

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group		Company	
		30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
ASSETS					
Cash and short-term funds		2,238,699	1,381,779	72,649	66,045
Deposits and placements with banks and other financial institutions		-	-	44,684	44,345
Balances due from clients and brokers	A13	118,650	113,022	-	-
Financial assets held-for-trading	A14	141,128	335,260	-	-
Financial investments available-for-sale	A15	10,512,892	10,239,557	-	-
Financial investments held-to-maturity	A16	839,983	917,092	-	-
Derivative financial assets	B10	73,581	86,345	-	-
Loans, advances and financing	A17	38,644,600	38,991,689	-	-
Other assets	A18	112,823	110,340	3,751	526
Tax recoverable		8,307	9,726	-	-
Statutory deposits		1,436,732	1,437,444	-	-
Investment in subsidiaries		-	-	1,740,570	1,744,650
Investment in joint venture		688	763	17	113
Property, plant and equipment		72,465	73,948	158	159
Deferred tax assets		8,578	14,738	555	703
Intangible assets		387,111	377,361	-	-
TOTAL ASSETS		54,596,237	54,089,064	1,862,384	1,856,541
LIABILITIES AND EQUITY					
Deposits from customers	A19, B9(a)	44,191,862	44,445,720	-	-
Deposits and placements of banks and other financial institutions	A20, B9(b)	1,209,719	862,904	-	-
Financial liabilities designated at fair value	A21	436,790	402,734	-	-
Balances due to clients and brokers	A22	85,597	69,066	-	-
Derivative financial liabilities	B10	98,587	81,892	-	-
Amount due to Cagamas Berhad		853,204	502,713	-	-
Other liabilities	A23	1,318,093	1,348,770	2,521	3,347
Provision for taxation		15,199	19,753	216	178
Provision for zakat		175	206	-	-
Deferred tax liabilities		17,891	9,960	-	-
Other borrowings	B9(c)	5,011	5,070	-	-
Subordinated obligations	B9(d)	1,208,970	1,226,078	-	-
TOTAL LIABILITIES		49,441,098	48,974,866	2,737	3,525
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		3,674,929	3,639,929	379,437	378,747
Shares held for Employees' Share Scheme		(67,896)	(73,837)	(67,896)	(73,837)
TOTAL EQUITY		5,155,139	5,114,198	1,859,647	1,853,016
TOTAL LIABILITIES AND EQUITY		54,596,237	54,089,064	1,862,384	1,856,541
COMMITMENTS AND CONTINGENCIES	A31	25,299,477	26,493,954	-	-
Net assets per share attributable Equity holders of the Company (RM)*		3.33	3.30	1.20	1.20

* The net assets per share attributable to Equity holders of the Company is computed as total capital and reserves attributable to the equity holders 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 2017)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

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CONDENSED FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

Group	Note	1st Quarter Ended		Three Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	A24	476,532	474,941	476,532	474,941
Interest expense	A25	(259,114)	(262,828)	(259,114)	(262,828)
Net interest income		217,418	212,113	217,418	212,113
Net income from Islamic banking business	A26	77,978	67,335	77,978	67,335
		295,396	279,448	295,396	279,448
Fee and commission income		77,475	74,189	77,475	74,189
Fee and commission expense		(24,974)	(24,803)	(24,974)	(24,803)
Investment income		33,061	35,755	33,061	35,755
Other income		5,655	(775)	5,655	(775)
Other operating income	A27	91,217	84,366	91,217	84,366
Net income		386,613	363,814	386,613	363,814
Other operating expenses	A28	(176,439)	(169,076)	(176,439)	(169,076)
Operating profit before allowances		210,174	194,738	210,174	194,738
Allowance for losses on loans, advances and financing and other receivables	A29	(30,200)	(18,137)	(30,200)	(18,137)
Allowance for impairment on other assets		-	(1,208)	-	(1,208)
Operating profit after allowances		179,974	175,393	179,974	175,393
Share of result of joint venture		21	19	21	19
Profit before taxation		179,995	175,412	179,995	175,412
Taxation	B5	(44,991)	(42,938)	(44,991)	(42,938)
Net profit for the financial period		135,004	132,474	135,004	132,474
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain from change in fair value		27,829	21,729	27,829	21,729
- Realised gain transferred to statement of income on disposal and impairment		(4,044)	(849)	(4,044)	(849)
- Transfer to deferred tax		(5,708)	(5,011)	(5,708)	(5,011)
Other comprehensive income, net of tax		18,077	15,869	18,077	15,869
Total comprehensive income for the financial period		153,081	148,343	153,081	148,343
Net profit for the financial period attributable to:					
Equity holders of the Company		135,004	132,474	135,004	132,474
Total comprehensive income attributable to:					
Equity holders of the Company		153,081	148,343	153,081	148,343
Earnings per share attributable to Equity holders of the Company:					
- Basic (sen)	B14(a)	8.8	8.7	8.8	8.7
- Diluted (sen)	B14(b)	8.8	8.7	8.8	8.7

(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 2017)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

Company	Note	1st Quarter Ended		Three Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	A24	856	571	856	571
Other operating income	A27	119,672	101,456	119,672	101,456
		120,528	102,027	120,528	102,027
Other operating expenses	A28	(468)	(756)	(468)	(756)
Profit before taxation		120,060	101,271	120,060	101,271
Taxation	B5	(481)	(351)	(481)	(351)
Net profit for the financial period		119,579	100,920	119,579	100,920

(The Condensed Statement of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2017)

