



ALLIANCE INVESTMENT BANK

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

PILLAR 3 REPORT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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

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

**PILLAR 3 REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

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 control over the disclosures 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.

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.

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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 2018	31 March 2018	30 September 2018	31 March 2018
<u>Before deducting proposed dividends</u>				
CET I capital ratio	102.592%	86.830%	102.645%	86.862%
Tier I capital ratio	102.592%	86.830%	102.645%	86.862%
Total capital ratio	103.576%	87.642%	103.628%	87.672%
<u>After deducting proposed dividends</u>				
CET I capital ratio	100.420%	85.079%	100.478%	85.118%
Tier I capital ratio	100.420%	85.079%	100.478%	85.118%
Total capital ratio	101.404%	85.892%	101.460%	85.928%

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 2018 RM'000	31 March 2018 RM'000	30 September 2018 RM'000	31 March 2018 RM'000
<u>CET I Capital</u>				
Paid-up share capital	365,962	365,962	365,962	365,962
Retained profits	278,193	226,603	273,465	222,495
Revaluation reserves	1,523	42,530	1,523	42,530
Regulatory reserves	8,250	-	8,250	-
	<u>653,928</u>	<u>635,095</u>	<u>649,200</u>	<u>630,987</u>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(62,280)	(62,429)	(55,601)	(55,749)
- Deferred tax assets	(839)	-	(839)	-
- 55% of revaluation reserves	(837)	(23,392)	(837)	(23,392)
- Investment in subsidiaries, associates and joint venture	(624)	(624)	(1,022)	(967)
- Regulatory reserves	(8,250)	-	(8,250)	-
Total CET I Capital / Total Tier I Capital	<u>581,098</u>	<u>548,650</u>	<u>582,651</u>	<u>550,879</u>
<u>Tier II Capital</u>				
Collective assessment allowance and regulatory reserves	5,572	5,133	5,576	5,133
Total Tier II Capital	<u>5,572</u>	<u>5,133</u>	<u>5,576</u>	<u>5,133</u>
Total Capital	<u>586,670</u>	<u>553,783</u>	<u>588,227</u>	<u>556,012</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 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000								
(i) Credit Risk												
On-balance sheet exposures:												
Sovereigns/Central banks	528,039	528,039	-	-								
Public Sector Entities	15,379	15,379	3,076	246								
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	93,050	93,050	15,608	1,249								
Corporates	940,512	695,077	264,810	21,185								
Regulatory retail	7,033	1,304	978	78								
Other assets	86,801	86,801	86,801	6,944								
Equity exposures	57,212	57,212	57,212	4,577								
Defaulted exposures	-	-	-	-								
Total on-balance sheet exposures	1,728,026	1,476,862	428,485	34,279								
Off-balance sheet exposures:												
Credit-related off-balance sheet exposures												
	50,584	17,933	17,262	1,381								
Defaulted exposures	-	-	-	-								
Total off-balance sheet exposures	50,584	17,933	17,262	1,381								
Total on and off-balance sheet exposures	1,778,610	1,494,795	445,747	35,660								
(ii) Market Risk (Note 4.0)												
	<table border="1"> <thead> <tr> <th>Long Position</th> <th>Short Position</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> </tr> </tbody> </table>		Long Position	Short Position	-	-	-	-	-	-		
Long Position	Short Position											
-	-											
-	-											
-	-											
Interest rate risk			-	-								
Foreign currency risk			-	-								
Option risk			-	-								
Total			-	-								
(iii) Operational Risk	-	-	120,669	9,654								
Total	1,778,610	1,494,795	566,416	45,314								

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 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	528,039	528,039	-	-
Public Sector Entities	15,384	15,384	3,077	246
Banks, DFIs and Multilateral Development Banks	93,433	93,433	15,799	1,264
Corporates	940,512	695,077	264,811	21,185
Regulatory retail	7,033	1,304	978	78
Other assets	86,927	86,927	86,927	6,954
Equity exposures	57,212	57,212	57,212	4,577
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	1,728,540	1,477,376	428,804	34,304
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	50,584	17,933	17,262	1,381
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	50,584	17,933	17,262	1,381
Total on and off-balance sheet exposures	1,779,124	1,495,309	446,066	35,685
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	-	-	-	-
Foreign currency risk	-	-	-	-
Option risk	-	-	-	-
Total			-	-
(iii) Operational Risk	-	-	121,570	9,726
Total	1,779,124	1,495,309	567,636	45,411

