



ALLIANCE INVESTMENT BANK

Alliance Investment Bank Berhad (21605-D)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

CONTENTS	PAGE
1.0 Scope of Application	1
2.0 Capital	2 - 7
2.1 Capital Adequacy Ratios	3
2.2 Capital Structure	3
2.3 Risk-Weighted Assets and Regulatory Capital Requirements	4 - 7
3.0 Credit Risk	8 - 27
3.1 Distribution of Credit Exposures	8 - 13
3.2 Past due Loans, Advances and Financing Analysis	14
3.3 Impaired Loans, Advances and Financing Analysis	15 - 16
3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach	17 - 22
3.5 Credit Risk Mitigation	23 - 26
3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk	27
4.0 Market Risk	28
5.0 Equity Exposures in Banking Book	29
6.0 Interest Rate Risk/Rate of Return Risk in the Banking Book	30
7.0 Shariah Governance Disclosures	31 - 32

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

**PILLAR 3 REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

Overview

The Group's Pillar 3 Disclosure is governed by the Bank's Pillar 3 Disclosure Policy. This policy outlines the minimum disclosure standards, approach for determining the appropriateness of information disclosed and internal controls over the disclosure process.

1.0 Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis and comprises information on Alliance Investment Bank Berhad ("the Bank") and its subsidiaries, associate and joint venture. The Bank offers Conventional and Islamic banking services. The latter includes accepting deposits and providing financing under Shariah principles via its Islamic window. The Islamic Banking portion is not material and the Bank does not use Profit-sharing Investment Account as a risk absorbent mechanism.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes. Investments in subsidiaries, associate and joint venture are deducted from regulatory capital.

There were no significant restrictions or other major impediments on transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiaries of the Group as at the financial period end.

The capital adequacy information was computed in accordance with BNM's Capital Adequacy Framework. The Group has adopted the Standardised Approach for credit risk and market risk; and the Basic Indicator Approach for operational risk.

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

2.0 Capital

The capital management of Alliance Investment Bank and its subsidiaries is under the purview of the Alliance Bank Group's capital management with the objectives:

- (i) To maintain sufficient capital to meet the regulatory capital requirements as set forth by BNM;
- (ii) To maintain sufficient capital to support the Group's risk appetite and facilitate future business growth; and
- (iii) To meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are above the regulatory requirements, while balancing shareholders' desire for sustainable returns and prudential standards.

The Group carries out stress testing to estimate the potential impact of extreme but plausible events on the Group's earnings, balance sheet and capital. The results of the stress tests are to facilitate the formulation of contingency plan(s) where warranted. The results of the stress tests are tabled to the Group Risk Management Committee for approval.

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

2.0 Capital (contd.)

2.1 Capital Adequacy Ratio

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
<u>Before deducting proposed dividends</u>				
CET I capital ratio	87.166%	84.804%	87.205%	85.140%
Tier I capital ratio	87.166%	84.804%	87.205%	85.140%
Total capital ratio	87.901%	85.516%	87.928%	85.843%
<u>After deducting proposed dividends</u>				
CET I capital ratio	87.166%	83.729%	87.205%	84.066%
Tier I capital ratio	87.166%	83.729%	87.205%	84.066%
Total capital ratio	87.901%	84.441%	87.928%	84.768%

The Group's and Bank's capital ratios have complied with the prescribed capital adequacy ratio under BNM's Capital Adequacy Framework.

2.2 Capital Structure

The following tables present the components of Common Equity Tier I ("CET I"), Tier I and Tier II capital:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
<u>CET I Capital</u>				
Paid-up share capital	365,962	365,000	365,962	365,000
Share premium	-	962	-	962
Retained profits	226,932	21,904	222,769	17,726
Statutory reserves	-	201,383	-	201,383
Revaluation reserves	42,914	37,949	42,914	37,949
	<u>635,808</u>	<u>627,198</u>	<u>631,645</u>	<u>623,020</u>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(61,544)	(61,527)	(54,866)	(54,847)
- 55% of revaluation reserves	(23,603)	(20,872)	(23,603)	(20,872)
- Investment in subsidiaries, associate and joint venture	(507)	(507)	(735)	(742)
Total CET I Capital / Total Tier I Capital	<u>550,154</u>	<u>544,292</u>	<u>552,441</u>	<u>546,559</u>
<u>Tier II Capital</u>				
Collective assessment allowance and regulatory reserves	4,766	4,695	4,766	4,695
Less: Regulatory adjustment				
- Investment in subsidiaries, associate and joint venture	(127)	(127)	(184)	(185)
Total Tier II Capital	<u>4,639</u>	<u>4,568</u>	<u>4,582</u>	<u>4,510</u>
Total Capital	<u>554,793</u>	<u>548,860</u>	<u>557,023</u>	<u>551,069</u>

2.0 Capital (contd.)

2.3 Risk-Weighted Assets ("RWA") and Capital Requirements

Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirement of the Bank and the Group:

<u>BANK</u> 30 September 2017 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	618,059	618,059	-	-
Public Sector Entities	30,581	30,581	6,116	489
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	70,366	70,366	10,748	860
Corporates	965,263	760,869	281,400	22,512
Regulatory retail	12,822	1,267	950	76
Other assets	117,308	117,308	117,308	9,385
Equity exposures	57,212	57,212	57,212	4,577
Defaulted exposures	2,237	2,237	3,344	268
Total on-balance sheet exposures	1,873,848	1,657,899	477,078	38,167
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	78,364	47,592	46,354	3,708
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	78,364	47,592	46,354	3,708
Total on and off-balance sheet exposures	1,952,212	1,705,491	523,432	41,875
(ii) <u>Market Risk (Note 4.0)</u>				
Interest rate risk	-	-	-	-
Foreign currency risk	-	-	-	-
Option risk	-	-	-	-
Total			-	-
(iii) <u>Operational Risk</u>			107,722	8,618
Total	1,952,212	1,705,491	631,154	50,493

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

2.0 Capital (contd.)

2.3 RWA and Capital Requirements (contd.)

Regulatory Capital Requirements (contd.)