ALLIANCE FINANCIAL GROUP BERHAD

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 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
30 June 2017										
At 1 April 2017	1,548,106	304,289	981,487	157,900	7,013	99,268	6,444	(73,837)	2,083,528	5,114,198
Net profit for the financial period	-	-	-	-	-	-	-	-	135,004	135,004
Other comprehensive expenses	-	-	-	-	-	18,077	-	-	-	18,077
Total comprehensive income for the financial period	-	-	-	-	-	18,077	-	-	135,004	153,081
Transfer to reserves	-	-	-	(7,404)	-	-	-	-	7,404	-
Share-based payment under ESS	-	-	-	-	-	-	197	-	-	197
ESS on shares lapsed:										
- employees of subsidiaries	-	-	-	-	-	-	(808)	-	808	-
ESS shares grant vested to:										
- employees of subsidiaries	-	-	-	-	-	-	(3,399)	3,399	-	-
- employees of joint venture	-	-	-	-	-	-	(111)	111	-	-
- own employees	-	-	-	-	-	-	(149)	149	-	-
ESS shares option exercised by:										
- employees of subsidiaries	-	-	-	-	-	-	(45)	45	-	-
- own employees	-	-	-	-	-	-	(15)	15	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	2,222	-	2,222
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	-	(1,157)	-	1,157	-
Transfer to retained profits	-	-	(981,487)	-	-	-	-	-	981,487	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(116,108)	(116,108)
Dividends added back for shares held in trust	-	-	-	-	-	-	-	-	1,549	1,549
At 30 June 2017	1,548,106	304,289	-	150,496	7,013	117,345	957	(67,896)	3,094,829	5,155,139
30 June 2016										
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 period	-	-	-	-	-	-	-	-	132,474	132,474
Other comprehensive income	-	-	-	-	-	15,869	-	-	-	15,869
Total comprehensive income for the financial period	-	-	-	-	-	15,869	-	-	132,474	148,343
Transfer to reserves	-	-	(301)	1,841	-	-	-	-	(1,540)	-
Share-based payment under ESS	-	-	-	-	-	-	1,097	-	-	1,097
ESS shares grant vested to:										
- employees of subsidiaries	-	-	-	-	-	-	(2,853)	2,853	-	-
- employees of joint venture	-	-	-	-	-	-	(73)	73	-	-
- own employees	-	-	-	-	-	-	(102)	102	-	-
ESS shares option exercised by:										
- employees of subsidiaries	-	-	-	-	-	-	(28)	28	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	1,098	-	1,098
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	-	(848)	-	848	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(100,627)	(100,627)
Dividends added back for shares held in trust	-	-	-	-	-	-	-	-	1,472	1,472
At 30 June 2016	1,548,106	304,289	957,680	159,015	7,013	130,655	8,709	(75,743)	1,853,667	4,893,391

(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 2017)

ALLIANCE FINANCIAL GROUP BERHAD

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UNAUDITED STATEMENT OF CHANGES IN EQUITY UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 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
30 June 2017						
At 1 April 2017	1,548,106	304,289	6,444	(73,837)	68,014	1,853,016
Net profit for the financial period	-	-	-	-	119,579	119,579
Share-based payment under ESS	-	-	197	-	-	197
ESS recharge amount received from:						
ESS on shares lapsed:						
- employees of subsidiaries	-	-	(808)	-	-	(808)
ESS shares grant vested to:						
- employees of subsidiaries	-	-	(3,399)	3,399	-	-
- employees of joint venture	-	-	(111)	111	-	-
- own employees	-	-	(149)	149	-	-
ESS shares option exercised by:						
- employees of subsidiaries	-	-	(45)	45	-	-
- own employees	-	-	(15)	15	-	-
Proceeds from share option exercised	-	-	-	2,222	-	2,222
Transfer of ESS shares purchase price difference on shares vested	-	-	(1,157)	-	1,157	-
Dividends paid to shareholders	-	-	-	-	(116,108)	(116,108)
Dividends added back for shares held in trust	-	-	-	-	1,549	1,549
At 30 June 2017	1,548,106	304,289	957	(67,896)	74,191	1,859,647
30 June 2016						
At 1 April 2016	1,548,106	304,289	11,516	(79,897)	53,336	1,837,350
Net profit for the financial period	-	-	-	-	100,920	100,920
Share-based payment under ESS	-	-	1,097	-	-	1,097
ESS shares grant vested to:						
- employees of subsidiaries	-	-	(2,853)	2,853	-	-
- employees of joint venture	-	-	(73)	73	-	-
- own employees	-	-	(102)	102	-	-
ESS shares option exercised by:						
- employees of subsidiaries	-	-	(28)	28	-	-
Proceeds from share option exercised	-	-	-	1,098	-	1,098
Transfer of ESS shares purchase price difference on shares vested	-	-	(848)	-	848	-
Dividends paid to shareholders	-	-	-	-	(100,627)	(100,627)
Dividends added back for shares held in trust	-	-	-	-	1,472	1,472
At 30 June 2016	1,548,106	304,289	8,709	(75,743)	55,949	1,841,310

(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 2017)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

Group	30 June 2017 RM'000	30 June 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	179,995	175,412
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(18,855)	(18,590)
Depreciation of property, plant and equipment	5,281	5,577
Amortisation of computer software	6,018	5,520
Dividends from financial investments available-for-sale	(1,109)	(2,496)
Property, plant and equipment written off	38	37
Computer software written off	139	56
Net gain from sale of financial assets held-for-trading	(115)	(1,601)
Net gain from sale of financial investments available-for-sale	(3,249)	(394)
Unrealised loss on revaluation of financial assets held-for-trading	52	970
Unrealised loss/(gain) on revaluation of derivative financial instruments	29,465	(44,170)
Unrealised gain arising from financial liabilities designated at fair value	(1,614)	(3,676)
Interest expense on other borrowings	59	59
Interest expense on loan sold to Cagamas	5,481	-
Interest expense on subordinated obligations	17,148	17,618
Interest income from financial investments held-to-maturity	(6,558)	(6,642)
Interest income from financial investments available-for-sale	(69,659)	(60,730)
Interest income from financial assets held-for-trading	(1,796)	(1,407)
Allowance for losses on loans, advances and financing (net of recoveries)	33,231	20,239
Allowance for other receivables (net of recoveries)	1,114	760
Write-back of losses from balances due from clients	-	(2)
Impairment of goodwill	-	1,208
Share options/grants under ESS	182	1,058
Share of results of joint venture	(21)	(19)
Operating profit before working capital changes	175,227	88,787
Changes in working capital:		
Deposits from customers	(253,858)	(1,102,861)
Deposits and placements of banks and other financial institutions	346,815	545,105
Deposits and placements with banks and other financial institutions	-	(4,154)
Financial Liabilities Designated at Fair Value	35,670	
Balances due (from)/to clients and brokers	10,903	784
Other liabilities	(30,677)	52,519
Financial assets held-for-trading	193,281	(23,553)
Loans, advances and financing	313,858	254,936
Other assets	(3,597)	(25,759)
Statutory deposits	712	(110,880)
Cash generated from/(used in) operations	788,334	(325,076)
Taxation paid	(39,742)	(19,052)
Zakat paid	(27)	(7)
Net cash generated from/(used in) operating activities	748,565	(344,135)

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CONDENSED FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017 (contd.)