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 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000								
(i) Credit Risk												
On-balance sheet exposures:												
Sovereigns/Central banks	568,550	568,550	-	-								
Public Sector Entities	30,559	30,559	6,112	489								
Banks, DFIs and Multilateral Development Banks	76,911	76,911	13,754	1,100								
Corporates	936,907	714,017	279,948	22,396								
Regulatory retail	14,896	2,393	1,794	144								
Other assets	111,822	111,822	111,822	8,946								
Equity exposures	57,212	57,212	57,212	4,577								
Defaulted exposures	2,329	2,329	3,483	279								
Total on-balance sheet exposures	1,799,186	1,563,793	474,125	37,930								
Off-balance sheet exposures:												
Credit-related off-balance sheet exposures												
	75,483	44,160	43,208	3,457								
Defaulted exposures	-	-	-	-								
Total off-balance sheet exposures	75,483	44,160	43,208	3,457								
Total on and off-balance sheet exposures	1,874,669	1,607,953	517,333	41,387								
(ii) Market Risk (Note 4.0)												
	<table border="1"> <thead> <tr> <th>Long Position</th> <th>Short Position</th> </tr> </thead> <tbody> <tr> <td>14,978</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> </tr> <tr> <td>14,978</td> <td>-</td> </tr> </tbody> </table>		Long Position	Short Position	14,978	-	-	-	14,978	-		
Long Position	Short Position											
14,978	-											
-	-											
14,978	-											
Interest rate risk			468	37								
Foreign currency risk			-	-								
Option risk			-	-								
Total			468	37								
(iii) Operational Risk	-	-	114,069	9,126								
Total	1,874,669	1,607,953	631,870	50,550								

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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 2018 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000								
(i) Credit Risk												
On-balance sheet exposures:												
Sovereigns/Central banks	568,550	568,550	-	-								
Public Sector Entities	30,559	30,559	6,112	489								
Banks, DFIs and Multilateral Development Banks	77,968	77,968	14,282	1,143								
Corporates	936,907	714,017	279,948	22,396								
Regulatory retail	14,896	2,393	1,795	144								
Other assets	112,438	112,438	112,438	8,995								
Equity exposures	57,212	57,212	57,212	4,577								
Defaulted exposures	2,329	2,329	3,483	279								
Total on-balance sheet exposures	1,800,859	1,565,466	475,270	38,022								
Off-balance sheet exposures:												
Credit-related off-balance sheet exposures												
	75,483	44,160	43,208	3,457								
Defaulted exposures	-	-	-	-								
Total off-balance sheet exposures	75,483	44,160	43,208	3,457								
Total on and off-balance sheet exposures	1,876,342	1,609,626	518,478	41,478								
(ii) Market Risk (Note 4.0)												
	<table border="1"> <thead> <tr> <th>Long Position</th> <th>Short Position</th> </tr> </thead> <tbody> <tr> <td>14,978</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> </tr> <tr> <td>14,978</td> <td>-</td> </tr> </tbody> </table>		Long Position	Short Position	14,978	-	-	-	14,978	-		
Long Position	Short Position											
14,978	-											
-	-											
14,978	-											
Interest rate risk			468	37								
Foreign currency risk			-	-								
Option risk			-	-								
Total			468	37								
(iii) Operational Risk	-	-	115,252	9,220								
Total	1,876,342	1,609,626	634,198	50,735								

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 2018				
Cash and short-term funds	-	19,544	-	19,544
Deposits and placements with banks and other financial institutions	-	1,000	-	1,000
Amounts due from clients and brokers	11,137	62,190	4,075	77,402
Financial assets at fair value through profit or loss	-	-	-	-
Financial investments at fair value through other comprehensive income	-	1,053,824	-	1,053,824
Financial investments at amortised cost	-	44,635	-	44,635
Financial assets held-for-trading	-	-	-	-
Financial investments available-for-sale	-	-	-	-
Financial investments held-to-maturity	-	-	-	-
Loans, advances and financing	60,617	344,999	34,113	439,729
Statutory deposits with Bank Negara Malaysia	-	33,942	-	33,942
Total on-balance sheet	71,754	1,560,134	38,188	1,670,076
Credit related commitments and contingencies	51,553	159,965	25,654	237,172
Total off-balance sheet	51,553	159,965	25,654	237,172
Total credit exposure	123,307	1,720,099	63,842	1,907,248