The following tables present the minimum regulatory capital requirement of the Bank and the Group (contd.):

<u>GROUP</u> 30 September 2017 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	618,059	618,059	-	-
Public Sector Entities	30,581	30,581	6,116	489
Banks, DFIs and Multilateral Development Banks	71,434	71,434	11,282	903
Corporates	965,263	760,869	281,400	22,512
Regulatory retail	12,822	1,267	950	76
Other assets	117,928	117,928	117,928	9,434
Equity exposures	57,212	57,212	57,212	4,577
Defaulted exposures	2,237	2,237	3,344	268
Total on-balance sheet exposures	<u>1,875,536</u>	<u>1,659,587</u>	<u>478,232</u>	<u>38,259</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	78,364	47,592	46,354	3,708
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	<u>78,364</u>	<u>47,592</u>	<u>46,354</u>	<u>3,708</u>
Total on and off-balance sheet exposures	<u>1,953,900</u>	<u>1,707,179</u>	<u>524,586</u>	<u>41,967</u>
(ii) <u>Market Risk (Note 4.0)</u>				
	Long Position	Short Position		
Interest rate risk	-	-	-	-
Foreign currency risk	-	-	-	-
Option risk	-	-	-	-
Total	-	-	-	-
(iii) <u>Operational Risk</u>	-	-	108,912	8,713
Total	<u>1,953,900</u>	<u>1,707,179</u>	<u>633,498</u>	<u>50,680</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

2.0 Capital (contd.)

2.3 RWA and Capital Requirements (contd.)

Regulatory Capital Requirements (contd.)

The following tables present the minimum regulatory capital requirement of the Bank and the Group (contd.):

<u>BANK</u> 31 March 2017 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	639,580	639,580	-	-
Public Sector Entities	15,255	15,255	3,051	244
Banks, DFIs and Multilateral Development Banks	43,447	43,447	8,689	695
Corporates	919,111	716,431	268,468	21,477
Regulatory retail	12,197	1,988	1,491	119
Other assets	144,311	144,311	144,311	11,545
Equity exposures	53,902	53,902	53,902	4,312
Defaulted exposures	2,060	2,060	3,080	246
Total on-balance sheet exposures	<u>1,829,863</u>	<u>1,616,974</u>	<u>482,992</u>	<u>38,639</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	72,251	45,780	44,550	3,564
Defaulted exposures	2,760	2,760	4,140	331
Total off-balance sheet exposures	<u>75,011</u>	<u>48,540</u>	<u>48,690</u>	<u>3,895</u>
Total on and off-balance sheet exposures	<u>1,904,874</u>	<u>1,665,514</u>	<u>531,682</u>	<u>42,535</u>
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	34,865	-	1,961	157
Foreign currency risk	-	-	-	-
	34,865	-		
Option risk			-	-
Total			<u>1,961</u>	<u>157</u>
(iii) Operational Risk	-	-	108,181	8,654
Total	<u>1,904,874</u>	<u>1,665,514</u>	<u>641,824</u>	<u>51,346</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

2.0 Capital (contd.)

2.3 RWA and Capital Requirements (contd.)

Regulatory Capital Requirements (contd.)

The following tables present the minimum regulatory capital requirement of the Bank and the Group (contd.):

<u>GROUP</u> 31 March 2017 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	639,580	639,580	-	-
Public Sector Entities	15,255	15,255	3,051	244
Banks, DFIs and Multilateral Development Banks	43,447	43,447	8,689	695
Corporates	919,111	716,431	268,468	21,477
Regulatory retail	12,197	1,988	1,491	119
Other assets	144,437	144,437	144,437	11,555
Equity exposures	53,902	53,902	53,902	4,312
Defaulted exposures	2,060	2,060	3,080	246
Total on-balance sheet exposures	<u>1,829,989</u>	<u>1,617,100</u>	<u>483,118</u>	<u>38,649</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	72,251	45,780	44,550	3,564
Defaulted exposures	2,760	2,760	4,140	331
Total off-balance sheet exposures	<u>75,011</u>	<u>48,540</u>	<u>48,690</u>	<u>3,895</u>
Total on and off-balance sheet exposures	<u>1,905,000</u>	<u>1,665,640</u>	<u>531,808</u>	<u>42,545</u>
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	34,865	-	1,961	157
Foreign currency risk	-	-	-	-
	34,865	-		
Option risk			-	-
Total			<u>1,961</u>	<u>157</u>
(iii) Operational Risk	-	-	108,181	8,654
Total	<u>1,905,000</u>	<u>1,665,640</u>	<u>641,950</u>	<u>51,356</u>

Note:

Under Islamic Banking, the Group does not use Profit-sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The Bank and the Group do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

3.0 Credit Risk

3.1 Distribution of Credit Exposures

(a) Geographical Distribution

The following tables represent the Bank's and the Group's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the customer is located and are disclosed before taking into account of any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

