Printing and stationery	820	1,253	3,176	3,455
Insurance	2,935	3,168	10,959	20,410
Professional fees	5,819	6,293	22,019	19,149
Others	11,822	8,317	35,166	26,798
	24,952	22,875	85,194	83,168
Total other operating expenses	181,165	180,612	691,907	688,950

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A27. Other Operating Expenses (contd.)

Company	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Salaries, allowances and bonuses	125	72	524	505
Contribution to EPF	20	12	82	79
Share options/grants under ESS	20	53	119	217
Others	35	9	221	110
	200	146	946	911
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	1	12	175	48
Rental of premises	57	57	229	229
Water and electricity	1	1	3	3
Repairs and maintenance	30	28	125	114
Information technology expenses	-	-	3	-
Others	162	13	91	112
	251	111	626	506
<u>Administration and general expenses</u>				
Communication expenses	3	1	13	11
Printing and stationery	-	-	2	1
Professional fees	971	32	2,016	122
Others	411	213	1,386	1,269
	1,385	246	3,417	1,403
Total other operating expenses	1,836	503	4,989	2,820

A28. Allowance for Losses On Loans, Advances And Financing and Other Receivables

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Allowance for losses on loans, advances and financing and other receivables:				
(a) Individual assessment allowance				
- made during the financial period/year (net)	7,996	9,673	23,506	24,229
(b) Collective assessment allowance				
- made during the financial period/year (net)	20,747	(971)	80,408	40,577
(c) Bad debts on loans, advances and financing				
- Recovered	(8,902)	(9,072)	(33,552)	(37,799)
- Written off	5,108	4,788	19,757	17,229
	24,949	4,418	90,119	44,236
Allowance for other receivables	346	1,117	2,570	4,095
Write-back of losses from balances due to from clients	-	(1)	(2)	(3)
Allowance for commitment and contingencies	2,301	-	2,301	-
	27,596	5,534	94,988	48,328

A29. Capital Adequacy

The capital adequacy ratios of Alliance Bank Malaysia Berhad Group 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 Banking Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The capital adequacy ratios of the banking Group are as follows:

	Group	
	31 March 2017	31 March 2016
	RM'000	RM'000
<u>Before deducting proposed dividends</u>		
CET I capital ratio	12.891%	12.070%
Tier I capital ratio	12.891%	12.070%
Total capital ratio	17.518%	17.657%
<u>After deducting proposed dividends</u>		
CET I capital ratio	12.548%	11.775%
Tier I capital ratio	12.548%	11.775%
Total capital ratio	17.175%	17.362%

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

	Group	
	31 March 2017	31 March 2016
	RM'000	RM'000
<u>CET I Capital</u>		
Paid-up share capital	796,517	796,517
Share premium	401,517	401,517
Retained profits	2,306,158	2,047,248
Statutory reserves	1,223,525	1,200,019
Revaluation reserves	99,268	114,786
Capital reserves	10,018	10,018
	4,837,003	4,570,105
Less: Regulatory adjustments		
- Goodwill and other intangibles	(377,361)	(362,982)
- Deferred tax assets	(14,033)	(10,201)
- 55% of revaluation reserves	(54,597)	(63,132)
- Investment in subsidiaries, associates and joint venture	(3,840)	(2,824)
Total CET I Capital/Total Tier I Capital	4,387,172	4,130,966
<u>Tier II Capital</u>		
Subordinated obligations	1,199,178	1,559,074
Collective assessment allowance and regulatory reserves	376,514	354,805
Less: Regulatory adjustment		
- Investment in subsidiaries, associates and joint venture	(960)	(1,882)
Total Tier II Capital	1,574,732	1,911,997
Total Capital	5,961,904	6,042,963

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A29. Capital Adequacy (contd.)