<u>GROUP</u>	Geographical region			
	Northern RM'000	Central RM'000	Southern RM'000	Total RM'000
30 September 2018				
Cash and short-term funds	-	19,927	-	19,927
Deposits and placements with banks and other financial institutions	-	1,000	-	1,000
Amounts due from clients and brokers	11,137	62,190	4,075	77,402
Financial assets at fair value through profit or loss	-	-	-	-
Financial investments at fair value through other comprehensive income	-	1,053,824	-	1,053,824
Financial investments at amortised cost	-	44,635	-	44,635
Financial assets held-for-trading	-	-	-	-
Financial investments available-for-sale	-	-	-	-
Financial investments held-to-maturity	-	-	-	-
Loans, advances and financing	60,617	344,999	34,113	439,729
Statutory deposits with Bank Negara Malaysia	-	33,942	-	33,942
Total on-balance sheet	71,754	1,560,517	38,188	1,670,459
Credit related commitments and contingencies	51,553	159,965	25,654	237,172
Total off-balance sheet	51,553	159,965	25,654	237,172
Total credit exposure	123,307	1,720,482	63,842	1,907,631

Note:

For financial instruments, both the classifications as per Malaysian Financial Reporting Standard (MFRS) 139 and MFRS 9 were stated for comparative purposes.

The classification of financial instruments under MFRS 9 was adopted with effect from 1 April 2018. Please refer to Note A36 of the Financial Statement.

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 2018				
Cash and short-term funds	-	26,926	-	26,926
Amounts due from clients and brokers	13,920	83,873	3,512	101,305
Financial assets held-for-trading	-	14,978	-	14,978
Financial investments available-for-sale	-	1,032,206	-	1,032,206
Financial investments held-to-maturity	-	78,969	-	78,969
Loans, advances and financing	40,916	384,219	28,289	453,424
Statutory deposits with Bank Negara Malaysia	-	38,762	-	38,762
Total on-balance sheet	54,836	1,659,933	31,801	1,746,570
Credit related commitments and contingencies	55,196	248,919	24,414	328,529
Total off-balance sheet	55,196	248,919	24,414	328,529
Total credit exposure	110,032	1,908,852	56,215	2,075,099

<u>GROUP</u>	Geographical region			
	Northern RM'000	Central RM'000	Southern RM'000	Total RM'000
31 March 2018				
Cash and short-term funds	-	27,983	-	27,983
Amounts due from clients and brokers	13,920	83,873	3,512	101,305
Financial assets held-for-trading	-	14,978	-	14,978
Financial investments available-for-sale	-	1,032,206	-	1,032,206
Financial investments held-to-maturity	-	78,969	-	78,969
Loans, advances and financing	40,916	384,219	28,289	453,424
Statutory deposits with Bank Negara Malaysia	-	38,762	-	38,762
Total on-balance sheet	54,836	1,660,990	31,801	1,747,627
Credit related commitments and contingencies	55,196	248,919	24,414	328,529
Total off-balance sheet	55,196	248,919	24,414	328,529
Total credit exposure	110,032	1,909,909	56,215	2,076,156

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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.

<u>BANK</u>	<u>Government and Central bank RM'000</u>	<u>Financial, Insurance, Business Services and Real Estate RM'000</u>	<u>Transport, storage & communication RM'000</u>	<u>Agriculture, manufacturing, wholesale & retail trade RM'000</u>	<u>Construction RM'000</u>	<u>Household RM'000</u>	<u>Others RM'000</u>	<u>Total RM'000</u>
30 September 2018								
Cash and short-term funds	46	19,498	-	-	-	-	-	19,544
Deposits and placements with banks and other financial institutions	-	1,000	-	-	-	-	-	1,000
Amounts due from clients and brokers	-	-	-	-	-	-	77,402	77,402
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial investments at fair value through other comprehensive income	343,726	345,111	203,516	65,894	95,577	-	-	1,053,824
Financial investments at amortised cost	20,381	24,254	-	-	-	-	-	44,635
Financial assets held-for-trading	-	-	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-	-	-
Loans, advances and financing	-	147,827	-	25,761	6,587	211,677	47,877	439,729
Statutory deposits with Bank Negara Malaysia	33,942	-	-	-	-	-	-	33,942
Total on-balance sheet	398,095	537,690	203,516	91,655	102,164	211,677	125,279	1,670,076
Credit related commitments and contingencies	-	24,058	-	10,530	18,913	179,423	4,248	237,172
Total off-balance sheet	-	24,058	-	10,530	18,913	179,423	4,248	237,172
Total credit exposure	398,095	561,748	203,516	102,185	121,077	391,100	129,527	1,907,248

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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.)