<u>BANK</u>	Geographical region			
	Northern RM'000	Central RM'000	Southern RM'000	Total RM'000
30 September 2017				
Cash and short-term funds	-	22,348	-	22,348
Balances due from clients and brokers	19,525	79,349	4,716	103,590
Financial assets held-for-trading	-	-	-	-
Financial investments available-for-sale	-	1,065,436	-	1,065,436
Financial investments held-to-maturity	-	148,585	-	148,585
Loans, advances and financing	28,569	377,623	16,854	423,046
Statutory deposits	-	39,892	-	39,892
Total on-balance sheet	48,094	1,733,233	21,570	1,802,897
Credit related commitments and contingencies	52,856	261,462	28,614	342,932
Total off-balance sheet	52,856	261,462	28,614	342,932
Total credit exposure	100,950	1,994,695	50,184	2,145,829

<u>GROUP</u>	Geographical region			
	Northern RM'000	Central RM'000	Southern RM'000	Total RM'000
30 September 2017				
Cash and short-term funds	-	23,416	-	23,416
Balances due from clients and brokers	19,525	79,349	4,716	103,590
Financial assets held-for-trading	-	-	-	-
Financial investments available-for-sale	-	1,065,436	-	1,065,436
Financial investments held-to-maturity	-	148,585	-	148,585
Loans, advances and financing	28,569	377,623	16,854	423,046
Statutory deposits	-	39,892	-	39,892
Total on-balance sheet	48,094	1,734,301	21,570	1,803,965
Credit related commitments and contingencies	52,856	261,462	28,614	342,932
Total off-balance sheet	52,856	261,462	28,614	342,932
Total credit exposure	100,950	1,995,763	50,184	2,146,897

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(a) Geographical Distribution (contd.)

<u>BANK</u>	Geographical region			
	Northern RM'000	Central RM'000	Southern RM'000	Total RM'000
31 March 2017				
Cash and short-term funds	-	42,993	-	42,993
Balances due from clients and brokers	27,259	79,327	6,436	113,022
Financial assets held-for-trading	-	34,865	-	34,865
Financial investments available-for-sale	-	959,409	-	959,409
Financial investments held-to-maturity	-	177,933	-	177,933
Loans, advances and financing	32,833	370,836	13,972	417,641
Statutory deposits	-	33,690	-	33,690
Total on-balance sheet	60,092	1,699,053	20,408	1,779,553
Credit related commitments and contingencies	42,042	253,655	24,467	320,164
Total off-balance sheet	42,042	253,655	24,467	320,164
Total credit exposure	102,134	1,952,708	44,875	2,099,717

<u>GROUP</u>	Geographical region			
	Northern RM'000	Central RM'000	Southern RM'000	Total RM'000
31 March 2017				
Cash and short-term funds	-	44,420	-	44,420
Balances due from clients and brokers	27,259	79,327	6,436	113,022
Financial assets held-for-trading	-	34,865	-	34,865
Financial investments available-for-sale	-	959,409	-	959,409
Financial investments held-to-maturity	-	177,933	-	177,933
Loans, advances and financing	32,833	370,836	13,972	417,641
Statutory deposits	-	33,690	-	33,690
Total on-balance sheet	60,092	1,700,480	20,408	1,780,980
Credit related commitments and contingencies	42,042	253,655	24,467	320,164
Total off-balance sheet	42,042	253,655	24,467	320,164
Total credit exposure	102,134	1,954,135	44,875	2,101,144

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(b) Industry Distribution

The following tables represent the Bank's and the Group's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged.

	Government and Central bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, storage & communication RM'000	Agriculture, manufacturing, wholesale & retail trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
BANK								
30 September 2017								
Cash and short-term funds	34	22,314	-	-	-	-	-	22,348
Balances due from clients and brokers	-	12,373	-	-	-	-	91,217	103,590
Financial assets held-for-trading	-	-	-	-	-	-	-	-
Financial investments available-for-sale	274,981	381,472	233,483	85,559	89,941	-	-	1,065,436
Financial investments held-to-maturity	91,003	57,582	-	-	-	-	-	148,585
Loans, advances and financing	-	159,780	-	38,438	11,450	165,437	47,941	423,046
Statutory deposits	39,892	-	-	-	-	-	-	39,892
Total on-balance sheet	405,910	633,521	233,483	123,997	101,391	165,437	139,158	1,802,897
Credit related commitments and contingencies	-	42,441	-	10,867	14,050	271,288	4,286	342,932
Total off-balance sheet	-	42,441	-	10,867	14,050	271,288	4,286	342,932
Total credit exposure	405,910	675,962	233,483	134,864	115,441	436,725	143,444	2,145,829
GROUP								
30 September 2017								
Cash and short-term funds	34	23,382	-	-	-	-	-	23,416
Balances due from clients and brokers	-	12,373	-	-	-	-	91,217	103,590
Financial assets held-for-trading	-	-	-	-	-	-	-	-
Financial investments available-for-sale	274,981	381,472	233,483	85,559	89,941	-	-	1,065,436
Financial investments held-to-maturity	91,003	57,582	-	-	-	-	-	148,585
Loans, advances and financing	-	159,780	-	38,438	11,450	165,437	47,941	423,046
Statutory deposits	39,892	-	-	-	-	-	-	39,892
Total on-balance sheet	405,910	634,589	233,483	123,997	101,391	165,437	139,158	1,803,965
Credit related commitments and contingencies	-	42,441	-	10,867	14,050	271,288	4,286	342,932
Total off-balance sheet	-	42,441	-	10,867	14,050	271,288	4,286	342,932
Total credit exposure	405,910	677,030	233,483	134,864	115,441	436,725	143,444	2,146,897

ALLIANCE INVESTMENT BANK BERHAD
(21605-D)

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(b) Industry Distribution (contd.)