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

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
Credit risk	30,958,088	31,241,896
Market risk	126,042	123,843
Operational risk	2,947,948	2,858,987
Total RWA and capital requirements	34,032,078	34,224,726

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

	Alliance Bank Malaysia Berhad	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
31 March 2017			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.558%	13.430%	84.804%
Tier I capital ratio	11.558%	13.430%	84.804%
Total capital ratio	16.347%	14.509%	85.516%
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.136%	13.430%	83.729%
Tier I capital ratio	11.136%	13.430%	83.729%
Total capital ratio	15.924%	14.509%	84.441%
31 March 2016			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.237%	13.375%	103.287%
Tier I capital ratio	11.237%	13.375%	103.287%
Total capital ratio	16.528%	14.399%	103.641%
<u>After deducting proposed dividends</u>			
CET I capital ratio	10.880%	13.044%	101.292%
Tier I capital ratio	10.880%	13.044%	101.292%
Total capital ratio	16.170%	14.068%	101.646%

A30. Commitments And Contingencies

The off-balance sheet exposures of the Group are as follows:

	Group	
	31 March 2017 RM'000	31 March 2016 RM'000
<u>Credit-related exposures</u>		
Direct credit substitutes	757,816	717,319
Transaction-related contingent items	710,106	677,126
Short-term self-liquidating trade-related contingencies	138,588	137,524
Irrevocable commitments to extend credit:		
- maturity exceeding one year	1,111,249	2,287,572
- maturity not exceeding one year	6,527,092	6,327,855
Unutilised credit card lines	1,584,784	1,597,855
	10,829,635	11,745,251
<u>Derivative financial instruments</u>		
Foreign exchange related contracts:		
- one year or less	11,082,789	7,255,690
- over one year to three years	116,546	39,135
- over three years	37,817	-
Interest rate related contracts:		
- one year or less	750,000	380,000
- over one year to three years	1,988,572	809,755
- over three years	1,605,860	1,490,776
Equity related contracts:		
- one year or less	52,405	92,940
- over one year to three years	30,330	18,880
	15,664,319	10,087,176
	26,493,954	21,832,427

A31. Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurements require 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 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 reporting 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 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, repurchase agreements and most of the Group's derivatives.

(iii) Financial instruments in Level 3

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

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A31. Fair Value Measurements (contd.)

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

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

Group	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2017	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	144,947	-	144,947
- Unquoted securities	-	190,313	-	190,313
Financial investments available-for-sale				
- Money market instruments	-	6,261,090	-	6,261,090
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	3,808,213	170,239	3,978,452
Derivative financial assets	-	86,345	-	86,345
<u>Liabilities</u>				
Derivative financial liabilities	-	81,892	-	81,892
31 March 2016	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	40,441	-	40,441
- Unquoted securities	-	91,788	-	91,788
Financial investments available-for-sale				
- Money market instruments	-	5,503,569	-	5,503,569
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	2,904,779	157,333	3,062,112
Derivative financial assets	-	133,651	-	133,651
<u>Liabilities</u>				
Derivative financial liabilities	-	279,541	-	279,541

Reconciliation of movements in level 3 financial instruments:

	Group	
	31 March	31 March
	2017	2016
	RM'000	RM'000
At beginning of financial year	157,333	140,211
Purchase of Unit Trust Funds	-	5,000
Total (losses)/gains recognised in:		
- Statement of comprehensive income		
loss arising from sales of financial		
investments available-for-sale	-	(549)
- Other comprehensive income		
revaluation reserves	12,906	12,697
Disposal	-	(26)
At end of financial year	170,239	157,333

The Group's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Group's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2017

A32. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the balance sheet, 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 balance sheet; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the balance sheet RM'000	Net amounts of financial assets presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
Group						
31 March 2017						
Derivative financial assets	86,345	-	86,345	(18,681)	-	67,664
Balances due from clients and brokers	213,368	(100,346)	113,022	-	-	113,022
Total	299,713	(100,346)	199,367	(18,681)	-	180,686
31 March 2016						
Derivative financial assets	133,651	-	133,651	(61,231)	-	72,420
Balances due from clients and brokers	189,714	(85,055)	104,659	-	-	104,659
Total	323,365	(85,055)	238,310	(61,231)	-	177,079

(b) Financial liabilities

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the balance sheet RM'000	Net amounts of financial liabilities presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
Group						
31 March 2017						
Derivative financial liabilities	81,892	-	81,892	(18,681)	(22,381)	40,830
Balances due to clients and brokers	169,412	(100,346)	69,066	-	-	69,066
Total	251,304	(100,346)	150,958	(18,681)	(22,381)	109,896
31 March 2016						
Derivative financial liabilities	279,541	-	279,541	(61,231)	(29,052)	189,258
Balances due to clients and brokers	162,301	(85,055)	77,246	-	-	77,246
Total	441,842	(85,055)	356,787	(61,231)	(29,052)	266,504

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group 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.