<u>GROUP</u>	<u>Government and Central bank</u> RM'000	<u>Financial, Insurance, Business Services and Real Estate</u> RM'000	<u>Transport, storage & communication</u> RM'000	<u>Agriculture, manufacturing, wholesale & retail trade</u> RM'000	<u>Construction</u> RM'000	<u>Household</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
30 September 2018								
Cash and short-term funds	46	19,881	-	-	-	-	-	19,927
Deposits and placements with banks and other financial institutions	-	1,000	-	-	-	-	-	1,000
Amounts due from clients and brokers	-	-	-	-	-	-	77,402	77,402
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial investments at fair value through other comprehensive income	343,726	345,111	203,516	65,894	95,577	-	-	1,053,824
Financial investments at amortised cost	20,381	24,254	-	-	-	-	-	44,635
Financial assets held-for-trading	-	-	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-	-	-
Loans, advances and financing	-	147,827	-	25,761	6,587	211,677	47,877	439,729
Statutory deposits with Bank Negara Malaysia	33,942	-	-	-	-	-	-	33,942
Total on-balance sheet	398,095	538,073	203,516	91,655	102,164	211,677	125,279	1,670,459
Credit related commitments and contingencies	-	24,058	-	10,530	18,913	179,423	4,248	237,172
Total off-balance sheet	-	24,058	-	10,530	18,913	179,423	4,248	237,172
Total credit exposure	398,095	562,131	203,516	102,185	121,077	391,100	129,527	1,907,631

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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 2018								
Cash and short-term funds	44	26,882	-	-	-	-	-	26,926
Amounts due from clients and brokers	-	670	-	-	-	-	100,635	101,305
Financial assets held-for-trading	-	14,978	-	-	-	-	-	14,978
Financial investments available-for-sale	346,121	326,826	238,413	20,849	99,997	-	-	1,032,206
Financial investments held-to-maturity	20,415	58,554	-	-	-	-	-	78,969
Loans, advances and financing	-	178,031	-	25,708	10,332	191,405	47,948	453,424
Statutory deposits with Bank Negara Malaysia	38,762	-	-	-	-	-	-	38,762
Total on-balance sheet	405,342	605,941	238,413	46,557	110,329	191,405	148,583	1,746,570
Credit related commitments and contingencies	-	44,227	-	10,574	15,169	254,263	4,296	328,529
Total off-balance sheet	-	44,227	-	10,574	15,169	254,263	4,296	328,529
Total credit exposure	405,342	650,168	238,413	57,131	125,498	445,668	152,879	2,075,099
GROUP								
31 March 2018								
Cash and short-term funds	44	27,939	-	-	-	-	-	27,983
Amounts due from clients and brokers	-	670	-	-	-	-	100,635	101,305
Financial assets held-for-trading	-	14,978	-	-	-	-	-	14,978
Financial investments available-for-sale	346,121	326,826	238,413	20,849	99,997	-	-	1,032,206
Financial investments held-to-maturity	20,415	58,554	-	-	-	-	-	78,969
Loans, advances and financing	-	178,031	-	25,708	10,332	191,405	47,948	453,424
Statutory deposits with Bank Negara Malaysia	38,762	-	-	-	-	-	-	38,762
Total on-balance sheet	405,342	606,998	238,413	46,557	110,329	191,405	148,583	1,747,627
Credit related commitments and contingencies	-	44,227	-	10,574	15,169	254,263	4,296	328,529
Total off-balance sheet	-	44,227	-	10,574	15,169	254,263	4,296	328,529
Total credit exposure	405,342	651,225	238,413	57,131	125,498	445,668	152,879	2,076,156

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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 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	19,544	-	-	-	-	19,544
Deposits and placements of banks and other financial institutions	-	-	1,000	-	-	1,000
Amounts due from clients and brokers	77,402	-	-	-	-	77,402
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Financial investments at fair value through other comprehensive income	2,901	31,408	28,498	44,996	946,021	1,053,824
Financial investments at amortised cost	-	20,144	-	-	24,491	44,635
Financial assets held-for-trading	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-
Loans, advances and financing	106,844	158,373	5,268	2,528	166,716	439,729
Statutory deposits with Bank Negara Malaysia	-	-	-	-	33,942	33,942
Total on-balance sheet	206,691	209,925	34,766	47,524	1,171,170	1,670,076
<u>Group</u>						
30 September 2018						
Cash and short-term funds	19,927	-	-	-	-	19,927
Deposits and placements of banks and other financial institutions	-	-	1,000	-	-	1,000
Amounts due from clients and brokers	77,402	-	-	-	-	77,402
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Financial investments at fair value through other comprehensive income	2,901	31,408	28,498	44,996	946,021	1,053,824
Financial investments at amortised cost	-	20,144	-	-	24,491	44,635
Financial assets held-for-trading	-	-	-	-	-	-
Financial investments available-for-sale	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-
Loans, advances and financing	106,844	158,373	5,268	2,528	166,716	439,729
Statutory deposits with Bank Negara Malaysia	-	-	-	-	33,942	33,942
Total on-balance sheet	207,074	209,925	34,766	47,524	1,171,170	1,670,459