The following tables represent the Bank's and the Group's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (contd.)

	Government and Central bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, storage & communication RM'000	Agriculture, manufacturing, wholesale & retail trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
BANK								
31 March 2017								
Cash and short-term funds	52	42,941	-	-	-	-	-	42,993
Balances due from clients and brokers	-	17,358	-	-	-	-	95,664	113,022
Financial assets held-for-trading	-	34,865	-	-	-	-	-	34,865
Financial investments available-for-sale	323,063	348,033	162,307	36,139	89,867	-	-	959,409
Financial investments held-to-maturity	121,310	56,623	-	-	-	-	-	177,933
Loans, advances and financing	-	170,060	-	41,184	-	158,183	48,214	417,641
Statutory deposits	33,690	-	-	-	-	-	-	33,690
Total on-balance sheet	478,115	669,880	162,307	77,323	89,867	158,183	143,878	1,779,553
Credit related commitments and contingencies	-	54,794	-	14,500	7,500	239,349	4,021	320,164
Total off-balance sheet	-	54,794	-	14,500	7,500	239,349	4,021	320,164
Total credit exposure	478,115	724,674	162,307	91,823	97,367	397,532	147,899	2,099,717
GROUP								
31 March 2017								
Cash and short-term funds	52	44,368	-	-	-	-	-	44,420
Balances due from clients and brokers	-	17,358	-	-	-	-	95,664	113,022
Financial assets held-for-trading	-	34,865	-	-	-	-	-	34,865
Financial investments available-for-sale	323,063	348,033	162,307	36,139	89,867	-	-	959,409
Financial investments held-to-maturity	121,310	56,623	-	-	-	-	-	177,933
Loans, advances and financing	-	170,060	-	41,184	-	158,183	48,214	417,641
Statutory deposits	33,690	-	-	-	-	-	-	33,690
Total on-balance sheet	478,115	671,307	162,307	77,323	89,867	158,183	143,878	1,780,980
Credit related commitments and contingencies	-	54,794	-	14,500	7,500	239,349	4,021	320,164
Total off-balance sheet	-	54,794	-	14,500	7,500	239,349	4,021	320,164
Total credit exposure	478,115	726,101	162,307	91,823	97,367	397,532	147,899	2,101,144

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(c) Residual Contractual Maturity

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet exposure of financial assets of the Bank and the Group:

<u>Bank</u>	<u>Up to 1 month</u>	<u>>1-3 months</u>	<u>>3-6 months</u>	<u>>6-12 months</u>	<u>≥1 year</u>	<u>Total</u>
30 September 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	22,348	-	-	-	-	22,348
Balances due from clients and brokers	103,590	-	-	-	-	103,590
Financial assets held-for-trading	-	-	-	-	-	-
Financial investments available-for-sale	28,444	97,133	7,462	45,111	887,286	1,065,436
Financial investments held-to-maturity	-	297	70,552	34,038	43,698	148,585
Loans, advances and financing	231,152	-	-	7,122	184,772	423,046
Statutory deposits	-	-	-	-	39,892	39,892
Total on-balance sheet	385,534	97,430	78,014	86,271	1,155,648	1,802,897
<u>Group</u>						
30 September 2017						
Cash and short-term funds	23,416	-	-	-	-	23,416
Balances due from clients and brokers	103,590	-	-	-	-	103,590
Financial assets held-for-trading	-	-	-	-	-	-
Financial investments available-for-sale	28,444	97,133	7,462	45,111	887,286	1,065,436
Financial investments held-to-maturity	-	297	70,552	34,038	43,698	148,585
Loans, advances and financing	231,152	-	-	7,122	184,772	423,046
Statutory deposits	-	-	-	-	39,892	39,892
Total on-balance sheet	386,602	97,430	78,014	86,271	1,155,648	1,803,965

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.1 Distribution of Credit Exposures (contd.)

(c) Residual Contractual Maturity (contd.)

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet exposure of financial assets of the Bank and the Group (contd.):

<u>Bank</u>	<u>Up to 1 month</u>	<u>>1-3 months</u>	<u>>3-6 months</u>	<u>>6-12 months</u>	<u>>1 year</u>	<u>Total</u>
31 March 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	42,993	-	-	-	-	42,993
Balances due from clients and brokers	113,022	-	-	-	-	113,022
Financial assets held-for-trading	-	34,865	-	-	-	34,865
Financial investments available-for-sale	3,422	9,487	2,154	70,022	874,324	959,409
Financial investments held-to-maturity	-	298	30,546	70,280	76,809	177,933
Loans, advances and financing	206,902	-	168	3	210,568	417,641
Statutory deposits	-	-	-	-	33,690	33,690
Total on-balance sheet	366,339	44,650	32,868	140,305	1,195,391	1,779,553

Group

31 March 2017

Cash and short-term funds	44,420	-	-	-	-	44,420
Balances due from clients and brokers	113,022	-	-	-	-	113,022
Financial assets held-for-trading	-	34,865	-	-	-	34,865
Financial investments available-for-sale	3,422	9,487	2,154	70,022	874,324	959,409
Financial investments held-to-maturity	-	298	30,546	70,280	76,809	177,933
Loans, advances and financing	206,902	-	168	3	210,568	417,641
Statutory deposits	-	-	-	-	33,690	33,690
Total on-balance sheet	367,766	44,650	32,868	140,305	1,195,391	1,780,980

3.0 Credit Risk (contd.)

3.2 Past Due Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but not more than 3 months.

Past due loans, advances and financing are analysed as follows:

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Past due up to 1 month	138	258
Past due 1 - 2 months	-	12
	<u>138</u>	<u>270</u>

Past due loans, advances and financing analysed by sector:

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Household	<u>138</u>	<u>270</u>

Past due loans, advances and financing analysed by significant geographical areas:

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Central region	<u>138</u>	<u>270</u>

3.3 Impaired Loans, Advances and Financing Analysis

Impaired loans, advances and financing analysed by sectors:

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Construction	169	143
Household	2,382	2,237
	<u>2,551</u>	<u>2,380</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.3 Impaired Loans, Advances and Financing Analysis (contd.)