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

B1. Review Of Performance

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

For FYE 31 March 2017, the Group's net profit after taxation was RM512.1 million.

The Group's net income grew by RM45.3 million or 3.2% due to expansion of total gross loans to RM39.3 billion. Net Interest Margin recorded at 226bps from 215bps last financial year.

Fee based income improved by RM18.7 million or 10.5% mainly from commission income and loan processing fees income.

Operating expenses increased marginally by RM3.0 million or 0.4% mainly from higher establishment costs and professional fees.

Gross impaired loans declined moderately to 1.0%. While loan loss coverage improved from 109.1% to 136.7%, reflecting a healthy book.

The Current Account/Savings Account ratio improved to 34.2% from 32.1% last year. Loans-to-deposits ratio increased to 87.0% as at 31 March 2017, from 84.2% last year, while loan-to-fund ratio stood at 83.8%.

The Group's total capital ratio stood healthy at 17.2%, with a Common Equity Tier 1 Capital ratio of 12.5% as at 31 March 2017.

The Group declared a second interim dividend of RM116.1 million, bringing the total dividend declared for the financial year ended 31 March 2017 to RM247.7 million (FYE2016: RM224.5 million).

Performance by business segment:

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Stockbroking and Corporate Advisory. Please refer to Note A8 on Segment Information for the composition of each business segment.

Consumer Banking profit before tax was higher by RM11.3 million or 7.5% compared to last financial year. The net income was RM37.4 million or 7.3% higher compared to last financial year. Operating profit was higher by RM41.9 million or 22.3% mainly due to better risk adjusted return loan and growth in wealth management. Allowance for loans, advances and financing was higher by RM30.7 million. Segment asset was RM0.9 billion or 4.0% lower, while liabilities registered growth of RM2.1 billion or 9.6% higher.

Business Banking profit before tax was higher by RM16.9 million or 5.1% compared to last financial year, mainly due to increase in net income of RM36.1 million or 5.9% partially offset by higher other operating expenses by RM3.3 million or 1.3%. Allowance for loans, advances and financing was higher by RM16.1 million. Segment asset and liabilities registered growth of RM1.3 billion or 8.0% and RM1.2 billion or 5.8%.

Financial Markets profit before tax was RM53.4 million or 25.0% lower compared to last financial year mainly due to one-off gains on foreign exchange de-risking and bonds debt recovery last year.

Stockbroking and Corporate Advisory improved RM5.4 million or 49.1% compared to last financial year.

B1. Review Of Performance (Contd.)

(b) Current Quarter vs Previous Year Corresponding Quarter

The Group's profit after taxation of RM117.4 million for the quarter ended 31 March 2017 was RM12.4 million or 9.6% lower than the corresponding quarter ended 31 March 2016.

Key quarter-on-quarter performance highlights:

- Revenue grew RM14.6 million or 4.1% mainly from net interest income.
- Net Interest Margin recorded at 230bps.
- Other operating income dropped marginally by RM1.9 million or 2.3% mainly from Non Client Based income of FX Income; while and fee based income increase by RM2.2 million.

B2. Comparison with Immediate Preceding Quarter

The Group's profit after taxation of RM117.4 million for the fourth quarter ended 31 March 2017 was RM12.3 million or 9.5% lower than the immediate preceding quarter ended 31 December 2016.

Key quarter-on-quarter performance highlights:

- NPAT decrease by 9.5% mainly from lower revenue and higher operating expenses.
- Net Interest Margin recorded at 230bps.
- Other operating income decreased by RM7.8 million, mainly due to drop in Client Based income.

B3. Prospect For Next Financial Year

The Group will leverage on its franchise strength to deliver sustainable profitability and to fulfill the financial needs of our customers.

The Group will continue to improve balance sheet efficiency by focusing on better risk adjusted return loans, liquidity management, and mitigating credit risk. We will also continue maximizing the linkages across Consumer Banking, Business Banking, Financial Markets, Investment Banking and Islamic Banking to bring to bear the full suite of solutions and capabilities that the Group has to offer to our clients.