Group	30 June 2017 RM'000	30 June 2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	1,109	2,496
Interest received from financial investments held-to-maturity	4,672	5,979
Interest received from financial investments available-for-sale	73,028	69,696
Interest received from financial assets held-for-trading	3,158	1,407
Purchase of property, plant and equipment	(3,843)	(1,253)
Purchase of computer software	(15,908)	(6,576)
Proceeds from redemption/disposal of financial investments held-to-maturity (net of purchase)	97,787	18,078
Proceeds from redemption/disposal of financial investments available-for-sale (net of purchase)	(250,057)	514,826
ESS recharge amount received from joint venture for share grants	111	73
Net cash (used in)/generated from investing activities	(89,943)	604,726
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on subordinated obligations	(34,256)	(49,037)
Interest paid on other borrowings	(119)	(119)
Amount due to Cagamas Berhad	350,000	3
Interest paid on loan sold to Cagamas	(4,990)	-
Redemption on subordinated notes	-	(600,000)
Proceeds from ESS exercised by employees/joint venture	2,222	1,098
Dividends paid to shareholders of the Company	(114,559)	(99,155)
Net cash generated from/(used in) financing activities	198,298	(747,210)
NET CHANGE IN CASH AND CASH EQUIVALENTS	856,920	(486,619)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	1,381,779	4,943,700
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	2,238,699	4,457,081
Cash and cash equivalents comprise the following:		
Cash and short-term funds	2,238,699	4,457,081

(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 2017)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED STATEMENT OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

Company	30 June 2017 RM'000	30 June 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	120,060	101,271
Adjustments for:		
Depreciation of property, plant and equipment	2	11
Interest income from money at call and deposit placements with financial institutions	(856)	(571)
Share options/grants under ESS	19	53
Gross dividend income from a subsidiary	(119,129)	(100,839)
Operating profit/(loss) before working capital changes	96	(75)
Changes in working capital:		
Other liabilities	(837)	325
Other assets	(3,225)	(4,965)
Deposit and placement with banks and other financial institutions	(100)	-
Cash used in from operations	(4,066)	(4,715)
Taxation paid	(295)	(207)
Net cash used in operating activities	(4,361)	(4,922)
CASH FLOWS FROM INVESTING ACTIVITIES		
ESS recharge amount received from subsidiaries for share grants	3,399	2,853
ESS recharge amount received from joint venture for share grants	111	73
ESS recharge amount received from subsidiaries for share options	45	28
Interest received from deposits and placements with banks and other financial institutions	618	571
Dividends received	119,129	100,839
Net cash generated from investing activities	123,302	104,364
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(114,559)	(99,155)
Proceeds from share option exercised	2,222	1,098
Net cash used in financing activities	(112,337)	(98,057)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,604	1,385
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	66,045	56,837
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	72,649	58,222
Cash and cash equivalents comprise the following:		
Cash and short-term funds	72,649	58,222

(The Condensed Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2017)

[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 first financial quarter ended 30 June 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 2017. 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 2017.

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 2017, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2017:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"

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 2018, and have yet to be adopted by the Group and the Company:

- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective from 1 January 2018)
- MFRS 9 "Financial Instruments" (effective from 1 January 2018)
- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018)
- MFRS 16 "Leases" (effective from 1 January 2019)

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 2017 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 first financial quarter ended 30 June 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 first financial quarter ended 30 June 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 first financial quarter ended 30 June 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 first financial quarter ended 30 June 2017, other than disclosed on Note B9(d).

A7. Dividends Paid

Second interim dividend of 7.5 sen per share, on 1,548,105,929 ordinary shares of RM1.00 each, declared in the financial year ended 31 March 2017, amounting to RM116,108,000 was paid on 22 June 2017.

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 RM1,549,000 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 2017.

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 1st Financial Quarter Ended 30 June 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	93,274	88,695	39,496	2,905	922	225,292	(7,874)	217,418
- inter-segment	(12,125)	13,519	387	(1,781)	-	-	-	-
	81,149	102,214	39,883	1,124	922	225,292	(7,874)	217,418
Net income from Islamic banking business	28,281	23,571	14,838	-	-	66,690	11,288	77,978
Other operating income	31,428	36,894	13,931	8,969	5,905	97,127	(5,910)	91,217
Net income/(expense)	140,858	162,679	68,652	10,093	6,827	389,109	(2,496)	386,613
Other operating expenses	(76,224)	(63,825)	(12,430)	(9,484)	(4,785)	(166,748)	1,608	(165,140)
Depreciation and amortisation	(6,566)	(3,819)	(656)	(256)	(2)	(11,299)	-	(11,299)
Operating profit/(loss) before allowances (Allowance for)/write-back of impairment on loans, advances and financing and other receivables	58,068	95,035	55,566	353	2,040	211,062	(888)	210,174
	(20,827)	(9,014)	6	(19)	(346)	(30,200)	-	(30,200)
Segment result	37,241	86,021	55,572	334	1,694	180,862	(888)	179,974
Share of result of joint venture								21
Taxation								(44,991)
Net profit after taxation								135,004
Segment assets	21,183,171	17,058,074	17,797,051	62,745	143,793	56,244,834	(2,125,746)	54,119,088
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								688
Property, plant and equipment								72,465
Tax recoverable and deferred tax assets								16,885
Intangible assets								387,111
Total assets								54,596,237
Segment liabilities	24,326,884	21,451,497	4,639,088	185,000	7,709	50,610,178	(1,202,345)	49,407,833
Provision for taxation and zakat and deferred tax liabilities								33,265
Total liabilities								49,441,098

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

A8. Segment Information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Stockbroking & Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
Three months ended 30 June 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	93,274	88,695	39,496	2,905	922	225,292	(7,874)	217,418
- inter-segment	(12,125)	13,519	387	(1,781)	-	-	-	-
	81,149	102,214	39,883	1,124	922	225,292	(7,874)	217,418
Net income from Islamic banking business	28,281	23,571	14,838	-	-	66,690	11,288	77,978
Other operating income	31,428	36,894	13,931	8,969	5,905	97,127	(5,910)	91,217
Net income	140,858	162,679	68,652	10,093	6,827	389,109	(2,496)	386,613
Other operating expenses	(76,224)	(63,825)	(12,430)	(9,484)	(4,785)	(166,748)	1,608	(165,140)
Depreciation and amortisation	(6,566)	(3,819)	(656)	(256)	(2)	(11,299)	-	(11,299)
Operating profit/(loss) before allowances (Allowance for)/write-back of impairment on loans, advances and financing and other receivables	58,068	95,035	55,566	353	2,040	211,062	(888)	210,174
	(20,827)	(9,014)	6	(19)	(346)	(30,200)	-	(30,200)
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Share of result of joint venture								21
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Segment assets	21,183,171	17,058,074	17,797,051	62,745	143,793	56,244,834	(2,125,746)	54,119,088
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								688
Property, plant and equipment								72,465
Tax recoverable and deferred tax assets								16,885
Intangible assets								387,111
Total assets								54,596,237
Segment liabilities	24,326,884	21,451,497	4,639,088	185,000	7,709	50,610,178	(1,202,345)	49,407,833
Provision for taxation and zakat and deferred tax liabilities								33,265
Total liabilities								49,441,098

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

A8. Segment Information (contd.)