Impairment allowances on impaired loans, advances and financing analysed by sectors:

<u>BANK/GROUP</u>	Individual assessment allowance RM'000	Collective assessment allowance RM'000	Individual assessment net write-back for the period/year RM'000	Individual assessment write-off for the period/year RM'000
30 September 2017				
Financial, insurance & business services	-	456	-	-
Agriculture, manufacturing, wholesale & retail trade	-	145	-	-
Construction	-	169	-	-
Household	-	147	-	-
Others	-	315	-	-
	<u>-</u>	<u>1,232</u>	<u>-</u>	<u>-</u>
<u>BANK/GROUP</u>				
31 March 2017				
Financial, insurance & business services	-	562	-	-
Agriculture, manufacturing, wholesale & retail trade	-	156	-	(3,800)
Construction	-	143	-	-
Household	-	180	-	-
Others	-	315	-	-
	<u>-</u>	<u>1,356</u>	<u>-</u>	<u>(3,800)</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.3 Impaired Loans, Advances and Financing Analysis (contd.)

Impaired loans, advances and financing and impairment allowances analysed by significant geographical areas:

<u>BANK/GROUP</u>	Impaired loans, advances and financing RM'000	Individual assessment allowance RM'000	Collective assessment allowance RM'000
30 September 2017			
Central region	2,551	-	1,232
	<u>2,551</u>	<u>-</u>	<u>1,232</u>
<u>BANK/GROUP</u>			
31 March 2017			
Central region	2,380	-	1,356
	<u>2,380</u>	<u>-</u>	<u>1,356</u>

Movement in loan impairment allowances are analysed as follows:

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Individual assessment allowance:		
At beginning of year	-	3,800
Amount written-off	-	(3,800)
At end of year	<u>-</u>	<u>-</u>
Collective assessment allowance:		
At beginning of year	1,356	567
Net (write-back)/allowances during the financial period/year (net)	(124)	789
At end of year	<u>1,232</u>	<u>1,356</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach

The following tables represent the credit exposures by risk-weights and after credit risk mitigation:

<u>BANK</u> 30 September 2017 Risk- <u>Weights</u>	Exposures after netting and Credit risk mitigation							Total exposures after netting and credit risk <u>mitigation</u> RM'000	Total Risk- Weighted <u>Assets</u> RM'000
	<u>Sovereigns</u> /Central <u>banks</u> RM'000	<u>Public</u> sector <u>entities</u> RM'000	<u>Banks,</u> DFIs and Multilateral Development <u>Banks</u> RM'000	<u>Corporates</u> RM'000	<u>Regulatory</u> retail RM'000	<u>Other</u> <u>assets</u> RM'000	<u>Equity</u> <u>exposures</u> RM'000		
0%	618,059	-	45,145	206,985	-	-	-	870,189	-
20%	-	30,581	6,210	331,585	-	-	-	368,376	73,675
35%	-	-	-	-	-	-	-	-	-
50%	-	-	19,011	14,436	-	-	-	33,447	16,724
75%	-	-	-	-	6,218	-	-	6,218	4,664
100%	-	-	-	250,505	20	117,308	57,212	425,045	425,045
150%	-	-	-	-	2,216	-	-	2,216	3,324
Total exposures	618,059	30,581	70,366	803,511	8,454	117,308	57,212	1,705,491	523,432
Risk-weighted assets by exposures	-	6,117	10,748	324,040	8,008	117,308	57,212	523,432	
Average risk-weight	-	20%	15%	40%	95%	100%	100%	31%	
Deduction from Capital base	-	-	-	-	-	-	-	-	

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation (contd.):

<u>GROUP</u> 30 September 2017 Risk- <u>Weights</u>	←----- Exposures after netting and Credit risk mitigation -----→							Total exposures after netting and credit risk <u>mitigation</u> RM'000	Total Risk- Weighted <u>Assets</u> RM'000
	<u>Sovereigns</u> /Central <u>banks</u> RM'000	<u>Public</u> sector <u>entities</u> RM'000	<u>Banks,</u> DFIs and Multilateral Development <u>Banks</u> RM'000	<u>Corporates</u> RM'000	<u>Regulatory</u> retail RM'000	<u>Other</u> <u>assets</u> RM'000	<u>Equity</u> <u>Exposures</u> RM'000		
0%	618,059	-	45,145	206,985	-	-	-	870,189	-
20%	-	30,581	6,210	331,585	-	-	-	368,376	73,675
35%	-	-	-	-	-	-	-	-	-
50%	-	-	20,079	14,436	-	-	-	34,515	17,258
75%	-	-	-	-	6,218	-	-	6,218	4,664
100%	-	-	-	250,505	20	117,928	57,212	425,665	425,665
150%	-	-	-	-	2,216	-	-	2,216	3,324
Total exposures	618,059	30,581	71,434	803,511	8,454	117,928	57,212	1,707,179	524,586
Risk-weighted assets by exposures	-	6,117	11,282	324,040	8,008	117,928	57,212	524,586	
Average risk-weight	-	20%	16%	40%	95%	100%	100%	31%	
Deduction from Capital base	-	-	-	-	-	-	-	-	