The Group's strategic intent is to be the most important relationship for the financial success of business owners, through our vision of 'Building Alliances to Improve Lives'.

In the coming year, we will be launching and scaling up a number of new and differentiated value propositions for our customers. We will also be investing in the required Information Technology enablers to support the Bank's strategic initiatives and focus on streamlining to improve the efficiency of our operations.

This will position us as a Group that uses innovation to bring simple, fast and responsive solutions that are always aligned to our customers' needs, which is the essence of our new brand promise.

While we expect these strategic investments to deliver higher level of performance in the longer term, we would expect profitability in the immediate financial year to be impacted.

B4. Profit Forecast

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

B5. Taxation

	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Group				
Taxation				
- Income tax	53,045	43,989	174,953	172,468
- Under/(over) provision in prior financial period/year	99	7,525	(817)	7,525
- Deferred tax	(12,016)	(9,446)	(4,855)	(7,250)
	41,128	42,068	169,281	172,743
Company				
Taxation				
- Income tax	286	257	1,121	1,113
- Deferred tax	(362)	(118)	(268)	(101)
	(76)	139	853	1,012

The Group's effective tax rate for the fourth quarters ended 31 March 2017 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

B6. Profit/(Loss) On Sale Of Unquoted Investments Or Properties

There was no material profit/(loss) on sale of unquoted investments or properties for the fourth financial quarter ended 31 March 2017 other than in the ordinary course of business.

B7. Purchase And Disposal Of Quoted Securities

There was no purchase or disposal of quoted securities for the fourth financial quarter ended 31 March 2017 other than investments held by the Group and the Company whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia ("BNM").

B8. Status Of Corporate Proposals

On 21 September 2016, the Company announced that it proposes to undertake a corporate reorganisation exercise whereby the listing status of the Company will be assumed by its wholly-owned core subsidiary, Alliance Bank Malaysia Berhad ("Alliance Bank").

The proposal will involve, among others, the shareholders of AFG exchanging their existing AFG shares for Alliance Bank shares on a 1-for-1 basis, where their number of shares held and percentage shareholdings in AFG will be the same in Alliance Bank. This will enable the existing shareholders of AFG to have direct participation in the equity and future growth of Alliance Bank. The proposal is expected to improve cost and corporate efficiency, and enhance brand recognition for the Alliance Bank Group.

The proposed corporate reorganisation is subject to the approvals being obtained from BNM, Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Securities Commission ("SC") Malaysia, Ministry of Finance ("MOF"), High Court of Malaya, shareholders of AFG, and any other relevant authorities and/or parties (if required).

B8. Status Of Corporate Proposals (contd.)

On 22 September 2016, the Company announced that it had submitted an application to BNM to seek the approval of BNM and/or its recommendations to MOF for approval by MOF of the proposed corporate reorganisation.

On 10 November 2016, the Company announced that it had submitted to Bursa Malaysia an application in relation to the proposed transfer of AFG's listing status to Alliance Bank, and an application to cease to be the "Ultimate Controller" of Alliance Investment Bank Berhad to the SC pursuant to Chapter 4.02(8) of the SC Licensing Handbook.

B9. Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities

	Group	
	31 March	31 March
	2017	2016
	RM'000	RM'000
(a) Deposits from customers		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	28,755,989	30,569,313
- More than one year (medium/long term)	220,083	184,687
	28,976,072	30,754,000
Others	16,252,364	15,270,939
	45,228,436	46,024,939
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	309,563	766,754
- More than one year (medium/long term)	553,341	390,496
	862,904	1,157,250
(c) Other borrowings		
Unsecured and more than one year (medium/long term)		
- Senior Medium Term Notes	5,070	5,071
(d) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	1,226,078	1,840,147

On 8 April 2016, the Group has fully redeemed its RM600 million Subordinated Medium Term Notes, which was issued on 8 April 2011 under the RM1.5 billion Subordinated Medium Term Notes Programme.