Group	Consumer	Business	Financial	Stockbroking	Others	Total	Inter-	Total
1st Financial Quarter Ended	Banking	Banking	Markets	& Corporate		Operations	segment	Total
30 June 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	110,914	80,045	18,297	2,470	987	212,713	(600)	212,113
- inter-segment	(30,467)	16,615	15,363	(1,511)	-	-	-	-
	80,447	96,660	33,660	959	987	212,713	(600)	212,113
Net income from Islamic banking business	27,666	19,673	12,781	-	-	60,120	7,215	67,335
Other operating income	28,694	41,719	8,383	5,678	7,771	92,245	(7,879)	84,366
Net income	136,807	158,052	54,824	6,637	8,758	365,078	(1,264)	363,814
Other operating expenses	(74,708)	(60,891)	(10,503)	(9,069)	(4,596)	(159,767)	1,788	(157,979)
Depreciation and amortisation	(5,999)	(4,097)	(803)	(187)	(11)	(11,097)	-	(11,097)
Operating profit/(loss) before allowances (Allowance for)/write-back of impairment on loans, advances and financing and other receivables	56,100	93,064	43,518	(2,619)	4,151	194,214	524	194,738
Allowance for impairment on other assets	(16,686)	2,947	(19)	21	(4,400)	(18,137)	-	(18,137)
Segment result	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Share of result of joint venture	39,414	96,011	43,499	(3,806)	(249)	174,869	524	175,393
Taxation								19
Net profit after taxation								(42,938)
								132,474
Segment assets	21,882,589	16,036,447	18,066,190	264,666	1,919,353	58,169,245	(4,173,346)	53,995,899
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								716
Property, plant and equipment								82,382
Tax recoverable and deferred tax assets								34,236
Intangible assets								362,774
Total assets								54,476,007
Segment liabilities	21,434,752	20,180,585	9,275,103	104,383	19,358	51,014,181	(1,463,623)	49,550,558
Provision for taxation and zakat and deferred tax liabilities								32,058
Total liabilities								49,582,616

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 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
Three months ended 30 June 2016								
Net interest income/(expense)								
- external income	110,914	80,045	18,297	2,470	987	212,713	(600)	212,113
- inter-segment	(30,467)	16,615	15,363	(1,511)	-	-	-	-
	80,447	96,660	33,660	959	987	212,713	(600)	212,113
Net income from Islamic banking business	27,666	19,673	12,781	-	-	60,120	7,215	67,335
Other operating income	28,694	41,719	8,383	5,678	7,771	92,245	(7,879)	84,366
Net income	136,807	158,052	54,824	6,637	8,758	365,078	(1,264)	363,814
Other operating expenses	(74,708)	(60,891)	(10,503)	(9,069)	(4,596)	(159,767)	1,788	(157,979)
Depreciation and amortisation	(5,999)	(4,097)	(803)	(187)	(11)	(11,097)	-	(11,097)
Operating profit/(loss) before allowances (Allowance for)/write-back of impairment on loans, advances and financing and other receivables	56,100	93,064	43,518	(2,619)	4,151	194,214	524	194,738
Allowance for impairment on other assets	(16,686)	2,947	(19)	21	(4,400)	(18,137)	-	(18,137)
	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Segment result	39,414	96,011	43,499	(3,806)	(249)	174,869	524	175,393
Share of result of joint venture								19
Taxation								(42,938)
Net profit after taxation								132,474
Segment assets	21,882,589	16,036,447	18,066,190	264,666	1,919,353	58,169,245	(4,173,346)	53,995,899
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								716
Property, plant and equipment								82,382
Tax recoverable and deferred tax assets								34,236
Intangible assets								362,774
Total assets								54,476,007
Segment liabilities	21,434,752	20,180,585	9,275,103	104,383	19,358	51,014,181	(1,463,623)	49,550,558
Provision for taxation and zakat and deferred tax liabilities								32,058
Total liabilities								49,582,616

A9. Material Event During The Financial Reporting Period

Shares Purchased pursuant to ESS

During the three months ended 30 June 2017, the Trustee of the ESS had not purchase any shares in the Company from the open market.

During the three months ended 30 June 2017, 1,710,000 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 30 June 2017, the Trustee of the ESS held 19,501,200 ordinary shares representing 1.26% 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 first financial quarter ended 30 June 2017.

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

Please refer to Note A31.

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

A13. Balances Due From Clients And Brokers

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
Due from clients	119,485	96,499
Due from brokers	-	17,358
	119,485	113,857
Less: Allowance for other losses	(835)	(835)
	118,650	113,022

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	
	30 June 2017 RM'000	31 March 2017 RM'000
Classified as doubtful	33	101
Classified as bad	847	846
	880	947

The movements in allowance for other losses are as follows:

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
At beginning of financial year	835	837
Write-back during the financial period/year (net)	-	(2)
At end of financial period/year	835	835

A14. Financial Assets Held-for-trading

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government investment certificates	9,963	20,049
Commercial papers	67,861	104,773
Malaysian Government securities	-	20,125
<u>Unquoted securities</u>		
Corporate bonds and sukuk	63,304	190,313
	141,128	335,260

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

A15. Financial Investments Available-for-sale

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government securities	1,700,100	1,890,820
Malaysian Government investment certificates	1,751,274	1,849,621
Negotiable instruments of deposits	2,432,902	2,332,427
Commercial papers	156,996	49,491
Khazanah bonds	140,178	138,731
	6,181,450	6,261,090
<u>Quoted securities in Malaysia</u>		
Shares	23	26
Accumulated impairment	(11)	(11)
	12	15
<u>Unquoted securities</u>		
Shares	166,719	166,719
Accumulated impairment	(1,440)	(1,440)
	165,279	165,279
Unit Trust Funds	-	4,960
	-	4,960
Corporate bonds and sukuk	4,398,062	4,040,124
Accumulated impairment	(231,911)	(231,911)
	4,166,151	3,808,213
	4,331,442	3,978,452
Total financial investments available-for-sale	10,512,892	10,239,557

A16. Financial Investments Held-to-maturity

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
At amortised cost		
<u>Money market instruments</u>		
Malaysian Government securities	692,024	689,470
Malaysian Government investment certificates	-	80,957
Khazanah bonds	143,214	141,920
	835,238	912,347
At cost		
<u>Unquoted securities</u>		
Corporate bonds and sukuk	18,938	18,938
Accumulated impairment	(14,193)	(14,193)
	4,745	4,745
Total financial investments held-to-maturity	839,983	917,092

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

A17. Loans, Advances And Financing

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
Overdrafts	2,740,676	2,763,678
Term loans/financing		
- Housing loans/financing	14,270,195	14,437,368
- Syndicated term loans/financing	340,509	363,508
- Hire purchase receivables/financing	1,264,715	1,299,638
- Other term loans/financing	13,661,683	13,674,780
Bills receivables	439,548	502,836
Trust receipts	203,929	199,515
Claims on customers under acceptance credits	2,539,804	2,616,395
Staff loans/financing	30,332	29,864
Credit/charge card receivables	598,263	604,197
Revolving credits	1,724,428	1,745,060
Share margin financing	1,175,977	1,098,842
Gross loans, advances and financing	38,990,059	39,335,681
Add: Sales commissions and handling fees	35,059	35,963
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(63,900)	(66,627)
- Collective assessment allowance	(316,618)	(313,328)
Total net loans, advances and financing	38,644,600	38,991,689