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation (contd.):

<u>BANK</u> 31 March 2017 Risk- <u>Weights</u>	←----- Exposures after netting and Credit risk mitigation ----->							Total exposures after netting and credit risk <u>mitigation</u> RM'000	Total Risk- Weighted <u>Assets</u> RM'000
	<u>Sovereigns</u> /Central <u>banks</u> RM'000	<u>Public</u> sector <u>entities</u> RM'000	<u>Banks,</u> DFIs and Multilateral Development <u>Banks</u> RM'000	<u>Corporates</u> RM'000	<u>Regulatory</u> retail RM'000	<u>Other</u> <u>assets</u> RM'000	<u>Equity</u> <u>Exposures</u> RM'000		
0%	639,580	-	-	236,371	-	-	-	875,951	-
20%	-	15,255	43,447	255,297	-	-	-	313,999	62,800
35%	-	-	-	-	-	-	-	-	-
50%	-	-	-	14,709	-	-	-	14,709	7,354
75%	-	-	-	-	6,908	-	-	6,908	5,181
100%	-	-	-	250,914	20	144,311	53,902	449,147	449,147
150%	-	-	-	2,760	2,040	-	-	4,800	7,200
Total exposures	639,580	15,255	43,447	760,051	8,968	144,311	53,902	1,665,514	531,682
Risk-weighted assets by exposures	-	3,051	8,689	313,468	8,261	144,311	53,902	531,682	
Average risk-weight	-	20%	20%	41%	92%	100%	100%	32%	
Deduction from Capital base	-	-	-	-	-	-	-	-	

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation (contd.):

<u>GROUP</u> 31 March 2017 Risk- <u>Weights</u>	Exposures after netting and Credit risk mitigation							Total exposures after netting and credit risk <u>mitigation</u> RM'000	Total Risk- Weighted <u>Assets</u> RM'000
	<u>Sovereigns</u> /Central <u>banks</u> RM'000	<u>Public</u> sector <u>entities</u> RM'000	<u>Banks,</u> DFIs and Multilateral Development <u>Banks</u> RM'000	<u>Corporates</u> RM'000	<u>Regulatory</u> retail RM'000	<u>Other</u> <u>assets</u> RM'000	<u>Equity</u> <u>Exposures</u> RM'000		
0%	639,580	-	-	236,371	-	-	-	875,951	-
20%	-	15,255	43,447	255,297	-	-	-	313,999	62,800
35%	-	-	-	-	-	-	-	-	-
50%	-	-	-	14,709	-	-	-	14,709	7,354
75%	-	-	-	-	6,908	-	-	6,908	5,181
100%	-	-	-	250,914	20	144,437	53,902	449,273	449,273
150%	-	-	-	2,760	2,040	-	-	4,800	7,200
Total exposures	639,580	15,255	43,447	760,051	8,968	144,437	53,902	1,665,640	531,808
Risk-weighted assets by exposures	-	3,051	8,689	313,468	8,261	144,437	53,902	531,808	
Average risk-weight	-	20%	20%	41%	92%	100%	100%	32%	
Deduction from Capital base	-	-	-	-	-	-	-	-	

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)

For the purpose of determining counterparty risk-weights, the Group uses external credit assessments from Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation ("MARC"), Standard and Poor's ("S&P"), Moody's and Fitch. In the context of the Group's portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Group follows the process prescribed under BNM Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated credit exposures according to ratings by approved Eligible Credit Assessment Institutions ("ECAIs"):

BANK/GROUP
30 September 2017

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
							RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)							618,059
Corporates							206,985
Banks, DFIs and Multilateral Development Banks							45,145
							870,189
(ii) Exposures risk weighted using Banking Institutions long term rating							
Banks, DFIs and Multilateral Development Banks							25,221
Exposures risk weighted using Banking Institutions short term rating							
Banks, DFIs and Multilateral Development Banks							-
							25,221
(iii) Exposures risk weighted using Corporate long term rating							
Public Sector Entities							30,581
Corporates							826,701
Insurance Cos, Securities Firms & Fund Managers							-
Exposures risk weighted using Corporate short term rating							
Public Sector Entities							-
Corporates							-
Insurance Cos, Securities Firms & Fund Managers							-
							857,282

3.0 Credit Risk (contd.)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (contd.)

The following tables show the rated credit exposures according to ratings by approved ECAIs (contd.):

BANK/GROUP
31 March 2017

Exposure Class	Ratings by Approved ECAIs*						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	
On and Off Balance-Sheet Exposures							
(i) Exposures risk weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)	-	639,580	-	-	-	-	639,580
Corporates	-	236,371	-	-	-	-	236,371
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	-
	-	875,951	-	-	-	-	875,951
(ii) Exposures risk weighted using Banking Institutions long term rating							
Banks, DFIs and Multilateral Development Banks	3,189	40,258	-	-	-	-	43,447
Exposures risk weighted using Banking Institutions short term rating							
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	-
	3,189	40,258	-	-	-	-	43,447
(iii) Exposures risk weighted using Corporate long term rating							
Public Sector Entities	15,255	-	-	-	-	-	15,255
Corporates	255,297	14,709	-	-	478,629	-	748,635
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-
Exposures risk weighted using Corporate short term rating							
Public Sector Entities	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-
	270,552	14,709	-	-	478,629	-	763,890

Note 1: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

* Upper Range = Long Term Rating, Lower Range = Short Term Rating

Note:

There is no outstanding securitisation contract at the Bank and the Group that required disclosure of ratings and short term rating of securitisation by approved ECAIs.