**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 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	26,926	-	-	-	-	26,926
Amounts due from clients and brokers	101,305	-	-	-	-	101,305
Financial assets held-for-trading	14,978	-	-	-	-	14,978
Financial investments available-for-sale	7,992	49,092	3,181	25,064	946,877	1,032,206
Financial investments held-to-maturity	-	298	34,658	19,488	24,525	78,969
Loans, advances and financing	263,036	11,782	7,053	-	171,552	453,424
Statutory deposits with Bank Negara Malaysia	-	-	-	-	38,762	38,762
Total on-balance sheet	414,238	61,171	44,892	44,552	1,181,716	1,746,570

Group

31 March 2018

Cash and short-term funds	27,983	-	-	-	-	27,983
Amounts due from clients and brokers	101,305	-	-	-	-	101,305
Financial assets held-for-trading	14,978	-	-	-	-	14,978
Financial investments available-for-sale	7,992	49,092	3,181	25,064	946,877	1,032,206
Financial investments held-to-maturity	-	298	34,658	19,488	24,525	78,969
Loans, advances and financing	263,036	11,782	7,053	-	171,552	453,424
Statutory deposits with Bank Negara Malaysia	-	-	-	-	38,762	38,762
Total on-balance sheet	415,295	61,171	44,892	44,552	1,181,717	1,747,627

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 2018 RM'000	31 March 2018 RM'000
Past due up to 1 month	63	77
Past due 1 - 2 months	46	41
	<u>109</u>	<u>118</u>

Past due loans, advances and financing analysed by sector:

	<u>BANK/GROUP</u>	
	30 September 2018 RM'000	31 March 2018 RM'000
Household	<u>109</u>	<u>118</u>

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

	<u>BANK/GROUP</u>	
	30 September 2018 RM'000	31 March 2018 RM'000
Central region	<u>109</u>	<u>118</u>

3.3 Impaired Loans, Advances and Financing Analysis

Impaired loans, advances and financing analysed by sectors:

	<u>BANK/GROUP</u>	
	30 September 2018 RM'000	31 March 2018 RM'000
Construction	167	169
Household	492	2,472
	<u>659</u>	<u>2,641</u>

**ALLIANCE INVESTMENT BANK BERHAD
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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>	<u>Individual assessment allowance</u> RM'000	<u>Collective assessment allowance</u> RM'000	<u>Individual assessment net write-back for the period/year</u> RM'000	<u>Individual assessment write-off for the period/year</u> RM'000
30 September 2018				
Financial, insurance & business services	-	271	-	-
Agriculture, manufacturing, wholesale & retail trade	-	90	-	-
Construction	-	167	-	-
Household	485	38	(417)	-
Others	-	251	-	-
	<u>485</u>	<u>817</u>	<u>(417)</u>	<u>-</u>
<u>BANK/GROUP</u>				
31 March 2018				
Financial, insurance & business services	-	265	-	-
Agriculture, manufacturing, wholesale & retail trade	-	54	-	-
Construction	-	169	-	-
Household	-	144	-	-
Others	-	208	-	-
	<u>-</u>	<u>840</u>	<u>-</u>	<u>-</u>

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

<u>BANK/GROUP</u>	<u>Impaired loans, advances and financing</u> RM'000	<u>Individual assessment allowance</u> RM'000	<u>Collective assessment allowance</u> RM'000
30 September 2018			
Central region	659	485	788
Northern Region			29
	<u>659</u>	<u>485</u>	<u>817</u>
<u>BANK/GROUP</u>			
31 March 2018			
Central region	2,641	-	840
	<u>2,641</u>	<u>-</u>	<u>840</u>