(a) By type of customer

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
Domestic non-bank financial institutions	376,017	351,484
Domestic business enterprises		
- Small and medium enterprises	9,755,531	9,786,917
- Others	7,423,220	7,632,297
Government and statutory bodies	5,515	5,952
Individuals	20,413,002	20,523,924
Other domestic entities	183,712	188,394
Foreign entities	833,062	846,713
Gross loans, advances and financing	38,990,059	39,335,681

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

A17. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	38,769	40,638
- Hire purchase receivables/financing	1,229,757	1,262,655
- Other fixed rate loans/financing	2,455,682	2,417,180
Variable rate		
- Base lending rate plus	26,475,164	26,754,482
- Base rate plus	1,950,542	1,807,725
- Cost plus	6,524,359	6,721,766
- Other variable rate loans/financing	315,786	331,235
Gross loans, advances and financing	38,990,059	39,335,681

(c) By economic purposes

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Purchase of securities	1,169,721	1,109,188
Purchase of transport vehicles	1,029,596	1,078,821
Purchase of landed property	22,294,000	22,487,331
of which: - Residential	15,354,581	15,506,791
- Non-residential	6,939,419	6,980,540
Purchase of fixed assets excluding land and buildings	301,241	291,617
Personal use	2,726,255	2,656,823
Credit card	598,263	604,197
Construction	668,258	655,891
Merger and acquisitions	117,688	117,688
Working capital	7,832,601	7,844,844
Others	2,252,436	2,489,281
Gross loans, advances and financing	38,990,059	39,335,681

(d) By geographical distribution

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Northern region	2,622,437	2,652,319
Central region	27,941,867	28,237,847
Southern region	4,620,761	4,652,964
Sabah region	2,543,399	2,530,304
Sarawak region	1,261,595	1,262,247
Gross loans, advances and financing	38,990,059	39,335,681

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

A17. Loans, Advances And Financing (contd.)

(e) By maturity structure

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Within one year	9,508,468	9,595,942
One year to three years	1,415,382	1,480,000
Three years to five years	2,450,861	2,467,214
Over five years	25,615,348	25,792,525
Gross loans, advances and financing	38,990,059	39,335,681

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

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
At beginning of financial year	393,349	487,868
Impaired during the financial period/year	210,547	600,685
Reclassified as unimpaired during the financial period/year	(77,705)	(419,465)
Recoveries	(58,646)	(176,471)
Amount written off	(32,668)	(99,268)
At end of financial period/year	434,877	393,349
Individual allowance for impairment	(63,900)	(66,627)
Collective allowance for impairment (impaired portion)	(95,169)	(94,714)
Net impaired loans, advances and financing	275,808	232,008
Gross impaired loans as percentage of gross loans, advances and financing	1.1%	1.0%

(g) Impaired loans by economic purposes

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Purchase of securities	-	7
Purchase of transport vehicles	12,525	11,497
Purchase of landed property	272,530	231,786
of which: - Residential	181,248	176,996
- Non-residential	91,282	54,790
Purchase of fixed assets excluding land and buildings	1,146	1,206
Personal use	50,148	43,475
Credit card	10,083	10,201
Construction	3,834	3,888
Working capital	65,976	71,965
Others	18,635	19,324
Gross impaired loans	434,877	393,349

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

A17. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Northern region	29,895	30,552
Central region	319,244	277,515
Southern region	59,134	58,562
Sabah region	23,119	23,737
Sarawak region	3,485	2,983
Gross impaired loans	434,877	393,349

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

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Individual assessment allowance		
At beginning of financial year	66,627	68,331
Net allowance made during the financial period/year	7,763	23,506
Amount written off	(11,202)	(21,875)
Transfers from/(to) collective assessment allowance (net)	712	(3,335)
At end of financial period/year	63,900	66,627

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Collective assessment allowance		
At beginning of financial year	313,328	306,978
Net allowance made during the financial period/year	25,468	80,408
Amount written off	(21,466)	(77,393)
Transfers (to)/from individual assessment allowance (net)	(712)	3,335
At end of financial period/year	316,618	313,328

A18. Other Assets

	Group		Company	
	30 June	31 March	30 June	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Other receivables	54,423	53,361	73	81
Derivative margin	19,628	22,381	-	-
Settlement account	30,031	34,923	-	-
Deposits	9,313	9,245	102	103
Prepayment	25,773	19,529	105	109
Trade receivables	2,215	49	-	-
Amount due from subsidiaries	-	-	3,349	224
Amount due from joint venture	524	387	122	9
	141,907	139,875	3,751	526
Less: Allowance for other receivables	(29,084)	(29,535)	-	-
	112,823	110,340	3,751	526

A19. Deposits From Customers

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
<u>(i) By type of deposits</u>		
Amortised cost		
Demand deposits	13,747,522	13,605,203
Savings deposits	1,867,899	1,864,445
Fixed/investment deposits	23,585,081	24,232,158
Money market deposits	2,253,254	1,412,241
Negotiable instruments of deposits	2,738,106	3,331,673
	44,191,862	44,445,720

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
<u>(ii) By type of customers</u>		
Domestic financial institutions	2,693,607	3,299,060
Domestic non-bank financial institutions	2,242,406	2,292,516
Government and statutory bodies	3,786,286	3,647,891
Business enterprises	16,170,844	15,562,716
Individuals	18,163,544	18,553,298
Foreign entities	620,240	638,800
Others	514,935	451,439
	44,191,862	44,445,720

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

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
Due within six months	22,996,995	21,189,833
Six months to one year	5,259,950	7,566,156
One year to three years	50,472	32,637
Three years to five years	269,025	187,446
	28,576,442	28,976,072

A20. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
Licensed banks	493,176	273,325
Licensed investment banks	80,007	-
Bank Negara Malaysia	606,533	589,579
Other financial institutions	30,003	-
	1,209,719	862,904

A21. Financial Liabilities Designated at Fair Value

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

During the financial period/ year, the Group designated certain structured investments 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 investments. The structured investments are recorded at fair value.

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Structured investments	462,314	426,644
Fair value changes arising from fair value hedges	(25,524)	(23,910)
	436,790	402,734

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

A22. Balances Due To Clients And Brokers

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Due to clients	44,086	69,066
Due to brokers	41,511	-
	85,597	69,066

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 RM70,095,000 (31 March 2017: RM75,447,000) have been excluded accordingly.