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.5 Credit Risk Mitigation ("CRM")

The following tables represent the Bank's / Group's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

<u>BANK</u> 30 September 2017 Exposure Class	Exposures <u>before CRM</u> RM'000	Exposures covered by guarantees/ credit <u>derivatives</u> RM'000	Exposures covered by eligible financial <u>collateral</u> RM'000	Exposures covered by other eligible <u>collateral</u> RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	618,059	-	-	-
Public Sector Entities	30,581	-	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	70,366	-	-	-
Corporates	965,263	-	204,394	-
Regulatory retail	12,822	-	11,555	-
Other assets	117,308	-	-	-
Equity exposures	57,212	-	-	-
Defaulted exposures	2,237	-	-	-
Total on-balance sheet exposures	<u>1,873,848</u>	<u>-</u>	<u>215,949</u>	<u>-</u>
Off-balance sheet exposures				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	78,364	-	30,772	-
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	<u>78,364</u>	<u>-</u>	<u>30,772</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>1,952,212</u>	<u>-</u>	<u>246,721</u>	<u>-</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.5 Credit Risk Mitigation ("CRM") (contd.)

<u>GROUP</u> 30 September 2017 Exposure Class	<u>Exposures before CRM</u> RM'000	<u>Exposures covered by guarantees/ credit derivatives</u> RM'000	<u>Exposures covered by eligible financial collateral</u> RM'000	<u>Exposures covered by other eligible collateral</u> RM'000
<i>Credit Risk</i>				
On-balance sheet exposures:				
Sovereigns/Central banks	618,059	-	-	-
Public Sector Entities	30,581	-	-	-
Banks, DFIs and MDBs	71,434	-	-	-
Corporates	965,263	-	204,394	-
Regulatory retail	12,822	-	11,555	-
Other assets	117,928	-	-	-
Equity exposures	57,212	-	-	-
Defaulted exposures	2,237	-	-	-
Total on-balance sheet exposures	<u>1,875,536</u>	<u>-</u>	<u>215,949</u>	<u>-</u>
Off-balance sheet exposures				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	78,364	-	30,772	-
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	<u>78,364</u>	<u>-</u>	<u>30,772</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>1,953,900</u>	<u>-</u>	<u>246,721</u>	<u>-</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.5 Credit Risk Mitigation ("CRM") (contd.)

<u>BANK</u> 31 March 2017 Exposure Class	Exposures <u>before CRM</u> RM'000	Exposures covered by guarantees/ credit <u>derivatives</u> RM'000	Exposures covered by eligible financial <u>collateral</u> RM'000	Exposures covered by other eligible <u>collateral</u> RM'000
<i>Credit Risk</i>				
On-balance sheet exposures:				
Sovereigns/Central banks	639,580	-	-	-
Public Sector Entities	15,255	-	-	-
Banks, DFIs and MDBs	43,447	-	-	-
Corporates	919,111	-	202,680	-
Regulatory retail	12,197	-	10,209	-
Other assets	144,311	-	-	-
Equity exposures	53,902	-	-	-
Defaulted exposures	2,060	-	-	-
Total on-balance sheet exposures	<u>1,829,863</u>	<u>-</u>	<u>212,889</u>	<u>-</u>
Off-balance sheet exposures				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	72,251	-	26,471	-
Defaulted exposures	2,760	-	-	-
Total off-balance sheet exposures	<u>75,011</u>	<u>-</u>	<u>26,471</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>1,904,874</u>	<u>-</u>	<u>239,360</u>	<u>-</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

3.0 Credit Risk (contd.)

3.5 Credit Risk Mitigation ("CRM") (contd.)

<u>GROUP</u> 31 March 2017 Exposure Class	<u>Exposures before CRM</u> RM'000	<u>Exposures covered by guarantees/ credit derivatives</u> RM'000	<u>Exposures covered by eligible financial collateral</u> RM'000	<u>Exposures covered by other eligible collateral</u> RM'000
<i>Credit Risk</i>				
On-balance sheet exposures:				
Sovereigns/Central banks	639,580	-	-	-
Public Sector Entities	15,255	-	-	-
Banks, DFIs and MDBs	43,447	-	-	-
Corporates	919,111	-	202,680	-
Regulatory retail	12,197	-	10,209	-
Other assets	144,437	-	-	-
Equity exposures	53,902	-	-	-
Defaulted exposures	2,060	-	-	-
Total on-balance sheet exposures	<u>1,829,989</u>	<u>-</u>	<u>212,889</u>	<u>-</u>
Off-balance sheet exposures				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	72,251	-	26,471	-
Defaulted exposures	2,760	-	-	-
Total off-balance sheet exposures	<u>75,011</u>	<u>-</u>	<u>26,471</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>1,905,000</u>	<u>-</u>	<u>239,360</u>	<u>-</u>

3.0 Credit Risk (contd.)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk

Off-balance sheet exposures of the Bank and the Group are mainly from the commitments to extend credit including the unutilised or undrawn portions of credit facilities.