3.0 Credit Risk (contd.)

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

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

	30 September 2018				Total	31 March 2018
	Non-credit impaired		Credit Impaired			Collectively Assessed
	Collectively Assessed		Collectively Assessed	Individually Assessed		
	12 months ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
BANK/GROUP						
At 1 April 2018						
As previously stated					840	1,356
Effects of adoption of MFRS 9					874	-
As restated	619	11	183	901	1,714	1,356
Transfer to lifetime ECL non credit-impaired	-	-	(2)	-	(2)	-
New financial assets originated or purchased	69	-	-	-	69	-
Changes due to change in credit risk	32	(10)	(27)	(24)	(29)	(516)
Financial assets derecognised other than write-off during the period	(78)	-	(6)	-	(84)	-
Other adjustments	-	-	27	(392)	(365)	-
Total charged/(write-back) to income statement	23	(10)	(8)	(416)	(411)	(516)
Write off	-	-	(1)	-	(1)	-
At the end of financial period/year	642	1	174	485	1,302	840

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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 2018 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%	528,039	-	45,105	161,988	-	-	-	735,132	-
20%	-	15,379	27,884	326,252	-	-	-	369,515	73,903
35%	-	-	-	-	-	-	-	-	-
50%	-	-	20,062	14,553	-	-	-	34,615	17,308
75%	-	-	-	-	3,984	-	-	3,984	2,987
100%	-	-	-	207,536	-	86,801	57,212	351,549	351,549
150%	-	-	-	-	-	-	-	-	-
Total exposures	528,039	15,379	93,051	710,329	3,984	86,801	57,212	1,494,795	445,747
Risk-weighted assets by exposures	-	3,076	15,608	280,062	2,988	86,801	57,212	445,747	
Average risk-weight	-	20%	17%	39%	75%	100%	100%	30%	
Deduction from Capital base	-	-	-	-	-	-	-	-	

**ALLIANCE INVESTMENT BANK BERHAD
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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 2018 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%	528,039	-	45,105	161,988	-	-	-	735,132	-
20%	-	15,384	27,884	326,252	-	-	-	369,520	73,904
35%	-	-	-	-	-	-	-	-	-
50%	-	-	20,445	14,553	-	-	-	34,998	17,499
75%	-	-	-	-	3,984	-	-	3,984	2,988
100%	-	-	-	207,536	-	86,927	57,212	351,675	351,675
150%	-	-	-	-	-	-	-	-	-
Total exposures	528,039	15,384	93,434	710,329	3,984	86,927	57,212	1,495,309	446,066
Risk-weighted assets by exposures	-	3,077	15,799	280,063	2,988	86,927	57,212	446,066	
Average risk-weight	-	20%	17%	39%	75%	100%	100%	30%	
Deduction from Capital base	-	-	-	-	-	-	-	-	

**ALLIANCE INVESTMENT BANK BERHAD
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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 2018 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%	568,550	-	45,149	206,420	-	-	-	820,119	-
20%	-	30,559	7,091	275,469	-	-	-	313,119	62,624
35%	-	-	-	-	-	-	-	-	-
50%	-	-	24,671	14,546	-	-	-	39,217	19,608
75%	-	-	-	-	6,198	-	-	6,198	4,647
100%	-	-	-	257,937	22	111,822	57,212	426,993	426,993
150%	-	-	-	-	2,307	-	-	2,307	3,461
Total exposures	568,550	30,559	76,911	754,372	8,527	111,822	57,212	1,607,953	517,333
Risk-weighted assets by exposures	-	6,112	13,754	320,303	8,131	111,822	57,212	517,333	
Average risk-weight	-	20%	18%	42%	95%	100%	100%	32%	
Deduction from Capital base	-	-	-	-	-	-	-	-	

**ALLIANCE INVESTMENT BANK BERHAD
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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 2018 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%	568,550	-	45,149	206,420	-	-	-	820,119	-
20%	-	30,559	7,091	275,469	-	-	-	313,119	62,624
35%	-	-	-	-	-	-	-	-	-
50%	-	-	25,728	14,546	-	-	-	40,274	20,137
75%	-	-	-	-	6,198	-	-	6,198	4,647
100%	-	-	-	257,937	22	112,438	57,212	427,609	427,609
150%	-	-	-	-	2,307	-	-	2,307	3,461
Total exposures	568,550	30,559	77,968	754,372	8,527	112,438	57,212	1,609,626	518,478
Risk-weighted assets by exposures	-	6,112	14,282	320,303	8,131	112,438	57,212	518,478	
Average risk-weight	-	20%	18%	42%	95%	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, Fitch, and Rating and Investment ("R&I"). 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's 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 2018