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A23. Other Liabilities

	Group		Company	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Other payables	227,261	243,811	91	90
Bills payable	178,172	203,663	-	-
Settlement account	40,771	30,116	-	-
Clearing account	293,859	331,384	-	-
Sundry deposits	51,099	43,340	-	-
Provision and accruals	55,375	99,829	2,430	3,066
Remisier's accounts	23,242	8,279	-	-
Allowance for commitment and contingencies	2,301	2,301	-	-
Finance lease liabilities	5,200	5,805	-	-
Structured investments	440,602	379,982	-	-
Amount due to subsidiaries	-	-	-	191
Amount due to joint venture	211	260	-	-
	1,318,093	1,348,770	2,521	3,347

A24. Interest Income

Group	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Loans, advances and financing	374,321	378,079	374,321	378,079
Money at call and deposit placements with financial institutions	1,285	6,839	1,285	6,839
Financial assets held-for-trading	1,796	1,407	1,796	1,407
Financial investments available-for-sale	69,659	60,730	69,659	60,730
Financial investments held-to-maturity	6,558	6,642	6,558	6,642
Others	4,058	2,654	4,058	2,654
	457,677	456,351	457,677	456,351
Accretion of discount less amortisation of premium of financial investments	18,855	18,590	18,855	18,590
	476,532	474,941	476,532	474,941
Company				
Money at call and deposit placements with financial institutions	856	571	856	571

A25. Interest Expense

Group	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Deposits and placements of banks and other financial institutions	6,792	4,258	6,792	4,258
Deposits from customers	216,873	228,071	216,873	228,071
Loan sold to Cagamas	5,481	-	5,481	-
Other borrowings	59	59	59	59
Subordinated obligations	17,148	17,618	17,148	17,618
Others	12,761	12,822	12,761	12,822
	259,114	262,828	259,114	262,828

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A26. Net Income From Islamic Banking Business

Group	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Income derived from investment of depositors' funds and others	119,776	112,443	119,776	112,443
Income derived from investment of Islamic Banking funds	12,726	10,589	12,726	10,589
Income attributable to depositors and financial institutions	(54,524)	(55,697)	(54,524)	(55,697)
	77,978	67,335	77,978	67,335

A27. Other Operating Income

Group	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<u>Fee and commission income</u>				
Commissions	23,100	20,788	23,100	20,788
Service charges and fees	8,365	8,247	8,365	8,247
Corporate advisory fees	726	560	726	560
Underwriting commissions	168	85	168	85
Brokerage fees	10,785	7,076	10,785	7,076
Guarantee fees	4,369	4,829	4,369	4,829
Processing fees	1,323	3,480	1,323	3,480
Commitment fees	4,023	3,926	4,023	3,926
Cards related income	23,866	24,449	23,866	24,449
Other fee income	750	749	750	749
	77,475	74,189	77,475	74,189
<u>Fee and commission expense</u>				
Commissions expense	(394)	(537)	(394)	(537)
Brokerage fees expense	(3,722)	(3,106)	(3,722)	(3,106)
Guarantee fees expense	(255)	(358)	(255)	(358)
Cards related expense	(20,603)	(20,802)	(20,603)	(20,802)
	(24,974)	(24,803)	(24,974)	(24,803)
<u>Investment income</u>				
Gain arising from sale/redemption of:				
- Financial assets held-for-trading	115	1,601	115	1,601
- Financial investments available-for-sale	3,249	394	3,249	394
Marked-to-market revaluation of:				
- Financial assets held-for-trading	(52)	(970)	(52)	(970)
- Derivative financial instruments	(29,465)	44,170	(29,465)	44,170
- Unrealised gain arising from financial liabilities designated at fair value	1,614	3,676	1,614	3,676
Realised gain/(loss) on derivative financial instruments	56,491	(15,612)	56,491	(15,612)
Gross dividend income from:				
- Financial investments available-for-sale	1,109	2,496	1,109	2,496
	33,061	35,755	33,061	35,755

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A27. Other Operating Income (contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<u>Other income</u>				
Foreign exchange loss	(1,271)	(8,513)	(1,271)	(8,513)
Others	6,926	7,738	6,926	7,738
	5,655	(775)	5,655	(775)
Total other operating income	91,217	84,366	91,217	84,366

Company

<u>Investment income</u>				
Gross dividend income from:				
- Subsidiary	119,129	100,839	119,129	100,839
<u>Other income</u>				
Others	543	617	543	617
Total other operating income	119,672	101,456	119,672	101,456

A28. Other Operating Expenses

Group	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<u>Personnel costs</u>				
Salaries, allowances and bonuses	88,666	85,599	88,666	85,599
Contribution to EPF	13,719	13,947	13,719	13,947
Share options/grants under ESS	182	1,058	182	1,058
Others	10,644	7,917	10,644	7,917
	113,211	108,521	113,211	108,521
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	5,281	5,577	5,281	5,577
Amortisation of computer software	6,018	5,520	6,018	5,520
Rental of premises	7,461	7,673	7,461	7,673
Water and electricity	1,996	2,115	1,996	2,115
Repairs and maintenance	2,486	2,374	2,486	2,374
Information technology expenses	11,357	10,925	11,357	10,925
Others	3,498	3,691	3,498	3,691
	38,097	37,875	38,097	37,875
<u>Marketing expenses</u>				
Promotion and advertisement	1,513	1,573	1,513	1,573
Branding and publicity	1,422	652	1,422	652
Others	1,576	2,030	1,576	2,030
	4,511	4,255	4,511	4,255
<u>Administration and general expenses</u>				
Communication expenses	3,262	3,698	3,262	3,698
Printing and stationery	725	892	725	892
Insurance	2,857	2,405	2,857	2,405
Professional fees	4,845	5,163	4,845	5,163
Others	8,931	6,267	8,931	6,267
	20,620	18,425	20,620	18,425
Total other operating expenses	176,439	169,076	176,439	169,076

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A28. Other Operating Expenses (contd.)

Company	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<u>Personnel costs</u>				
Salaries, allowances and bonuses	72	150	72	150
Contribution to EPF	11	20	11	20
Share options/grants under ESS	19	53	19	53
Others	(7)	35	(7)	35
	95	258	95	258
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	2	11	2	11
Rental of premises	5	57	5	57
Water and electricity	9	1	9	1
Repairs and maintenance	12	32	12	32
Information technology expenses	2	2	2	2
Others	4	29	4	29
	34	132	34	132
<u>Administration and general expenses</u>				
Communication expenses	-	7	-	7
Printing and stationery	1	1	1	1
Professional fees	35	9	35	9
Others	303	349	303	349
	339	366	339	366
Total other operating expenses	468	756	468	756

A29. Allowance for Losses on Loans, Advances and Financing and Other Receivables

Group	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Allowance for losses on loans, advances and financing and other receivables:				
(a) Individual assessment allowance				
- made during the financial period (net)	7,763	5,679	7,763	5,679
(b) Collective assessment allowance				
- made during the financial period (net)	25,468	14,560	25,468	14,560
(c) Bad debts on loans, advances and financing				
- Recovered	(9,604)	(7,958)	(9,604)	(7,958)
- Written off	5,459	5,098	5,459	5,098
	29,086	17,379	29,086	17,379
Allowance for other receivables (net)	1,114	760	1,114	760
Write-back of losses from balances due to from clients	-	(2)	-	(2)
	30,200	18,137	30,200	18,137