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

	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>BANK/GROUP</u>			
30 September 2017			
<u>Credit-related exposures</u>			
Transaction-related contingent items	10,500	5,250	5,250
Irrevocable commitments to extend credit:			
- maturity not exceeding one year	310,340	62,068	30,058
- maturity exceeding one year	22,092	11,046	11,046
	<u>342,932</u>	<u>78,364</u>	<u>46,354</u>

<u>BANK/GROUP</u>			
31 March 2017			
<u>Credit-related exposures</u>			
Transaction-related contingent items	10,500	5,250	5,250
Irrevocable commitments to extend credit:			
- maturity not exceeding one year	283,572	56,714	29,394
- maturity exceeding one year	26,092	13,046	14,046
	<u>320,164</u>	<u>75,010</u>	<u>48,690</u>

4.0 Market Risk

Regulatory capital requirements

The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	<u>BANK/GROUP</u>	
	Risk- Weighted Assets RM'000	Capital Requirements RM'000
30 September 2017		
Interest rate risk		
- General interest rate risk	-	-
- Specific interest rate risk	-	-
	<u>-</u>	<u>-</u>
Option risk	<u>-</u>	<u>-</u>
31 March 2017		
Interest rate risk		
- General interest rate risk	875	70
- Specific interest rate risk	1,086	87
	<u>1,961</u>	<u>157</u>
Option risk	<u>-</u>	<u>-</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

5.0 Equity Exposures in Banking Book

The following table shows the equity exposures in banking book:

<u>BANK/GROUP</u>	30 September 2017		31 March 2017	
	Gross credit exposures RM'000	Risk-weighted assets RM'000	Gross credit exposures RM'000	Risk-weighted assets RM'000
Privately held				
For socio-economic purposes	<u>57,212</u>	<u>57,212</u>	<u>53,902</u>	<u>53,902</u>

Gains and losses on equity exposures in the banking book

The table below present the gains and losses on equity exposures in banking book:

	BANK/GROUP	
	30 September 2017 RM'000	31 March 2017 RM'000
Unrealised gains/(losses) recognised in revaluation reserve		
- Privately held equity investments	<u>3,310</u>	<u>4,218</u>
	<u>3,310</u>	<u>4,218</u>

**ALLIANCE INVESTMENT BANK BERHAD
(21605-D)**

6.0 Interest Rate Risk/Rate of Return Risk in the Banking Book

The following tables present the Bank's projected sensitivity to a 100 basis point parallel shock to interest rates across all maturities applied on the Bank's interest sensitivity gap as at reporting date.

BANK/GROUP

	30 September 2017 + 100 bps RM'000	31 March 2017 + 100 bps RM'000
Impact on net interest income Ringgit Malaysia	<u>(7,151)</u>	<u>(7,816)</u>
Impact on Economic Value Ringgit Malaysia	<u>39,447</u>	<u>42,802</u>

7.0 Shariah Governance Disclosures

Islamic Banking Business (Islamic window)

(a) Capital Adequacy Ratios

The capital adequacy ratios of the Islamic window are as follows:

	<u>BANK/GROUP</u>	
	30 September 2017	31 March 2017
CET I capital ratio	442.205%	450.099%
Tier I capital ratio	442.205%	450.099%
Total capital ratio	442.205%	450.099%

The following tables present the components of Common Equity Tier I ("CET I"), Tier I and Tier II capital.

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
<u>CET I Capital</u>		
Paid-up share capital	56,000	56,000
Retained profits	53,678	51,960
Revaluation reserves	(277)	(509)
	<u>109,401</u>	<u>107,451</u>
Less: Regulatory adjustment		
- Deferred tax assets	(88)	(161)
Total CET I Capital / Total Tier I Capital	<u>109,313</u>	<u>107,290</u>
<u>Tier II Capital</u>		
Collective assessment allowance	-	-
Total Capital Base	<u>109,313</u>	<u>107,290</u>

7.0 Shariah Governance Disclosures (contd.)

Islamic Banking Business (Islamic window) (contd.)

(b) Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirement of the Bank:

<u>BANK/GROUP</u>	Gross	Net	Risk-	Capital
30 September 2017	Exposures	Exposures	Weighted	Requirements
Exposure Class	RM'000	RM'000	Assets	RM'000
			RM'000	
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	9,934	9,934	-	-
Banks, DFIs and MDBs	7,765	7,765	550	44
Corporate	85,655	85,655	-	-
Other assets	17,005	17,005	17,005	1,360
Total on-balance sheet exposures	<u>120,359</u>	<u>120,359</u>	<u>17,555</u>	<u>1,404</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	-	-	-	-
Total off-balance sheet exposures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>120,359</u>	<u>120,359</u>	<u>17,555</u>	<u>1,404</u>
(ii) Operational Risk	-	-	7,165	573
Total RWA and capital requirements	<u>120,359</u>	<u>120,359</u>	<u>24,720</u>	<u>1,977</u>
<u>BANK/GROUP</u>	Gross	Net	Risk-	Capital
31 March 2017	Exposures	Exposures	Weighted	Requirements
Exposure Class	RM'000	RM'000	Assets	RM'000
			RM'000	
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	9,922	9,922	-	-
Banks, DFIs and MDBs	506	506	101	8
Corporate	90,367	90,367	-	-
Other assets	17,001	17,001	17,001	1,360
Total on-balance sheet exposures	<u>117,796</u>	<u>117,796</u>	<u>17,102</u>	<u>1,368</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	-	-	-	-
Total off-balance sheet exposures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>117,796</u>	<u>117,796</u>	<u>17,102</u>	<u>1,368</u>
(ii) Operational Risk	-	-	6,735	539
Total RWA and capital requirements	<u>117,796</u>	<u>117,796</u>	<u>23,837</u>	<u>1,907</u>