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	A1 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)						
		-	528,039	-	-	528,039
			Corporates			161,988
			Banks, DFIs and Multilateral Development Banks			45,104
		-	735,131	-	-	735,131
(ii) Exposures risk weighted using Banking Institutions long term rating						
Banks, DFIs and Multilateral Development Banks						
		436	47,893	-	-	48,329
Exposures risk weighted using Banking Institutions short term rating						
Banks, DFIs and Multilateral Development Banks						
		-	-	-	-	-
		436	47,893	-	-	48,329
(iii) Exposures risk weighted using Corporate long term rating						
Public Sector Entities						
		15,296	-	-	87	15,383
		326,252	14,553	-	482,530	823,335
			Insurance Cos, Securities Firms & Fund Managers			-
Exposures risk weighted using Corporate short term rating						
Public Sector Entities						
		-	-	-	-	-
			Corporates			-
			Insurance Cos, Securities Firms & Fund Managers			-
		-	-	-	-	-
		341,548	14,553	-	482,617	838,718

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 2018

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	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)	-	568,550	-	-	-	-	568,550
Corporates	-	206,420	-	-	-	-	206,420
Banks, DFIs and Multilateral Development Banks	-	45,149	-	-	-	-	45,149
	-	820,119	-	-	-	-	820,119
(ii) Exposures risk weighted using Banking Institutions long term rating							
Banks, DFIs and Multilateral Development Banks	2,211	29,551	-	-	-	-	31,762
Exposures risk weighted using Banking Institutions short term rating							
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	-
	2,211	29,551	-	-	-	-	31,762
(iii) Exposures risk weighted using Corporate long term rating							
Public Sector Entities	30,559	-	-	-	-	-	30,559
Corporates	275,469	14,546	-	-	508,052	-	798,067
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-
Exposures risk weighted using Corporate short term rating							
Public Sector Entities	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-
	306,028	14,546	-	-	508,052	-	828,626

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.

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 2018 Exposure Class	Exposures <u>before CRM</u> RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	528,039	-	-	-
Public Sector Entities	15,379	-	-	-
Banks, DFIs and Multilateral Development Bank	93,050	-	-	-
Corporates	940,512	-	245,436	-
Regulatory retail	7,033	-	5,729	-
Other assets	86,801	-	-	-
Equity exposures	57,212	-	-	-
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	<u>1,728,026</u>	<u>-</u>	<u>251,165</u>	<u>-</u>
Off-balance sheet exposures				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	50,584	-	32,652	-
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	<u>50,584</u>	<u>-</u>	<u>32,652</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>1,778,610</u>	<u>-</u>	<u>283,817</u>	<u>-</u>

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3.0 Credit Risk (contd.)

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

<u>GROUP</u> 30 September 2018 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	528,039	-	-	-
Public Sector Entities	15,384	-	-	-
Banks, DFIs and Multilateral Development Bank	93,433	-	-	-
Corporates	940,512	-	245,436	-
Regulatory retail	7,033	-	5,729	-
Other assets	86,927	-	-	-
Equity exposures	57,212	-	-	-
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	<u>1,728,540</u>	<u>-</u>	<u>251,165</u>	<u>-</u>
Off-balance sheet exposures				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	50,584	-	32,652	-
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	<u>50,584</u>	<u>-</u>	<u>32,652</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>1,779,124</u>	<u>-</u>	<u>283,817</u>	<u>-</u>

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3.0 Credit Risk (contd.)

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

<u>BANK</u> 31 March 2018 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	568,550	-	-	-
Public Sector Entities	30,559	-	-	-
Banks, DFIs and Multilateral Development Bank	76,911	-	-	-
Corporates	936,907	-	222,890	-
Regulatory retail	14,896	-	12,503	-
Other assets	111,822	-	-	-
Equity exposures	57,212	-	-	-
Defaulted exposures	2,329	-	-	-
Total on-balance sheet exposures	<u>1,799,186</u>	<u>-</u>	<u>235,393</u>	<u>-</u>
Off-balance sheet exposures				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	75,483	-	31,323	-
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	<u>75,483</u>	<u>-</u>	<u>31,323</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>1,874,669</u>	<u>-</u>	<u>266,716</u>	<u>-</u>