B10. Derivative Financial Assets/(Liabilities)

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

	As at 31 March 2017			As at 31 March 2016		
	Contract/ Notional Amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Foreign exchange and commodity contracts:						
Currency forwards						
- one year or less	1,282,544	45,673	(4,340)	1,316,549	25,079	(53,190)
- over one year to three years	72,316	73	(569)	-	-	-
- over three years	37,817	42	(200)	-	-	-
Currency swaps						
- one year or less	9,631,122	15,809	(34,170)	5,520,405	90,660	(174,450)
- over one year to three years	44,230	-	(12,700)	39,135	-	(7,656)
Currency spots						
- one year or less	40,255	56	(60)	258,309	646	(615)
Currency options						
- one year or less	128,868	265	(24)	160,427	1,349	(404)
	11,237,152	61,918	(52,063)	7,294,825	117,734	(236,315)
Interest rate related contracts:						
Interest rate swap						
- one year or less	4,344,432	24,339	(24,455)	2,680,531	15,917	(16,165)
- over one year to three years	750,000	227	(697)	380,000	136	(87)
- over one year to three years	1,988,572	8,336	(8,937)	809,755	1,813	(5,002)
- over three years	1,605,860	15,776	(14,821)	1,490,776	13,968	(11,076)
Equity related contracts:						
- one year or less	52,405	58	(4,005)	92,940	-	(23,782)
- over one year to three years	30,330	30	(1,369)	18,880	-	(3,279)
Total derivatives assets/(liabilities)	15,664,319	86,345	(81,892)	10,087,176	133,651	(279,541)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risk with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2016.

Forwards

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

B10. Derivative Financial Assets/(Liabilities) (contd.)

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Spots

Spots refer to the buying and selling of the currency where the settlement date is two business days.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

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.

B11. Changes in Material Litigation

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company for the fourth financial quarter ended 31 March 2017.

B12. Dividend Declared

On 31 May 2017, the Directors have declared a second interim dividend of 7.5 sen per share, in respect of financial year ended 31 March 2017 to be paid on 22 June 2017. The entitlement date for the second interim dividend payment will be on 16 June 2017. The Directors do not propose any final dividend in respect of the financial year ended 31 March 2017.

The total dividend paid/declared for the financial year ended 31 March 2017 is 16.0 sen per share (2016: Total dividend 14.5 sen per share).

B13. Related Party Transactions

All related party transactions within the Group have been entered into in the normal course of business and were carried out on normal commercial terms.

B14. Earnings Per Share (EPS)

(a) Basic

The calculation of the basic earnings per share is based on the net profit attributable to Equity holders of the Company divided by the weighted average number of ordinary shares of RM1.00 each in issue during the financial period/year, excluding the number of shares held for ESS.

	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period/year attributable to Equity holders of the Company (RM'000)	117,388	129,848	512,123	522,038
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Shares held for ESS ('000)	(21,195)	(22,927)	(21,195)	(22,927)
	1,526,911	1,525,179	1,526,911	1,525,179
Basic earnings per share (sen)	7.7	8.5	33.5	34.2

(b) Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to Equity holders of the Company divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period/year, excluding the number of shares held for ESS after taking into account the Share Grants to employees under ESS which are assumed to be fully vested to the employees as at 31 March 2017.

	4th Quarter Ended		Cumulative 12 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period attributable to Equity holders of the Company (RM'000)	117,388	129,848	512,123	522,038
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Shares held for ESS ('000)	(21,195)	(22,927)	(21,195)	(22,927)
Share Grants under ESS ('000)	1,141	2,546	1,141	2,546
	1,528,052	1,527,725	1,528,052	1,528,010
Diluted earnings per share (sen)	7.7	8.5	33.5	34.2

B15. Realised And Unrealised Unappropriated Profits Disclosure

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 25 March 2010, is as follows:

	Group		Company	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Total retained profits				
- Realised	2,344,721	2,039,388	67,311	52,901
- Unrealised	101,624	132,310	703	435
	2,446,345	2,171,698	68,014	53,336
Total share of profits from joint venture				
- Realised	(71)	15	-	-
- Unrealised	155	141	-	-
	2,446,429	2,171,854	68,014	53,336
Less: Consolidation adjustments	(362,901)	(350,814)	-	-
Total retained profits	2,083,528	1,821,040	68,014	53,336

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group and the Company as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains and losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

31 May 2017