A30. 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	
	30 June 2017 RM'000	31 March 2017 RM'000
<u>Before deducting proposed dividends</u>		
CET I capital ratio	12.597%	12.891%
Tier I capital ratio	12.597%	12.891%
Total capital ratio	17.216%	17.518%
<u>After deducting proposed dividends</u>		
CET I capital ratio	12.597%	12.548%
Tier I capital ratio	12.597%	12.548%
Total capital ratio	17.216%	17.175%

(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	
	30 June 2017 RM'000	31 March 2017 RM'000
<u>CET I Capital</u>		
Paid-up share capital	796,517	796,517
Share premium	401,517	401,517
Retained profits	3,420,238	2,306,158
Statutory reserves	-	1,223,525
Revaluation reserves	117,345	99,268
Capital reserves	10,018	10,018
	4,745,635	4,837,003
Less: Regulatory adjustments		
- Goodwill and other intangibles	(387,111)	(377,361)
- Deferred tax assets	(8,020)	(14,033)
- 55% of revaluation reserves	(64,540)	(54,597)
- Investment in subsidiaries, associate and joint venture	(3,859)	(3,840)
Total CET I Capital/Total Tier I Capital	4,282,105	4,387,172
<u>Tier II Capital</u>		
Subordinated obligations	1,199,197	1,199,178
Collective assessment allowance and regulatory reserves	371,945	376,514
Less: Regulatory adjustment		
- Investment in subsidiaries, associate and joint venture	(965)	(960)
Total Tier II Capital	1,570,177	1,574,732
Total Capital	5,852,282	5,961,904

A30. Capital Adequacy (contd.)

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

	Group	
	30 June 2017 RM'000	31 March 2017 RM'000
Credit risk	30,924,160	30,958,088
Market risk	94,184	126,042
Operational risk	2,974,318	2,947,948
Total RWA and capital requirements	33,992,662	34,032,078

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

	Alliance Bank Malaysia Berhad	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 June 2017			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.138%	13.893%	81.310%
Tier I capital ratio	11.138%	13.893%	81.310%
Total capital ratio	15.925%	14.919%	82.021%
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.138%	13.893%	81.310%
Tier I capital ratio	11.138%	13.893%	81.310%
Total capital ratio	15.925%	14.919%	82.021%
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%

A31. Commitments And Contingencies

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

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
<u>Credit-related exposures</u>		
Direct credit substitutes	732,438	757,816
Transaction-related contingent items	739,280	710,106
Short-term self-liquidating trade-related contingencies	182,364	138,588
Irrevocable commitments to extend credit:		
- maturity exceeding one year	1,030,779	1,111,249
- maturity not exceeding one year	7,081,282	6,527,092
Unutilised credit card lines	1,603,438	1,584,784
	11,369,581	10,829,635
<u>Derivative financial instruments</u>		
Foreign exchange related contracts:		
- one year or less	9,118,540	11,082,789
- over one year to three years	107,191	116,546
- over three years	30,920	37,817
Interest rate related contracts:		
- one year or less	750,000	750,000
- over one year to three years	2,060,230	1,988,572
- over three years	1,771,833	1,605,860
Equity related contracts:		
- one year or less	52,582	52,405
- over one year to three years	38,600	30,330
	13,929,896	15,664,319
	25,299,477	26,493,954

A32. 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.

A32. Fair Value Measurements (contd.)

(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.

(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>
30 June 2017	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	77,824	-	77,824
- Unquoted securities	-	63,304	-	63,304
Financial investments available-for-sale				
- Money market instruments	-	6,181,450	-	6,181,450
- Quoted securities in Malaysia	12	-	-	12
- Unquoted securities	-	4,166,151	165,279	4,331,430
Derivative financial assets	-	73,581	-	73,581
<u>Liabilities</u>				
Derivative financial liabilities	-	98,587	-	98,587

A32. Fair Value Measurements (contd.)

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

31 March 2017	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets 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

Reconciliation of movements in level 3 financial instruments:

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
At beginning of financial year	170,239	157,333
Disposal	(4,970)	-
Total (losses)/gains recognised in:		
- Statement of comprehensive income		
Loss in arising from sales of financial investments available-for-sale	(30)	-
- Other comprehensive income revaluation reserves	40	12,906
At end of financial period/year	165,279	170,239

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.

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A33. 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 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						
30 June 2017						
Derivative financial assets	73,581	-	73,581	(30,841)	4,630	42,740
Balances due from clients and brokers	185,799	(67,149)	118,650	-	-	118,650
Total	259,380	(67,149)	192,231	(30,841)	4,630	161,390
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

(b) Financial liabilities

	Gross amounts of recognised financial liabilities 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						
30 June 2017						
Derivative financial liabilities	98,587	-	98,587	(30,841)	(19,628)	48,118
Balances due to clients and brokers	152,746	(67,149)	85,597	-	-	85,597
Total	251,333	(67,149)	184,184	(30,841)	(19,628)	133,715
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

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

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

For 3 months ended 30 June 2017, the Group's net profit after taxation was RM135.0 million, an increase of RM2.5 million or 1.9% compared to corresponding period last year primarily due to increase in revenue.

Revenue grew by RM22.8 million or 6.3%, primarily from higher net interest income inclusive Islamic Banking Income which increased by RM16.0 million or 5.7% due to expansion of total gross loans and investments portfolios. Net Interest Margin recorded at 232bps.

Other operating income improved by RM6.8 million or 8.1% mainly from higher brokerage fees, commission income and treasury income.

Operating expenses increased by RM7.4 million or 4.4% on higher personnel costs and administration expenses. Cost to income ratio stood at 45.6%.

Gross impaired loans ratio increased moderately to 1.1%. While loan loss coverage stood at 122.1%, reflecting a healthy book.

The Current Account/Savings Account ratio improved to 35.3% from 34.8% last year. Loans-to-deposits ratio stood at 88.2%, while loan-to-fund ratio stood at 84.3%.

The Group's total capital ratio stood healthy at 17.2%, with a Common Equity Tier 1 Capital ratio of 12.6% as at 30 June 2017.

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 Services. Please refer to Note A8 on Segment Information for the composition of each business segment.

Consumer Banking profit before tax was at RM37.2 million where the operating profit was higher by RM2.0 million or 3.5% mainly due to increased in the revenue RM4.1 million or 3.0% compared to last corresponding period. Allowance for loans, advances and financing was higher by RM4.1 million. Segment asset was RM0.7 billion or 3.2% lower, while liabilities registered growth of RM2.9 billion or 13.5% higher.

Business Banking profit before tax stood at RM86.0 million where the operating profit was higher by RM1.9 million or 2.1% mainly due to increased in the revenue RM4.6 million or 2.9% compared to last corresponding period. Allowance for loans, advances and financing was higher by RM12.0 million. Segment asset and liabilities registered growth of RM1.0 billion or 6.4% and RM1.3 billion or 6.3%.