**ALLIANCE INVESTMENT BANK BERHAD
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3.0 Credit Risk (contd.)

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

<u>GROUP</u> 31 March 2018 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	568,550	-	-	-
Public Sector Entities	30,559	-	-	-
Banks, DFIs and Multilateral Development Bank	77,968	-	-	-
Corporates	936,907	-	222,890	-
Regulatory retail	14,896	-	12,503	-
Other assets	112,438	-	-	-
Equity exposures	57,212	-	-	-
Defaulted exposures	2,329	-	-	-
Total on-balance sheet exposures	<u>1,800,859</u>	<u>-</u>	<u>235,393</u>	<u>-</u>
Off-balance sheet exposures				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	75,483	-	31,323	-
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	<u>75,483</u>	<u>-</u>	<u>31,323</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>1,876,342</u>	<u>-</u>	<u>266,716</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 2018			
<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	226,672	45,334	12,012
- maturity exceeding one year	-	-	-
	<u>237,172</u>	<u>50,584</u>	<u>17,262</u>
 <u>BANK/GROUP</u>			
31 March 2018			
<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	295,937	59,187	26,912
- maturity exceeding one year	22,092	11,046	11,046
	<u>328,529</u>	<u>75,483</u>	<u>43,208</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 2018		
Interest rate risk		
- General interest rate risk	-	-
- Specific interest rate risk	-	-
	<u>-</u>	<u>-</u>
Option risk	<u>-</u>	<u>-</u>
31 March 2018		
Interest rate risk		
- General interest rate risk	-	-
- Specific interest rate risk	468	37
	<u>468</u>	<u>37</u>
Option risk	<u>-</u>	<u>-</u>

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5.0 Equity Exposures in Banking Book

The following table shows the equity exposures in banking book:

<u>BANK/GROUP</u>	30 September 2018		31 March 2018	
	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>57,212</u>	<u>57,212</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 2018 RM'000	31 March 2018 RM'000
Unrealised gains recognised in revaluation reserve		
- Privately held equity investments	<u>-</u>	<u>3,310</u>
	<u>-</u>	<u>3,310</u>

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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 2018 + 100 bps RM'000	31 March 2018 + 100 bps RM'000
Impact on net interest income Ringgit Malaysia	<u>(7,871)</u>	<u>(8,228)</u>
Impact on Economic Value Ringgit Malaysia	<u>(36,165)</u>	<u>(36,936)</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 2018	31 March 2018
<u>Before deducting proposed dividends</u>		
CET I capital ratio	575.310%	743.849%
Tier I capital ratio	575.310%	743.849%
Total capital ratio	575.310%	743.849%
<u>After deducting proposed dividends</u>		
CET I capital ratio	566.448%	743.849%
Tier I capital ratio	566.448%	743.849%
Total capital ratio	566.448%	743.849%

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 2018 RM'000	31 March 2018 RM'000
<u>CET I Capital</u>		
Paid-up share capital	56,000	56,000
Retained profits	57,039	55,297
Revaluation reserves	(61)	(488)
	<u>112,978</u>	<u>110,809</u>
Less: Regulatory adjustment		
- Deferred tax assets	(19)	(154)
Total CET I Capital / Total Tier I Capital	<u>112,959</u>	<u>110,655</u>
<u>Tier II Capital</u>		
Collective assessment allowance	-	-
Total Capital Base	<u>112,959</u>	<u>110,655</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:

BANK/GROUP 30 September 2018 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	10,025	10,025	-	-
Banks, DFIs and Multilateral				
Development Bank	32,410	32,410	5,480	438
Corporate	65,637	65,637	-	-
Other assets	6,490	6,490	6,490	519
Total on-balance sheet exposures	<u>114,562</u>	<u>114,562</u>	<u>11,970</u>	<u>958</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>114,562</u>	<u>114,562</u>	<u>11,970</u>	<u>958</u>
(ii) Operational Risk	-	-	7,665	613
Total RWA and capital requirements	<u>114,562</u>	<u>114,562</u>	<u>19,634</u>	<u>1,571</u>
BANK/GROUP 31 March 2018 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	9,910	9,910	-	-
Banks, DFIs and Multilateral				
Development Bank	9,897	9,897	976	78
Corporate	85,405	85,405	-	-
Other assets	6,498	6,498	6,498	520
Total on-balance sheet exposures	<u>111,710</u>	<u>111,710</u>	<u>7,474</u>	<u>598</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>111,710</u>	<u>111,710</u>	<u>7,474</u>	<u>598</u>
(ii) Operational Risk	-	-	7,402	592
Total RWA and capital requirements	<u>111,710</u>	<u>111,710</u>	<u>14,876</u>	<u>1,190</u>