Financial Markets profit before tax was RM12.1 million or 27.8% higher compared to last corresponding period mainly due to higher net interest income and higher other operating income.

Stockbroking and Corporate Advisory Services improved RM4.1 million compared to last corresponding period mainly due to higher brokerage income.

B2. Comparison with Immediate Preceding Quarter

The Group's profit after taxation of RM135.0 million for the fourth quarter ended 30 June 2017 was RM17.6 million or 15.0% higher than the immediate preceding quarter ended 31 March 2017.

Key quarter-on-quarter performance highlights:

- NPAT increased by RM17.6 million or 15.0% mainly from higher revenue and lower operating expenses.
- Revenue was higher by RM19.4 million or 5.3% mainly from net interest income and other operating income.
- NIM was recorded at 232bps which was 2bps higher than preceding quarter.
- While other operating income was higher by RM13.2 million or 16.9% due to higher treasury income and cards income
- Operating expense by decreased by RM4.7 million or 2.6% mainly due to lower marketing expenses.

Current Year Prospects

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'.

This year, we have launched a number of new and differentiated value propositions and will continue to scale them up 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 Bank that provides innovative solutions that are fast, simple, and responsive and 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 current financial year to be somewhat impacted.

B3. Profit Forecast

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

B4. Taxation

Group	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Taxation				
- Income tax	35,437	31,040	35,437	31,040
- Deferred tax	9,554	11,898	9,554	11,898
	44,991	42,938	44,991	42,938
Company				
Taxation				
- Income tax	333	283	333	283
- Deferred tax	148	68	148	68
	481	351	481	351

The Group's effective tax rate for the first financial quarter ended 30 June 2017 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

B5. 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 2017 other than in the ordinary course of business.

B6. Purchase And Disposal Of Quoted Securities

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

B7. 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).

B7. 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.

On 9 June 2017, the Company announced that BNM had via its letter dated 8 June 2017 informed that the MOF and BNM have approved the relevant proposals under the Proposed Corporate Reorganisation pursuant to the Financial Services Act 2013 and Islamic Financial Services Act 2013.

On 13 June 2017, the Company further announced that SC had via its letter dated 13 June 2017 approved the proposal for a change in the ultimate shareholder of Alliance Investment Bank Berhad and AllianceDBS Research Sdn Bhd pursuant to the Proposed Corporate Reorganisation.

B8. Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities

	Group	
	30 June	31 March
	2017	2017
	RM'000	RM'000
(a) Deposits from customers		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	28,256,945	28,755,989
- More than one year (medium/long term)	319,497	220,083
	28,576,442	28,976,072
Others	15,615,420	15,469,648
	44,191,862	44,445,720
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	636,963	309,563
- More than one year (medium/long term)	572,756	553,341
	1,209,719	862,904
(c) Other borrowings		
Unsecured and more than one year (medium/long term)		
- Senior Medium Term Notes	5,011	5,070
(d) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	1,208,970	1,226,078

B9. Derivative Financial Assets/(Liabilities)

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

	As at 30 June 2017			As at 31 March 2017		
	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	1,252,086	16,699	(11,875)	1,282,544	45,673	(4,340)
- over one year to three years	64,246	1	(2,405)	72,316	73	(569)
- over three years	30,920	-	(869)	37,817	42	(200)
Currency swaps						
- one year or less	7,584,111	31,199	(44,178)	9,631,122	15,809	(34,170)
- over one year to three years	42,945	-	(11,410)	44,230	-	(12,700)
Currency spots						
- one year or less	171,510	155	(44)	40,255	56	(60)
Currency options						
- one year or less	110,833	256	(291)	128,868	265	(24)
	9,256,651	48,310	(71,072)	11,237,152	61,918	(52,063)
Interest rate related contracts:						
Interest rate swap						
- one year or less	4,582,063	25,153	(20,319)	4,344,432	24,339	(24,455)
- over one year to three years	750,000	168	(325)	750,000	227	(697)
- over three years	2,060,230	8,345	(8,294)	1,988,572	8,336	(8,937)
	1,771,833	16,640	(11,700)	1,605,860	15,776	(14,821)
Equity related contracts:						
- one year or less	52,582	118	(4,370)	52,405	58	(4,005)
- over one year to three years	38,600	-	(2,826)	30,330	30	(1,369)
Total derivatives assets/(liabilities)	13,929,896	73,581	(98,587)	15,664,319	86,345	(81,892)

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 2017.

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.

B9. 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.

B10. 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 first financial quarter ended 30 June 2017.

B11. Dividend Declared

No dividend has been declared during the first financial quarter ended 30 June 2017.

B12. 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.

B13. 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, excluding the number of shares held for ESS.

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2,016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Net profit for the financial period attributable to Equity holders of the Company (RM'000)	135,004	132,474	135,004	132,474
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)	(19,501)	(21,763)	(19,501)	(21,763)
	1,528,605	1,526,343	1,528,605	1,526,343
Basic earnings per share (sen)	8.8	8.7	8.8	8.7

(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, excluding the weighted average shares held for ESS after taking into account the assumed Share Grants to employees under ESS number of vested to the employees as at 30 June 2017.

	1st Quarter Ended		Three Months Ended	
	30 June 2017	30 June 2,016	30 June 2017	30 June 2016
Net profit for the financial period attributable to Equity holders of the Company (RM'000)	135,004	132,474	135,004	132,474
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)	(19,501)	(21,763)	(19,501)	(21,763)
Share Grants under ESS ('000)	12	1,551	12	1,551
	1,528,617	1,527,894	1,528,617	1,527,894
Diluted earnings per share (sen)	8.8	8.7	8.8	8.7

B14. 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	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Total retained profits				
- Realised	3,616,852	2,344,394	73,636	67,311
- Unrealised	83,732	101,775	555	703
	3,700,584	2,446,169	74,191	68,014
Total share of profits from joint venture				
- Realised	277	256	-	-
- Unrealised	-	-	-	-
	3,700,861	2,446,425	74,191	68,014
Less: Consolidation adjustments	(606,032)	(362,897)	-	-
Total retained profits	3,094,829	2,083,528	74,191	68,014

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.

B15. Comparatives

The following comparatives were reclassified to conform with Bank Negara Malaysia's Classification and Regulatory Treatment for Structure Products under the Financial Services Act 2013 and Islamic Financial Services Act 2013. This does not have any impact on the financial results and earnings per share of the comparative financial year.

Audited Statements of Financial Position as at
31 March 2017

	As previously stated RM'000	Restatement RM'000	As restated RM'000
GROUP			
Deposits from customers	45,228,436	(782,716)	44,445,720
Financial liabilities designated at fair value	-	402,734	402,734
Other liabilities	968,788	379,982	1,348,770

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

29 August 2017